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# Introduction: The Economic, Political, and Ethical Challenges of Corporate Social Responsibility

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Corporate social responsibility (CSR) began life as a strategy adopted by certain large corporations to acquire good reputations (or avoid bad ones) for their conduct outside the strict sphere of their market operations, in their relations with local communities, or society and the environment in general. As such, there was always room for debate whether it was serious or just an element of corporate public relations. Today it is increasingly being seen as a potential form of economic governance—not just corporate governance, though it has implications for that, but also governance of the economy and even of society at large. To consider CSR in this way renders it explicitly political, and one of our principal tasks in this volume is to bring the study of CSR into political science debate. In doing so, we examine different CSR issues from those in the extensive literature within management research. More precisely, we want to confront business and political science perspectives on the subject with each other. A second major purpose is to confront CSR with certain ethical questions. This kind of discussion, usually under the name of ‘business ethics’, is far more common. It too is thrown into some new perspectives when set in a political context, as this also brings into scrutiny the state’s claims to ethical leadership in secularized societies.

Politics and CSR are fields that rarely meet—much less than either does with sociology or with economics. Corporations and firms have been and continue to be exhorted to ‘behave responsibly’. Indeed, many corporations do now accept that they have social and environmental responsibilities that go beyond their market role(s); but for politics and political science, this is just the beginning of the story of what it means to accept corporations as political actors. So whilst for some the ubiquity of CSR may seem to render further discussion superfluous, there is considerably less discussion and debate on the

political implications of major firms shaping regulatory frameworks and taking on social responsibilities that go beyond their market activities.

In a sense this development is a paradoxical consequence of the neo-liberal turn in political economy. This began, *inter alia*, with a process of deregulation and a reduction in the economic role of government, and therefore as a strengthening of the boundaries between polity and economy that should characterize a pure market regime. To a large extent this did not happen; deregulation often meant reregulation (new forms of regulation designed to enforce markets rather than restrict them), and new checks on markets and firms, some of which became involved in various abuses following their deregulation. These range from the scandals affecting Enron, WorldCom, Arthur Andersen, and many other large corporations at the start of the twenty-first century to the conduct of much of the global financial sector less than ten years later (Cruver, 2003; Morrell and Anderson, 2006). The overall weakening of simple deregulation occurred for a variety of reasons, but two of them have been of particular importance for promoting and politicizing the importance of CSR. First, in many sectors markets have been far from pure. Second, market forces were unable to remedy a number of major negative externalities.

The first point relates to the role of large, oligopolistic transnational corporations (TNCs) in several important sectors, especially those affected by globalization. These firms may well be engaged in competition, sometimes fierce competition, among each other, but markets of this kind differ in more than one characteristic from the pure market of economic theory. TNCs are not the passive price takers and respondents to demand signals envisaged in theory. They shape their markets and have high visibility. Operating across the globe, they are also partly beyond the regulatory reach of national governments. The associated rise in the number of economic issues that cannot be resolved at the level of individual nation states means an increase in those that are governed by individual firms or groups of firms rather than by public authorities. These include standardization and the management of multinational supply chains. Whether or not one calls this globalization, it cannot be claimed to be the operation of markets *tout court*, and it presents interesting questions to formal, national politics and for issues of governance. The prominence that this accords to giant firms makes them, whether they want it or not, political actors, vulnerable to criticism. It is difficult for them to respond to allegations of bad social behaviour by proclaiming that they are only in existence to make money, as this can damage their reputations with important groups of customers, possibly even investors and employees. They therefore find themselves under pressure to develop political sensitivities alongside their financial, marketing, and technical competences. Indeed, when we talk of a 'responsible corporation' in the global economy it is TNCs or the 'globally integrated enterprise' to which reference is made.

We largely follow this emphasis in this book, because of the global reach and range of influence upon economic and societal governance issues that such firms have.

The issues at stake in these criticisms usually concern negative externalities. By definition it is difficult for the market to correct what may be perceived as negative consequences flowing from a firm's activities that are outside the range of its price calculations. The classic case of a negative externality is pollution. There is a classic market answer to pollution and other cases of social cost (Coase, 1960): if the damage caused to those suffering from a firm's pollution is greater than the loss to the firm of controlling the pollution, then it is in the interests of those persons to pay the firm to impose the controls, as this costs them less than suffering from the continued pollution. If on the other hand the cost of dealing with the pollution is greater than the cost of putting up with it, as revealed by victims' willingness to pay, then overall welfare is served by allowing the pollution to continue.

This is sound reasoning provided there are no serious distributional issues in the relations between polluter and victims, and provided the latter are an identifiable set capable of taking collective action (without state help) to decide whether to pay, and how much to pay, for the controls. But the environmental issues at the forefront of current debate fail to meet these conditions. Climate change and the reduction of biodiversity create vast, unknowable cost calculations, the threat of long-term damage, and a generalization of harm such that identifying victims and potential victims and enabling them to make rational cost calculations becomes impossible. Meanwhile, the physical and social impact of a western transnational corporation on a developing country raises severe distributional issues that it is difficult for even market theory to ignore. Other questions that are prominent in CSR discussions—such as fair trade, labour exploitation in global supply chains, and the accidental responsibility of western TNCs for the spread of HIV-AIDS in Africa—lack the global significance of climate change and biodiversity reduction, but they too are difficult for the market approach to manage. This is true both on collective action grounds and because of the distributional inequalities between the putative antagonists. It has been the fate of neo-liberalism to triumph at an historical moment when its need for a world in which almost everything of significance can be converted into market exchanges is severely challenged.

## IMPLICATIONS OF THE ETHICAL DIMENSION

But polity and economy are not the only spheres engaged in CSR. It is unavoidably implicated in ethical debate. All CSR claims can in principle be met with the response: so what? If a group or interest negatively affected by

corporate behaviour has no capacity to solve its problem using political clout or money, then it can be ignored. In reality, the majority of potential claims around the world are met in precisely this way. What is interesting however is that sometimes they are not. The people who campaign against the use of child or slave labour in supply chains, devote attention to publicizing the effects on small coffee producers of the purchasing strategies of global coffee buying firms, or lobby firms and governments to do something about the obesity consequences of many fast foods, are not usually personally damaged in any way by the corporate activities that make them angry. While the major environmental issues do have real negative implications for very large numbers of people, they are usually more than a couple of generations into the future, and action about them based solely on self-interest would meet a very severe block from the logic of collective action. It is impossible to observe conflicts over CSR, and the presentation of firms' own positions on CSR issues, without concluding that ethical issues have a real resonance among the publics of modern societies.

It is an unreliable, unevenly distributed and often hypocritical resonance. It is also highly fragmented and internally divided (Crouch, 2011). For some, a western TNC in a Moslem country that advances the careers of its female employees, allowing them to become superior to some males, and permits them to dress how they choose, is committing grave moral offences against God's order in the interests of corporate profit-making. For others, it is advancing the values of gender equality and women's liberation. For others again it is distorting local customs and disrupting community values by imposing its power and wealth. For some, a pharmaceuticals firm investing in research using human embryos is advancing the possibilities of saving and enhancing human lives through new medical treatments. For others, the research itself has ignored the sanctity of human life for the sake of corporate profits.

