2

The origins of corporate responsibility

Chapter overview

In this chapter, we set out the theoretical and historical origins of modern-day corporate responsibility. In particular, we will:

- plot the evolution of the modern corporation and its relevance for the business–society relationship;
- explore how corporate responsibility has evolved from the Industrial Revolution to the current era of globalization;
- trace the development of theories of corporate responsibility.

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Key terms

- Capitalism
- Corporate philanthropy
- Industrial Revolution
- Welfare state
- Globalization
- Licence to operate
- Limited liability
- New Deal
- Social contract

Online resources

- A history of globalization and accompanying references
- Exercises and discussion topics for students
- Fordlandia—case study of corporate responsibility in the 1930s
- Links to other web-based resources
- Additional reading

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Introduction

In 1909, George Cadbury found himself in court because the company bearing his name had been buying cocoa produced by slaves in Africa.[1] In 2000, the company found itself accused once more of the same offence. These incidents demonstrate that issues such as slavery do not go away. More to the point, when corporate behaviour clashes with people's sense of justice and permissibility, companies are held responsible: even if there is no legal liability, and despite the absence or presence of shareholder interest.

The issues that matter, why they come to the fore, and what a company does to address them vary: according to the company, the industry, the location, and the time. Cadbury's response in 1909 was very different to what it was in 2000 (see Case Study 2), even if slavery was always more likely to be more of an issue for the chocolate manufacturer compared to its Birmingham neighbour, the car-maker Rover, which in 2000, faced with bankruptcy and allegations of pension fund fraud, had its own corporate responsibility headaches to deal with.

Corporate responsibility is constant yet variable and dynamic. In this chapter, we examine how society has consistently held expectations of business that go beyond the narrow sphere of wealth creation. We begin by exploring the relationship of business has had with society during different historical periods, and in different countries. Then we examine how various theories of corporate responsibility have emerged to help understand and manage that relationship.

What the following sections reveal is that private enterprise has always been the subject of public scrutiny. What we mean by 'corporate responsibility' today has been influenced enormously by our economic systems, the evolution of the modern corporation, and the emergence of theories of corporate responsibility itself. This chapter is a discussion of that heritage.

The *Cadbury* case is a useful starting point for putting corporate responsibility in context. The issues in 1909 were, in many ways, the same as those today. First, companies were then, and are now, felt by many to have a duty to uphold certain human rights, even when there is no legal liability. Second, companies that purchase commodities or manufactured goods are held to have influence over, and responsibility for, the behaviour of their producers. These principles were apparent in the 1909 court case and are central to areas of modern corporate responsibility, such as ethical trade.

Echoes of the Cadbury experience can be heard throughout this chapter as we explore the origins of corporate responsibility. The company's experiences are not unique: stick a pin anywhere in the timeline of corporate evolution and the issues of what a company should be responsible for, who decides, and where accountability lies are recurring themes. Responses can vary, as do the levels of trust in corporations (see Figure 2.1), but what this chapter shows is that the issues of corporate responsibility and the role of commercial endeavour in society are constants throughout human history.

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Three eras of responsibility

The Cadbury experience straddles three historical periods, during which the nature of business' relationship with society has changed significantly:

1. the Industrial Revolution;
2. the mid-twentieth-century welfare state;
3. the globalization era.

Each period has raised new issues about what business should be responsible for, but, as we will see, many of the issues remain relevant from one era to the next.

The Industrial Revolution

Throughout much of Europe, the biggest change in human demographics and human working life came with the Industrial Revolution, as the poor from the countryside headed towards the cities in search of work. In the UK, the first industrial power, between

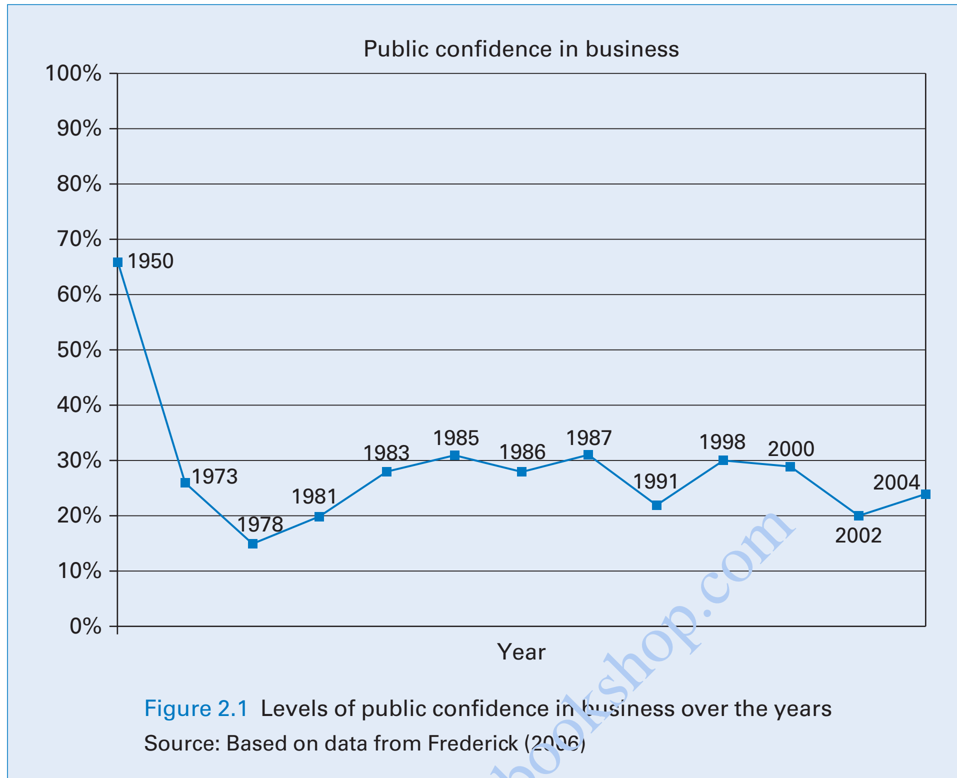

Figure 2.1 Levels of public confidence in business over the years

Source: Based on data from Frederick (2006)

