

WHAT IS COMMUNITY WEALTH BUILDING?



corporate social responsibility



creating shared value



community wealth building

	corporate social responsibility	creating shared value	community wealth building
VALUE	Doing good	Economic and societal benefits relative to cost	Sustainable and equitable economic development; strengthening locality and community stability
GOALS	Citizenship, philanthropy, sustainability	Joint company and community value creation	Multi-sector collaboration across public and private sectors
RESPONSIBILITY	Discretionary or in response to external pressure	Integral to competing	Fundamental to transformative economic, social, and community development
PROFITS	Separate from profit maximization	Integral to profit maximization	Essential to long-term sustainability of an enterprise
AGENDA	Determined by external reporting and personal preferences	Company specific and internally generated	Co-created internally and externally by stakeholders and various "publics"
FINANCES	Impact limited by corporate footprint and CSR budget	Realigns the entire company budget	Targets procurement & investment locally, works to substitute imports & achieve a multiplier, makes decisions based on the "full economic cost" of business activity
EXAMPLE	Fair Trade Purchasing	Transforming procurement to increase quality and yield	Leveraging procurement and investment to maximize equity and inclusion and to invigorate the local economy

Over the past few decades, businesses have contributed to their communities through corporate social responsibility (CSR) programs. In essence, CSR programs enable businesses to incorporate values beyond the profit imperative (such as environmental sustainability) into their operations. More recently, Harvard Business School Professor Michael Porter has promoted "creating shared value" (CSV), the notion that the competitiveness of a company and the well-being of the community are not mutually exclusive interests.

Another approach to community engagement that is an important advancement beyond CSR and CSV is what we call "community wealth building" (CWB). An analysis of these three approaches and the outcomes they can produce warrants further research and discussion, particularly as anchor institutions across the country begin to articulate their anchor missions.

Source: Adapted from M. Porter and M. Kramer, "Creating Shared Value: How to Reinvent Capitalism and Unleash a Wave of Innovation and Growth," Harvard Business Review (Jan.-Feb. 2011): 76.

A version of this chart originally appeared in the "The Anchor Mission: Leveraging the Power of Anchor Institutions to Build Community Wealth", a joint report by the Democracy Collaborative and the Department of Urban Studies and Planning at MIT, co-authored by Farzana Serang, J. Phillip Thompson and Ted Howard.

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