Polity, economy, and the ethical sphere all have organizations—states, corporations, and churches (used here as a shorthand term for all religious organizations)—that shape, deploy, and target the resources (respectively power and wealth) that are their special preserve. All three are sites of major competition and conflict. In the polity these are restrained, externally by the risks of war, internally by democracy (where it exists), and in general by a need to come to terms with corporations and markets, very few states being able to ignore the importance of material wealth. In the economy, competition and conflict are governed by the market and by state regulation. Competition and conflict among churches should in principle be resolved through demonstrations of divine approval. In the absence of clear signals of this, religious leaders have often appealed to states to lend their power to support one religion against another, often with success. Within at least the western world there was, however, eventually a great cost to this from the point of view of religion.

So often the arbitrator between religious (and therefore, frequently, ethical) claims, the state became itself the social location for the assertion of value claims and the resolution of ethical disputes.

The French Revolution was the *locus classicus* of this development, but during the following two centuries it spread to many other societies. It was aided by the growth of democracy, which erected the political arena as the place where disputes of all kinds about goals and commonly held values should be ventilated and resolved. Given the weakness of religious organizations in much of the world and the concentration of corporations on profit maximization, the state became the location that appeared to combine both a responsibility for externalities and other collective and public goals, and possession of the means to impose certain interpretations of those goals. As a result, most of the issues that appear on the CSR agenda will also appear, and might most prominently appear, on the agenda of politics.

The rise of CSR can be seen as a challenge to this potential state monopoly over the realm of collective values in a secular society, on behalf of firms in some way rejecting the assignment of themselves to amoral performance in the market. This is not new. For centuries many business people have felt themselves to be motivated and constrained by religious or secular moral beliefs about appropriate behaviour, whether in the actual conduct of their firms, in the relationship of their firms to their surrounding communities, or in philanthropic activities financed by their business profits. Indeed, ‘the father of CSR’, Howard Bowen, who wrote the seminal 1953 book—*The Social Responsibilities of the Businessman*—may have been a business school dean, but his book had been commissioned by the Federal Council of the Churches of Christ in America as part of a six-volume study on *Christian Ethics and Economic Life* (Lee, 2008). But his and other, similar approaches were developed during periods of capitalism that did not place absolute stress on the maximization of shareholder value as the sole goal of business, as does current Anglo-American corporate governance doctrine.

The idea that a firm’s sole purpose is to maximize its shareholders’ profits and that (provided markets are pure) this will also be in the interests of consumers, is not the only concept of corporate purpose to be found in modern capitalism. For example, both at law and in social imagination, the German firm has responsibilities to a number of identifiable stakeholders. It was the financial deregulation and then globalization processes released from the 1980s onwards that produced the gradual victory of shareholder maximization over other views of the company, as firms not pursuing this maximization made themselves vulnerable to takeover by those who did. Whether one interprets CSR as a fight-back from European firms against this Anglo-American approach, or as that approach itself finding a need to rediscover its own routes back to a wider set of responsibilities that still excludes the state,

there is certainly a tension between profit maximization narrowly defined and the demands of CSR.

Religions, states, and firms therefore all seek some share of an ethical agenda. This can be problematic, as both firms and states can be accused of stepping outside their proper sphere when they do so. Complaints that it is no business of governments to interfere in moral issues, or that firms should stick to making profits and not get involved in ethical questions, are widely heard, and from many different shades of opinion. On the other hand, the cynically amoral state or corporation are both chilling prospects. It is a part of the fragmented nature of the world of values in modern societies that we cannot be sure where the limits on ethical engagement by large, powerful organizations should be drawn. Expressing the point somewhat differently, we want all these institutions to behave ethically, but cannot trust them to do so, as none of them is fit to bear the burden of full ethical responsibility. Governments are fundamentally motivated by the desire of certain individuals to wield power, occupy office, and enjoy certain privileges, subject in democracies to the constraints of periodic elections. Firms are fundamentally motivated by the desire of certain individuals to wield power and amass great wealth, subject in market economies to their ability to offer products or services that people are willing to buy. And religious organizations sometimes put the aggrandizement and protection of their organizations *qua* organizations before the values that they claim to represent. Any of these centres of power can become dangerous if it seeks to advance itself without regard to ethical criteria; any can also become dangerous if it uses its power to impose and insist on particular values. Seen in this broader perspective, CSR is just one of a number of areas where the combination of powerful organization and ethical concerns presents deep ambiguity.

## CIVIL SOCIETY

Polity, economy, religion, and other value-asserting structures are all located within a wider social space. This can be partly seen as a passive arena inhabited by citizens of states, customers of firms, and followers of faiths, who do not play an active part in CSR or any other public agenda; but it also contains people, whose values lead them to be active in campaigns that use both citizenship and, increasingly, the power of customers to campaign across all these realms. This is the sphere generally known today as civil society.

This troublesome concept has had a long and varied career. The original Aristotelian idea of the *polis* that lies at its heart signified all areas of public life, using 'public' to refer to the ordered life of the city state where free male citizens dealt with matters concerning their life together. It included market,

religion, and polity within itself. When Aristotle was translated into Latin, which took place in the city state of sixteenth-century Florence, *polis* was translated as *societas civilis* (Hallberg and Wittrock, 2006). From this then sprang the phrase ‘civil society’. In the following centuries the city states of Europe became overwhelmed—as had the Greek ones during Rome’s Imperial period—by states that stood outside and over the rest of society. Aristocratic and monarchic elites monopolized control of the state within their family groupings, and weakened the towns, which had preserved something of the public unity of market, polity, and values. The state became at best detached from the rest of the public sphere, at worst a part of the household of the ruler. Therefore, when the concept of civil society began to be used again, in the nineteenth century, it usually excluded the state: the concept had been stood on its head. For Karl Marx civil society *became* the market: relationships of exchange that alienate man from his species life. Oddly, however, Aristotle’s own Greek word, *polis*, continued to be used to denote the polity.

The concept returned again to prominence in the late twentieth century, with thinkers (initially in central Europe and Latin America) trying to identify a realm of dialogue and human exchange *excluded by polity and market alike*, the latter being seen as both alienated exchange and large corporations. So Marx’s account itself had now been stood on its head. Today, not only in social philosophy but in common parlance, ‘civil society’ is usually used to denote those organizations and informal groupings that concern themselves with public affairs, but which operate outside the power of both state and firm. Significantly, they have become known by the nonsensical name ‘non-governmental organizations’ (NGOs). Whether civil society now includes religious organizations is left ambiguous—they are usually included when they have lost their power, which reinforces the idea of civil society as ‘the power of the powerless’ (to use the phrase invented by Vaclav Havel during his years of struggle against communist rule in Czechoslovakia (Havel, 1985)). Civil society certainly includes, though extends further than, the voluntary sector. It tends now to refer to all extensions of the scope of human action beyond the private that lack recourse to the primary contemporary means of exercising power: the state and the firm.

Many of the campaigns that today bring an issue to the agenda of CSR have originated in civil society defined in this way. Where 20 years ago such organizations as, say, Amnesty International would channel most of their energies towards the state, today they concentrate some attention on corporations, typically western firms operating in countries with poor human rights records (Khan, 2003). The reasons are shot through with the same ambiguity that has dogged this discussion: in many developing countries, TNCs are the only organizations with any power to take serious action about any major issue, certainly more significant than the local state; they are also more vulnerable to pressure than the local state, as most of their customers are to

be found within the developed world, and among these are many people sensitive to ethical issues and sufficiently confident of their social efficacy to do something about them. Corporations that acquire bad reputations in their treatment of human rights, the environment, supply chains, or various other issues can expect to be punished in the market by customers. Civil society activists have learned how to add the power of the customer to that of the citizen.

This development is by no means the same as what is usually called the 'business case' for CSR, but it exists alongside it in an often positive relationship. The 'business case' tries to cut through the standard debate within the business world itself over CSR, which confronts economic arguments against CSR with ethical or political ones for it. The pro-CSR business case seeks to trump the anti-CSR economic one by seeing an empirical link between financial performance and the acceptance of social responsibilities (Orlitzky *et al.*, 2003). It often argues that those firms which are alert to new ideas and criticisms of business welling up within civil society are likely to be similarly alert to other new ideas, tastes, and preferences for products emerging within consumer society. This can be criticized as reducing weighty ethical concerns to little more than matters of fashion and taste. That may be so, but it presents a serious problem only in the event of a major change in ethical preferences: what if it one day becomes cool to wear trainers made by child labour? In the absence of that turn of events, the business case has distinct synergies with the new, corporate orientation of civil society action.

There is an analogous situation in the polity: most governments and political parties find campaigns that raise issues not on their current agendas as at best a nuisance and at worst a serious menace to their success. But the existence of these campaigns and their clamour around the political system guarantee the latter its vitality and capacity for self-renewal; smart parties should be expected to notice this and acquire sensitivity to what is being said out there. Much the same can be said about corporations and corporate accountability campaigns. At the very least, the combination of the business case for CSR with this new interest in corporations on the part of civil society means that both economy and polity become shot through with concerns about values and ethics. Just as the neo-liberal turn in political economy has resulted partly in a re-engagement of polity and economy rather than the separation it envisaged, so the same has happened to the relationship between the market and values. Neo-liberalism brought both an insistence on the autonomy of the market from any critique other than that based on shareholder value maximization, and a challenge to the state's claim to be the leading location for debates over values. That seemed to squeeze values out from the public business of society altogether. But that could never happen unless human society had become totally cynical; as things stand, it contains a

strong element of cynicism, but with strong points of resistance among people in many walks of life.

The potential ambiguities of different corporate positions on issues of social responsibility can be seen from Table 1.1, which depicts the range of approaches that firms might take. The table moves out from the internal focus on the firm's own internal organization, to its role within the market, then beyond to the polity and finally to the world of values, seen here as the most extensive field within which an enterprise operates. Four different positions in each of these fields are possible, ranging from negative through passive and active to pro-active.

It should be noted that the passive firm does not occupy the lowest position on the social responsibility scale. This is reserved for the negative firm, which

**Table 1.1.** Range of corporate positions towards corporate social responsibility

Field	Orientation of firm towards 'social responsibilities'			
	Negative	Passive	Active	Pro-active
Organization	Suppresses all discussion of responsibility issues	No fixed policy	Upgrades business to ensure high social responsiveness	Structures organization around trying to shape as well as anticipate emerging social issues
Market	Seeks price advantages by avoiding all costs imposed by 'responsibility' appeals	Responds to strongly expressed customer/employee/shareholder tastes	Shapes market strategy in response to perceived and anticipated concerns/tastes	Tries to shape future CSR-related taste developments
Polity	Evades law and regulation; makes use of shadow economy; lobbies against legislation that will impose 'social' obligations on business	Accepts regulation and obeys law; plays no active part in politics	Counters regulatory 'threats' with offer of CSR	Shapes, and even provides, general governance
Values	Rejects and contests any assertion that value considerations are relevant to business	Avoids becoming involved in controversies by conforming to dominant values in firm's environment	Takes part in debates over application of values to business	Tries to shape terms of value debates, accepting relevance of them to business

actively tries to suppress any social responsibility agenda. It forbids all internal discussion of these issues, and in the market seeks competitive advantage by avoiding any costs that might come from that agenda. This includes, in its relation to the polity, an aggressive strategy of rejecting any obligations imposed by law. This might involve actual breaches of law and use of the shadow economy, and also strong lobbying of government against the imposition of obligations on business. In any debates over the role of values, such a firm will reject any application of moral standards to business.

The passive firm is very different from this. Internally it takes no stance, neither encouraging nor discouraging discussion of responsibility issues, because its overall strategy is to maintain a low profile; this means neither taking initiatives nor adopting strong negative positions. Its market strategy will be that of a 'taste taker'. If there is evidence that customers are rewarding various indicators of corporate responsibility, it will adapt accordingly; otherwise it will do nothing. It accepts regulation and obeys the law, and plays no active part in either political lobbying or debates over values.

There is room for debate over which of these two positions, the negative or the passive, most accurately represents neo-liberal ideas. It might seem to be the former, because neo-liberalism as a political strategy rejects the imposition of external social agendas on firms. However, a strict neo-liberal position also rejects the mixing of politics and business, while the negative firm engages very strongly in political activity. Some versions of neo-liberalism also follow Adam Smith and other classical economic thinkers in believing in the importance of a strong, stable legal and ethical base for market activities; the undermining of these by the negative form threatens a void within which markets might fail to sustain themselves.

Neo-classical economists should certainly prefer the passive firm to the negative one, partly because they reject the mutual entanglement of business and politics, and partly because their model of the economy sees firms as rather passive price takers. This is in turn taken to be a weakness of neo-classical economics by business economists, as neo-classical theory finds it difficult to accommodate entrepreneurial action, both in risk taking and in making and shaping rather than passively accepting conditions in the market. This wider difference between neo-classical and Schumpeterian images of the firm finds its echo in the difference between passive and active corporate approaches to social responsibility. This in turn provides the start to the 'business case' for CSR, the firm that is alert to 'tastes' for corporate responsibility, just as it is alert to early signals of changing tastes in other fields. Within its core activities this has the implications for both internal organization and the market depicted in Table 1.1; there are analogous entrepreneurial responses in political action and the response to ethical debates.

The active firm as described here is a firm with long antennae, or to switch organs, one that keeps its ear to the ground. Such a kind of entrepreneurship

depends on sensitivity to what is going on in society. This continues to be one step more passive than pro-active firms, which ‘take the bull by the horns’ and try to shape what is happening in society rather than wait for things to occur there autonomously. In normal business terms, this refers to marketing that creates demand among customers rather than responding to it. Again, one can see in Table 1.1 how this general stance has corresponding forms of behaviour in each of the four fields of interest to us. It is here that one finds the firms that have taken the idea of corporate social responsibility most seriously, right into the core business. It is also, however, contentious; curiously, the pro-active firm and the negative one share certain characteristics. Both are trying to take the concept of social responsibility by the scruff of the neck and make it work for them. In the fields of organization and market this results in unequivocally opposite behaviour, but in the polity and even more the value field there is considerable ambiguity. At a certain point in the development of pro-activism, a firm might start to claim a monopoly over responsible behaviour and to reject claims by polity, civil society, and others to interfere with its self-confident development of an agenda. This starts to overlap with the stance of the negative firm, leading Table 1.1 to become an inverted cone: the negative and the pro-active continue to differ from each other within the organizational and market fields, but to overlap in the political and the value fields. This is the permanent dilemma presented to a lively civil society by CSR.

#### EXPERTS’ CONFERENCE ON THE RESPONSIBLE CORPORATION

These thoughts and discussions were debated at an ‘experts’ workshop on the Responsible Corporation in a Global Economy’ jointly held by the Social Trends Institute and Warwick Business School at Warwick in March 2009. This book is the result of those and subsequent discussions. Similar to most books in this field, it presents multiple perspectives from authors grounded in different disciplines and worldviews with a mix of reasonings, political, moral, and business (economic), apparent in all of the chapters. There are, however, two, separate, but inter-related, principal differences between this edited book on CSR and many others.

First, these contributing authors presented, discussed, and debated each of their papers with each other. Thus, each author’s position was deepened and/or extended by being challenged and discussed amongst all panel members; even if, and sometimes because of, disagreement between perspectives and viewpoints. For example, while academic contributors seek analytical depth and theoretical objectivity, ‘practice-based’ contributors from international

agencies and corporations, as well as those critical of the whole CSR project, remind us of the need to question and understand the empirical applications *and* limitations of CSR. Whilst some more than others might query the developmental impacts for the intended beneficiaries on the ground (or, indeed, for the corporations), it would nevertheless be accurate to assert that all conference participants are concerned with understanding how—or if—CSR makes a difference in practice.

Second, as a result of such interdisciplinary debate and discussion, the other difference between this book and others is that it is meant to be read as a whole and not ‘dipped into’. The range of the different contributors and where they stand on the CSR spectrum is important for the reader to gain a deeper and more nuanced understanding of the subject. In this manner, the sum of the authors is greater than each part alone. For example, from his practice-based view of CSR, Leisinger (Chapter 5) suggests that the continuously moving goal posts are resulting in ‘organizational fatigue’. Yet, Utting (Chapter 9) suggests that when reviewing CSR over time, it is clear that business people themselves are implicated in these constant modifications of CSR practice as they struggle for legitimization and hegemony. Utting argues that it is precisely business people’s drive to control the CSR agenda that accounts for its evolution and fluidity. Can both apparently contradictory assertions be simultaneously true? We would argue that, yes, of course they can be, once the complexity of CSR is acknowledged in relation to the multiple, global, locations and levels at which dialogue and action take place. For example, Moore’s chapter on IBM (Chapter 4) perfectly illustrates the challenges a single company faces when seeking to understand what CSR means for its diverse global workforce, and for its business strategy, and how best to integrate ‘CSR practice into its business operations and corporate values system’. Multiple challenges of this kind confront thousands of companies, national governmental departments, national and international non-governmental organizations, and international bi-lateral and multi-lateral institutions with differential worldviews and agendas. This reminds us of why and how contradictory and contrasting understandings of CSR and its implications for governance develop.

These differing, and sometimes explicitly contrasting, perspectives of the authors mirror the range of views found in the wider world. Regardless of each person’s worldview and perspective on CSR, greater exposure between and among different actors and organizations is surely helpful in deepening and broadening an understanding of the usefulness and the limits of CSR practices in what Finegold, Ali, and Winkler (Chapter 12) refer to as ‘maximizing the positive externalities and minimizing the negative externalities that are produced when private firms seek to maximize value for owners of the corporation’.

The different authors also illustrate the complexity of the multiple contexts in which CSR is played out, with many chapters illustrating the adaptability of

the concept and its usefulness for deployment by those with opposed perspectives. For example, there continues to be strong hostility towards CSR among many neo-liberals (Henderson, 2001) and *The Economist*, possibly the most influential magazine in the western world in framing political perspectives of and on business, regularly adopts a strong stance of opposition to CSR. One of *The Economist's* authors from this perspective is *Elaine Sternberg*, who is among the contributors to our collection (Chapter 2).

Sternberg's chapter is highly critical of corporate social responsibility and draws on a neo-liberal approach to economic and ethical issues. She articulates her reasons for criticizing 'conventional CSR' in a number of ways. First, she is critical of the vagueness often associated with many CSR definitions and of the 'stakeholder approach'; a model or theory most often associated with CSR. She is certainly not alone with respect to her criticism of definitional ambiguity as, indeed, the lack of clear consensus on a single CSR definition led Crane *et al.* (2008) in their definitive *Oxford Handbook of Corporate Social Responsibility* to suggest that CSR is a *field of scholarship* rather than a stand-alone concept, construct, or theory. Sternberg does not criticize CSR actions that are strategic for 'promoting organizational success': these are understood to be just good (business) practice. Rather, she primarily criticizes stakeholder theory (amongst a number of different fronts) for its attempts to obligate business people to subvert business resources towards other, non-business, purposes.

Second, she criticizes CSR promoters and stakeholder advocates, for what she sees as a failure to understand the proper role of business in society, that is to make long-term financial gain for the owners through the provision of a good or service. Accordingly, CSR's failure to understand that a business can only be a business because of its business objective (to make money for its owners) forms the basis of her primary criticism. In essence, this argument distinguishes among the roles of government, business, non-profit organizations, and other relevant actors. As a corollary, she is concerned that conventional CSR fundamentally confuses—and conflates—a 'business' with a 'corporation' (such as with respect to the nomenclature of 'corporate' social responsibility). Thus, she takes CSR to task for failing to recognize that the structure of most businesses is not corporate in form, the vast majority being small, and often family-run.

Third, she also argues that conventional CSR is irresponsible in its efforts to encourage employees and managers to divert owner funds towards socially responsible behaviours and actions. As such, she argues that CSR is unethical and undermines or impedes 'realist business ethics'—a question on which she is very precise. She argues that businesses can and should be ethical and that everyone in every capacity should act responsibly. She defines acting responsibly as taking into account the consequences of those actions that affect other members of society, arguing that taking consequences into account 'cannot be

what defines “social responsibility”, because it is a condition of *all* responsibility’ (emphasis added, page 32). Despite her declaration to the contrary, this definition of responsibility will, in fact, hold a good deal of resonance for many CSR advocates. She goes on to draw a distinction between morality and ethics with her declaration that organizations are not moral agents, but that they can be ethical as a result of the actions taken by people in their organizational capacities. She describes business actions as ethical when they are conducted in accordance with principles of ‘Ordinary Decency’ and ‘Distributive Justice’. These, she asserts, are the conditions that allow for business to be possible. Ordinary Decency entails the avoidance of lying, cheating, stealing, killing, coercion, and physical violence, whilst Distributive Justice entails rewarding those employees who contribute the best to the organizational objective. Accordingly, for Sternberg, a ‘responsible corporation’ is the product of all its employees acting ethically, with the critical caveat that their efforts are focused on creating long-term financial gain for its owners. Concomitantly, employees must ensure that business resources—and owner funds—are not diverted towards non-business activities.

We note that this individualistic view of acting ethically and business ethics appears to omit any account of an organizational impact or institutional influence brought to bear upon an individual’s behaviour and ‘choices’. This argument—that conventional CSR and stakeholder theory are counterproductive and undermine business—is challenged by the next two authors. They present a business case perspective for CSR activities; even those that are not immediately or apparently aligned with business success. Moreover, they explicitly incorporate a stakeholder approach.

The two main elements of *Alyson Warhurst’s* chapter (Chapter 3) are: first, to describe the evolutionary phases and stages of CSR; and second, to set out the business case for being a responsible corporation in the twenty-first century. In the first half of the chapter she describes four ‘phases’ of CSR. On the one hand, these phases can be used to describe the evolutionary phases of the concept’s historic development; on the other, it can also represent the learning stages an organization may go through in trying to become a [more] responsible, and responsive, corporation. She notes that many multinational corporations have been impelled towards social responsibility in response to a convergence of global trends and incidents including increasing consumer awareness, a series of well-publicized incidents of corporate transgressions such as Bhopal in the 1980s and Enron and Worldcom more recently, and a global concern with sustainable development and climate change. All of these have resulted in changing international and national legal and voluntary codes that affect business. Her conception of CSR stages parallels Table 1.1’s range of corporate responses, but seeing CSR as something that changes and evolves over both time and place. Accordingly, some scholars and business people continue to regard the responsibility of business as being to concentrate solely on its

profit-making tasks, whilst others actively promote CSR within their company in recognition ‘. . . that it has a responsibility for its wider impacts beyond the workforce and the perimeter fence’ (page 67). Warhurst describes the latest, and ‘best practice’ stage of CSR as the ‘re-set’ phase.

The rest of her chapter sets out in detail a business case for CSR in an era of global uncertainty. She maintains that the responsible corporation engages, or ought to be engaged, in CSR because responsible corporate behaviours are the very ones that will promote long-term owner financial value. Her implied argument is that businesses are political agents in that they are and should be involved in the work of governments as partners to attain social and economic goals such as the Millennium Development Goals (MDGs). In this perspective, corporations support, but do not necessarily shape the social goals and affiliated values, which, she asserts, are still the domain of governments and multi-lateral government organizations such as the United Nations (UN). In this perspective, government partnership is a means to inform a corporation’s long range strategy, to create new markets, to gain a competitive advantage, and to improve organizational effectiveness. In portraying CSR as an element of a company’s strategy, this chapter finds resonance, and agreement, with Sternberg’s view that CSR is acceptable (and time-honoured) as a strategy for organizational success. However, a key difference is that Warhurst argues that this is best achieved within a stakeholder framework.

*Celia Moore’s* corporate perspective on IBM is highly relevant for several reasons. First, she explicitly writes about ‘values’ within a corporate realm and the impact of inculcating (or trying to inculcate) value-based ideals within the corporation, both internally and externally. Echoing the business case outlined in Warhurst’s chapter, the strategic role that CSR thinking and practices now play for IBM take it beyond the personal values of its founder to include a number of wide-ranging market and non-market benefits.

Second, Moore discusses the operational significance of the changing organizational structure that is from being a ‘multinational’ (which still locates a corporation in the national sphere albeit more than one national sphere) to a ‘globally integrated enterprise’. One key implication of this organizational shift was a massive employment surge in developing countries, particularly in India. For IBM, CSR is one means to provide continuity in corporate governance and to find a more uniform, and unifying, base of values amongst a global work force.

Third, she expresses the view that global corporations are *expected* to fill a governance gap and to play an increasing role in the social and economic development of all nations, and discusses which ‘communities of interest’ are driving these expectations. The alignment between IBM’s perceived corporate needs and its philanthropic activities over several decades is also discussed with examples. These range from contributing to computer science as a distinct academic discipline in the 1960s to more recent efforts in developing

a new discipline in services science maths and engineering (SSME). Subsequent *social* changes arising from IBM's educational support include how a school day may be scheduled, how parents may be engaged in their child's education, and how teacher's teach in developed countries. Thus, the chapter's discussion of the role that CSR practices play in developing economies or growth markets is indicative of the varied ways in which a corporation shares the role and responsibilities of governments, that is by providing access to knowledge through shared research programmes, by sharing expertise in environmental management, by investing in programmes with schools, in addition to the importation of global standards of management practice and their local application to help deliver stable conditions for business.

*Klaus Leisinger's* chapter considers the role and responsibilities of a responsible corporation from the perspective of global pharmaceuticals. He begins by highlighting why CSR will gain rather than lose relevance in the on-going global economic and financial uncertainties. He provides many examples of how CSR process, practice (context), and perspective are inextricably interdependent and interwoven at two key levels of the institutional (or perhaps organizational) and the personal. He highlights both process and practice aspects for a responsible corporation when he discusses the importance of *how* a corporation achieves its business objective of maximizing profits; so that whilst profits may be legal they may not necessarily be seen by the wider society as legitimate. He identifies the 'business objective' somewhat differently from the manner of previous chapters: thus:

[P]rofits are *not* an isolated corporate objective, but understood as the aggregate indicator that a company is successful in a comprehensive sense and over time; profitability is embedded in the corporate human rights, social, ecological, and anti-corruption performance. (page 97)

Accordingly, he discusses how the United Nations Global Compact (GC) can provide a good frame of reference for corporate responsibility reflections, but goes on to stipulate that the GC principles provide only policy guidelines and do not identify any specific content of a corporate responsibility strategy. He notes that determining 'what exactly these ten principles mean for the specific business enterprise is the most important step—it is the step that defines the quality of the corporate responsibility performance' (page 100). Like Sternberg, Leisinger draws the reader's attention to the significance that when we are talking about a 'responsible corporation', we are actually talking about responsible corporate *managers and employees*. In doing so, he brings the individual squarely into a debate that frequently distances personal actions from the organizational with constant references to 'a' or 'the' company. By making explicit the importance of the personal and the individual, the subjective nature of corporate responsibility is made evident. For example, he asserts that the personal ethical motivations of top managers, concomitant with

concerns for long-term company performance, will be linked to a more robust corporate responsibility culture. For Leisinger, the ethics of top managers is a key point that has further implications in understanding that moral norms, including corporate responsibility norms, are likely to be filled when they appear self-evident to the agent expected to act within specific contexts. Accordingly, the fact that corporate managers operate within, and act for, a profit-oriented organization must be taken into account with respect to their decision making. It is left to the reader to discern if this means that, in the end, the need to maximize profits trumps the moral concerns or if managers are left poised on a dilemma of trying to adjudicate between competing strategic priorities. Interwoven with personal moral and ethical motivations, he goes on to outline a substantive ‘business’ case for why corporate responsibility actions should go beyond legal compliance. This chapter provides an excellent summary of the intersection between the key elements—the personal and the organizational context—with many insights into the micro complexities of internal decisions and decision-making processes that responsible corporate managers face—some overtly CSR-related and some not—whilst managing large global corporations.

*Héritier, Mueller-Debus, and Thauer’s* chapter (Chapter 6) includes an empirical study examining the reasons why buyer firms will demonstrate a sense of corporate social responsibility in prescribing—and ensuring—socially responsible actions on the part of their supplier firms. The authors found in their case study that suppliers’ products and production processes are increasingly controlled by buyer firms. This is done to ensure that suppliers observe the necessary environmental and product quality regulation for quality control; ‘a task traditionally performed by public authorities under a legislative mandate’ (page 119). The authors go on to focus on the conditions under which firms regulate and control the compliance of their sub-contractors with environmental and product quality regulations, that is identifying instances where an independent buyer firm acts as an ‘inspector’ in relation to its supply chain firms. They use a transaction cost economics argument within an existing institutional environment to explain why firms engage in regulation and control of their suppliers (normally understood as the work of the public authorities), and how this ‘private governance’ is affected by the existence of institutionalized political and legal regulations. The link between the firm as inspector and the idea of CSR is very clear; the ‘inspectorial’ role for a firm cannot be derived from the idea of the firm as a simple market actor. It implies some kind of responsibility for, or at least capacity to respond to, externalities and other issues in the wider environment. This point is important, as there has been a trend for convergence between CSR and management literature resulting in a narrower focus on practitioner issues without a concomitant broadening to see the relationship between CSR and the broader social science issues that surround it. Viewed another way, these authors’ empirical study

finds (some) firms acting in a regulatory, and thus overtly political, manner towards their supplier firms. Thus, the chapter provides a working example of a corporation as a ‘neo-government’ in relation to the citizenship of persons (Moon, Crane, and Matten, Chapter 10).

*André Sobczak* (Chapter 7), who is also concerned with supply chains, notes that labour relations has not been labelled as CSR research because the latter tends to focus on the voluntary initiatives of corporations, and little has been written about the articulation between voluntary CSR initiatives and mandatory labour law regulations. His chapter is one step towards filling that gap with his examination of CSR as a new form of social regulation for labour relations within transnational companies. The chapter analyses the interaction between CSR and labour law norms irrespective of whether they are imposed by public authorities or negotiated by the social partners, and ‘tries to highlight both the potential added value of voluntary CSR initiatives, as well as the risks they may create from a labour law perspective’. The analysis focuses on international companies and their CSR commitments towards the employees of their suppliers and subcontractors, in particular those in developing countries. A labour relations perspective on CSR is useful in two respects. First, CSR aims at contributing to better living and working conditions of the different stakeholder categories, including employees. Second, CSR practices have to be implemented by employees, who often have to change their way of thinking and acting in doing so.

The first section of the chapter highlights how CSR initiatives may help address the challenges of the internationalization of companies and their supply chains with respect to mandatory labour laws. The second analyses the case of international framework agreements (IFAs) to illustrate how employees’ representatives may be involved in the definition and implementation of CSR strategies. Sobczak concludes that voluntary CSR initiatives in the field of labour relations may enrich and complement mandatory labour law within transnational companies and supply chains. As such, they could be seen as an opportunity, not a threat, to the development of mandatory labour law, and as one means of facing some of the challenges of globalization.

*Antonio Tencati* (Chapter 8) also examines ethical issues in global supply chains, in this case in relation to how social responsibility expectations are being transferred from one actor to another along a ‘reverse’ supply chain. He examines supply chain processes both from the perspective of buyer firms imposing CSR expectations and the supplier firms responding to CSR business practice expectations. He describes a process whereby, through several codes of conduct and international standards, CSR business practice expectations are entering the boundaries of developing country supplier firms. Tencati takes empirical findings from a study in Vietnam in order to better understand the process through which CSR is ‘coming to’ developing countries. This chapter also investigates the effects on the enterprises that are managing

(or struggling) to comply with international standards and regulations, as well as assesses the effectiveness and feasibility of these binding CSR policies. Tencati finds that CSR strategies *can* trigger increased productivity and quality in supplier firms, enabling a major improvement in competitiveness, subject to certain criteria. Thus CSR makes ‘business sense’ only for ‘enterprises big and rich enough, that is, with sufficient financial, human, and intellectual resources to comply with imposed codes of conduct and international standards’ (page 161). However, for many Vietnamese SMEs, increasingly stringent restrictions around social and environmental processes are acting as a technical barrier to trade with North American markets. The paradoxical result is that SME owners and managers in developing economies view CSR as a form of exploitation. The rest of the chapter goes on to provide some examples of ‘values-driven companies’ such as Coop Italia, illycaffè, and the Slow Food Movement, which demonstrate more ethical and collaborative forms of governance towards their supplier firms. He concludes that the ‘competitive model, at the basis of the still-dominant Anglophone capitalism . . . needs structural corrections to allow firms to develop businesses really capable of creating value(s) for society’ (page 169).

*Peter Utting’s* chapter, which is also primarily concerned with developing economies, has an explicitly political focus and thus places the large corporation directly in the political sphere. He develops his chapter in two parts. In the first he situates UN thinking and policy on CSR within a broader context of progressive ‘UN’ ideas in the fields of development and governance. He identifies the trend towards convergence in CSR policy between UN organizations, the World Bank, and the IMF over the last few decades with contemporary agreement on institutional priorities and objectives, notably poverty reduction. Yet, questions about structural change related to power relations were, and are, kept largely off-limits. Utting points out that the UN’s financial crisis in the 1990s, derived in part from the failure of the United States government to honour its funding commitments, prompted a new development and governance approach, which included a search for alternative sources of development funding such as those resources provided by TNCs and new global philanthropists (as they were enjoying halcyon days of profitability). One culmination of the new approach was the UN’s GC initiated by Kofi Annan as Secretary General in 1999, in which trade and investment regimes conducive to FDI and TNCs would be secured in return for corporate self-regulation and CSR. Once he establishes the path of CSR thinking within the UN, Utting then goes on in the second part of the chapter to take a more critical view of CSR. As such, its operational effectiveness is appraised, and the type of development model that it reinforces is analysed. He defines ‘developmental’ contributions as those that support social inclusiveness, sustainability, and human rights. The chapter also reviews the drivers and logics of CSR from the perspective of asking whether CSR achieves its stated aims within its tacit

or implied development model. Resource mobilization, corporate globalization, and the struggle for hegemony as various drivers of CSR are considered, as well as how such different logics and interests that underpin CSR ultimately shape its content.

In recent years, the term ‘corporate citizenship’ has often been used in place of, or as synonymous with, corporate social responsibility. Indeed, many corporations use this term in place of CSR. *Jeremy Moon, Andrew Crane, and Dirk Matten’s* chapter (Chapter 10) takes a more analytical stance, using a citizenship ‘lens’ to view the changing roles of corporations in new global governance. In doing so these authors consider how corporations are participating in emerging forms of (global) governance. Thus, the concept of citizenship is more broadly used as a means of identifying different political roles of corporations and for evaluating them. In writing about corporate citizenship, this chapter broadly theorizes about the ways in which wider society is being governed, and empirically examines the different ways in which ‘citizenship’ can be applied to corporations. Whilst many may consider corporate citizenship simply as synonymous with CSR, their extended view recognizes that many corporations enter the political realm in one of three—seemingly contradictory—relationships between corporations and citizenship: corporations as if they were citizens; corporations as governments in relation to human citizenship, that is providing health and education services; or corporations as arenas in which humans can play out their citizenship. Ethical consumerism and the development of fair trade certification systems are some examples discussed with respect to this last conceptualization.

After exploring these three aspects, they go on to use them to inform the role of corporations in new institutions of global governance, as well as to examine the broad roles of corporations and other actors in globalization. They provide evidence that corporations participate in a diversity of new institutions for global governance and discuss concomitant implications. They go on to consider various CSR institutions within companies, among companies, multi-stakeholder CSR institutions, and international government-led CSR institutions. The key conclusion for these authors is that in these institutions they can observe that corporations can act as citizens, as governments, and as arenas of citizenship. The chapter’s final section reflects more widely on the significance of these contributions to global governance. Moon, Crane, and Matten conclude that corporations are fully engaged in and are even transformative in and of political arenas; yet, the role of corporations in shaping, enacting, and transforming citizenship status, entitlement, and participation is very rarely recognized.

Where Moon, Crane, and Matten are largely descriptive about the changing role of corporations, *Eliza Gaffney and Peter Newell* (Chapter 11) use the concept of corporate citizenship more normatively to explore ‘what constitutes responsible corporate behaviour in an era of globalization’. They suggest

that ‘citizenship, politically, and theoretically understood, allows for rethinking how ideas of ethics and responsibility might apply to corporations’. Thus, corporate citizenship is not presented as a term that is privileged over others such as corporate accountability or corporate social responsibility, but is used as a means to consider the normative expectations of a corporation’s roles and responsibilities. There is potential, they argue, for the concept to map out the full implications of being a responsible corporation in the twenty-first century. Gaffney and Newell assert that global corporations do more than maximize profit for owners; they are also involved in processes and decisions that relate to public matters. They argue that corporations perform a government-like function when they set universal standards and codes for behaviour across national boundaries in relation to human rights and labour rights. The authors note that thus, while corporations are for-profit actors, they find themselves and/or position themselves as actors reconstituting the global public domain. Accordingly, the first part of the chapter discusses two practical, and critical, problems posed by the claims of ‘corporate citizenship’. The first is that the idea is often equated simply with corporate philanthropy (as expressed by corporate communications). The second is that corporate citizenship equates to corporate ‘rights’ across political-spatial territories without necessarily considering the ‘responsibilities’ associated with a citizen located in a particular territory. The second part of the chapter then offers a theoretical response to these problems by drawing on liberal and cosmopolitan ideas of citizenship.

The authors specifically address the politics of corporate citizenship by looking more deeply at corporate rights versus the rights of others. They note the many ways in which corporations seek to assert their legal and economic rights on national and international levels, such as those to legal personhood, free speech (in order to be able to contribute to election funds), to be able to sue national governments (through the International Bank for Reconstruction and Development (IBRD) or the North American Free Trade Agreement (NAFTA) for example), and the right to move a company’s capital, goods, and services between jurisdictions. Yet, these rights are not balanced, they argue, with mechanisms to ensure that corporations also fulfil any obligations or duties to the communities around the globe in which they operate. Thus, Gaffney and Newell argue that corporate citizenship in its current use tends to stand for a problematic assertion of corporate rights without concomitant responsibilities. They nevertheless conclude that ‘liberal ideals of citizenship’ can yet be deployed to make normative demands of corporations as citizenship implies a social contract based on equality and reciprocity.

The final chapter, by *David Finegold, Mohammad Ali, and Anne-Laure Winkler*, serves as a conclusion to the volume by combining the different agendas that other chapters have explored with some practical ideas for next steps forward. The authors explore new ways of organizing and governing the

creation of economic value in today's global economy. The first half of the chapter analyses the limitations of existing, voluntaristic, market-based approaches to CSR, and explores alternative ways to govern corporations that could foster more socially responsible behaviour, whilst not adversely impacting economic efficiency and wealth creation. Their starting point is to note a dual role of corporations within political economies: they are both market actors and simultaneously very strong political actors who shape governance regimes to favour the interests of firms. They explore the limits of a market-driven approach to CSR and employ various examples of the 'too many' negative externalities associated with the market approach. They also argue that too few positive externalities are concomitantly generated. Further, they argue that reliance on current market signals to produce responsible corporate behaviour will not motivate companies to provide major societal benefits if, in doing so, it will have a negative effect on their short-term profitability. They also examine the implications and impact of corporate political interventions, such as lobbying and campaign contributions by industry groups and individual firms. A key conclusion is how, as capital has become more global, corporations' influence on public policy has grown disproportionately to that of other interest groups. The chapter goes on to suggest ways to strengthen existing corporate, national, and international governance regimes. The focus of the latter is primarily on global labour standards.

The second half of the chapter explores alternative new models of organizing value-creating activities, such as hybrid organizations, public-private partnerships, and employee-owned firms. In conclusion they argue that, especially in light of the on-going global economic crisis, a multi-faceted approach to reforming global governance is needed to better align corporate behaviour with long-term societal interests. They also argue (along with other chapter authors) that voluntaristic approaches have been inadequate, and that a set of new regulatory approaches at national, transnational, and sectoral levels is needed, which would reduce negative externalities by setting and enforcing a common floor of environmental and labour standards.

## CONCLUSIONS

There are four broadly recurring themes in most or all of the chapters that merit explicit acknowledgement. The first concerns how the role or purpose of a corporation changes over time and space. We have presented above a broad historical overview, whilst Gaffney and Newell; Tencati; Héritier, Mueller-Debus, and Thauer; Moon, Matten, and Crane; Utting; and also Sternberg analyse contemporary changes in the role of the corporation. On the other hand, Leisinger and Moore discuss a corporation's changing role from a

practice-based view and Warhurst from a normative position. A second theme, pursued by virtually all, focuses on the attributes that might constitute a responsible corporation in the global economy. A third, taken up by a few authors, discusses the limits to CSR and asks whether this approach is an appropriate means to address 'public' issues at all. Sobczak takes up this theme, as do Gaffney and Newell; Utting; and Finegold, Ali, and Winkler, who focus specifically on the limits of CSR and the responsible corporation in contemporary modern societies. A final theme focuses on the more purely ethical dimension of CSR and the relationship between individual and corporate ethics. We shall conclude with some comments on this last, as it is probably the least discussed in the existing literature.

The dilemma (debated since early Greek philosophers) over where or to whom to assign agency, that is to the individual or the organization, is of some importance in any discussion of CSR. Many scholarly articles on CSR refer to 'the' corporation; rendering it as a singular, homogenous entity. This is even truer in the popular press. For the latter, it is typically 'the company' that stands accused of corporate malfeasance and only in very high profile cases are individuals from within a company named and held responsible. When they are named, the memory is fleeting, and with time they are forgotten. Thus, whilst the legal responsibilities of a corporation are borne by the leadership of that organization, for most, it is still the 'Enron' scandal and not Jeffery Skilling's or Andrew Fastow's scandal. In 2010, it was 'BP's' oil spill instead of any named individual, and not even Transocean, Cameron International Corporation, or Halliburton Energy Services were held accountable by the press for the Gulf of Mexico oil spill, let alone any named individual from those companies. But does it matter that the corporation replaces the individual in discussions, *inter alia*, of (ir)responsibility?

Replacing the personal with the organizational is often done for presentational and analytical clarity. This is understandable, as concepts often need to be broken down into constituent parts and simplified for the sake of analysis, presentation, and discussion. Additionally, it is only when the actions of individuals are scaled up to an organizational or institutional level of analysis that broad trends are identified. However, Sternberg's emphasis on *the* business objective of maximizing long-term (financial) value for the business owner runs the risk of portraying the workings of a business as simplistic and unproblematic, whilst Moon, Matten, and Crane's discussion of corporate citizenship could be taken to infer that corporations are more homogenous entities than they intend. Whilst these simplifications may be necessary for the sake of presentational (and analytical) clarity, transnational corporate operations remain heterogeneous and multi-level, characterized by multiple values and internal power battles, which are managed in complex global environments. Indeed, running a company or business of almost any size is not a simple and clear-cut affair. If it were, every business would succeed.

Replacing the personal with the organizational is also a reflection of how intuitively people understand that organizations and institutions persist over time beyond any one individual's involvement in them. There are of course entrepreneurs who are unable to build succession into their business model; there are also individuals like the 'rogue traders', whose activities can suddenly produce the demise of a long-standing organization. But, for the most part, roles in organizations will endure over time whether it is person A or person B performing them. This is as true of a company's CEO as it is for a university vice-chancellor or a community liaison officer in the field. Thus, it is often the corporation that concerns journalists, government members, and civil society activists, and not necessarily any one single employee. Replacing the personal with the organizational may also arise out of a tacit understanding that employees internalize perceived corporate norms (Pruzan, 2001), or often rely on other's 'perceived norms when making decisions about their own behavior' (Cialdini *et al.*, 1991, cited in Burger, 2009: 3). Indeed, Milgram's famous socio-psychological research (1963, 1974) offers striking evidence as to why we cannot count on the strength of an individual's ethics to act responsibly:

The essence of obedience consists in the fact that a person comes to view himself as the instrument for carrying out another person's wishes, and he therefore no longer regards himself as responsible for his actions. (Milgram, 1974: xii)

Thus, he found that people—acting against their own values and moral norms—will inflict considerable pain on others in obedience to an authoritative figure. 'Learned helplessness' is another explanation for Milgram's results, but regardless of the explanation, the abdication of personal responsibility remains the same. (Interestingly, a later study of the 'defiant' participants in Milgram's experiments, those who refused to administer electric shocks, scored higher on a scale that measured a sense of social responsibility than those who were willing to obey (Elms, 2009).)

Moreover, referring to only '*the*' or '*a*' corporation renders those managers who make corporate decisions invisible and anonymous hidden behind a corporate screen. The very term 'corporate' (with either citizenship or social responsibility added on) serves to conceal the agency of individuals. Corporations cannot analyse, reflect, or make choices; elements that are required to act responsibly (Pruzan, 2001). By omitting the individual from any discussion of the values associated with a responsible corporation, we lose the opportunity to identify '*whose* values get represented' in corporate decision making (Kuhn and Deetz, 2008: 175). Such an omission may be especially marked when we consider the differences between the individualistic, consumption-oriented values present in many large Anglophone corporations and those of rural collectivist, indigenous societies of developing countries (see, for example, Warhurst and Bahar, 2002). Tencati also finds that a western/Anglophone

perspective of CSR includes tacit assumptions, imbued with particular values, about how labour lives and works. His point is critical to understanding how the unproblematic—typically Anglophone—‘values’ of CSR can be highly problematical in differing contexts—though of course this does not imply that all corporate values are ‘bad’, or that all indigenous community values are ‘good’.

In acknowledging the personal and the subjective in both the setting of CSR policy and its implementation, ‘the corporation’ dissolves to reveal: the individuals sitting round the executive boardroom table, making decisions about the desirability of CSR policies (or not); the people writing the policies and guidelines; and, critically, those people translating and ‘filtering’ the policies and guidelines for implementation and practice. Many employees are facing the sometimes perplexing consequences of implementing CSR policies in their daily work that may complement or conflict with other core business targets (Maclean, 2008). Thus, it is important to keep in mind when we speak of corporate decisions, corporate actions, corporate responsibility, that we are talking about the decisions, actions, and responsibility of warm-blooded humans, and these morally responsible creatures exist throughout an organization.

In the wake of the Enron and other scandals, Sumantra Ghoshal (2005) attracted considerable attention by accusing business schools of complicity in the production of a managerial class that saw its role as being solely the maximization of profit irrespective of moral concerns. Among his main targets was the teaching of such Harvard Business School professors as Michael Jensen (2001), who resolved the problems of business ethics in principal/agent relations by regarding these questions as a matter for the former and not the latter (i.e. shareholders and not managers). But both sides of this debate fail to consider the positions of a firm’s employees further down the hierarchy, who are tacitly assumed to be mere automata. If they ever do appear in public debate, it is in the extreme cases of ‘whistle blowers’, and we know that these brave people can rarely resume careers in business after they have exposed wrong-doing in their employing organization.

Many of the authors in this volume do refer to the individual and the personal. For example, Sternberg highlights the personal when she argues that organizations are not moral agents and that ‘business’ actions are ones attributed to it ‘in virtue of actions *taken by people* in their organizational capacities’ (page 29, italics added). Finegold, Ali, and Winkler also describe how one corporation’s decision to develop and give away a medicine to treat river blindness stemmed from the philosophy of the firm’s second CEO, whilst Moore makes explicit the link between the values of IBM’s founder and the corporation’s continuing integration of CSR practice in its business operations and corporate values some 50 years later. Leisinger unequivocally asserts the importance of the *personal level* in CSR, noting that all decisions are made by

human beings who retain the responsibility to ‘put good intentions into corporate practice’ (page 98). These authors all highlight the critical importance of the individual—from the boardroom to the factory—in understanding what makes ‘a corporation’ responsible. Whilst we need to bear in mind the power of situational forces and how they are typically underestimated in accounting for a person’s behaviour (Burger, 2009), it is essential to make the individual visible in our discussion of a responsible corporation in a global economy.

A remaining critical question that ought to underpin any discussion of an individual’s ethics—employed by a for-profit corporation—acting ‘responsibly’ *within* the scope of his/her job is therefore: does the need to maximize profits, in the end, trump the moral concerns? Or do we leave managers and employees throughout a corporation poised on their own on a dilemma?

A final reason why it is important to bring the individual firmly back into the discussion is to emphasize how corporations can never be fully responsible when it may only take one individual out of thousands to act irresponsibly (for example, be involved in bribery) for an entire company to be so labelled despite the best of intentions by senior managers and many other employees. Likewise, if only one company that has signed up to the Global Compact is then found to be acting irresponsibly, the ethics of the entire GC are called into question. Accordingly, when we consider the millions of transnational corporate employees operating in the current global economic conditions and throughout their supply chains, we can begin to appreciate the limits to legalistic, entrepreneurial, and ‘good citizen’ approaches to corporate social responsibility and to understand other, more explicitly political, functions that CSR may achieve for transnational corporations. With these key themes in mind, we hope that this book will enable a deeper understanding of what might be considered and expected (and perhaps what not to expect) of responsible corporate managers and employees in our current global economy.

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