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1801 and 1871, the proportion of the population engaged in manufacturing increased from one fifth to nearly two-thirds.[2]

But this massive increase in urban living brought with it problems of overcrowding and disease. Children were employed in sweeping chimneys, domestic service, and manufacturing, as depicted in the popular novels of Dickens and Kingsley. Factories and mines were responsible for a large number of injuries and fatalities. Slave labour on the African and American continents produced many of the raw materials that industrialization required. In some industries, women became important components of the workforce, not out of choice, but due to poverty.

Industrialization provoked civil unrest. From the late 1770s, there were numerous popular, frequently violent, protests aimed at resisting industrialization or improving the lives of those affected by it. Information about human exploitation spurred various reform movements, such as Wilberforce's anti-slavery society, while the UK's first Factory Acts were passed in 1819 and laws to control conditions in mines were passed in 1842.

In addition to government intervention, it was around this time that writers such as Carlyle and Arnold began to suggest how heads of industry might behave, marking the start of the era of Victorian philanthropy. Robert Owen had already set up his mills at New Lanark and was an instigator of the early Factory Acts. He strove to establish a new

	1930	1940	1950	1960	1970	1980	1990	2000
First corporate responsibility texts								
New Deal and welfare state								
Nationalization (Europe), state enterprise (former colonies, Communist Bloc); post-war consensus (USA)								
Return of business and society debate								
Shift from responsibility of leaders to responsibility of companies								
Debate about nature of responsibilities								
Introduction of stakeholder theory								
Corporate responsibility as management practice (e.g. corporate social responsiveness)								
Environmental management								
Corporate social performance								
Stakeholder partnerships								
Business and poverty								
Sustainabillity								

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Figure 2.2 Timeline of corporate responsibility

model of industrial development in Scotland and the USA, based on the belief that a man's character was formed by his surroundings, and the conditions under which he worked and lived. This vision was developed later in the century by the likes of Cadbury and Rowntree, who established villages at Bourneville and New Earswick respectively, within which their workers could live in supportive communities with open spaces, shops, and schools in easy reach.

Carnegie—who famously said that the wealthy should consider their wealth to be trust funds that they should use for the good of the community—pursued a different form of benevolence using his fortune from steel to embark on a philanthropic quest that saw him donate some $350 million to charitable and other philanthropic causes, including

the building of libraries, the establishment of educational trusts, and contributions towards creating such iconic buildings as the Carnegie Hall in New York and the Peace Palace in The Hague.

Each industrial economy has its own history of industrialization, and we only have to look at the different timelines of the abolition of slavery in the UK, the USA, and Belgium, for example, to see that change happened at different speeds and in different ways. And some countries' toleration of slavery overseas when it had been outlawed at home is but one example of how standards of business behaviour were affected by location. Similar aspects of industrialization have arisen again today with the emergence of new industrial powers. For example, in countries such as China, the massive influx of rural people into urban areas is one trend that has redefined notions of corporate responsibility, as have aspects of economic growth and overseas investment that appear to be at the expense of human and environmental well-being (see Chapter 5).

The evolution and rise of the modern corporation

In the mind's eye, the first Industrial Revolution in Europe and the USA conjures up images of technological innovation: steam engines, mills, belching factory chimneys, and the like. But this was as much an institutional revolution as an industrial one. Worklife changed, governed by clocks and machines rather than seasons. But the idea of business itself changed as well. As important as technology was institutional innovation, not least the emergence of the 'limited liability company' and changes in the meaning of 'incorporation'. These legal constructs were to have a profound effect on the business-society relationship: not only on where liability fell, but what the rights and responsibilities of the company were. Today, the meaning of 'business' is either taken for granted, or the subject of typically polarized arguments over whether it is a good or a bad thing. But in capitalism's early days, the advantages and disadvantages of different types of company were widely debated. Limited liability was a major factor that allowed the modern corporation to emerge: the construct by which shareholders in a company are not liable for its debts beyond the nominal value of their shares. The economist, Adam Smith, disliked this idea and favoured partnerships over corporations, because he felt that separating the owner from direct control of the company opens the way for professional managers to pursue their own self-interest.[3] But, despite the fact that the limited liability company is only one of several forms of commercial enterprise, it has nonetheless come to dominate the modern business world.

Limited liability encourages entrepreneurship, but has also been singled out as the root cause of problems in the business–society relationship. It has made possible the emergence of multinational corporations, the power of which Korten (1995) views as a threat to society and Henderson (2004) sees as an asset. It also creates the tension between shareholders and corporate officials that is central to arguments about where a company's responsibilities lie. For some, such as Friedman (1962) and Novak (1982), the primacy given to shareholder interests is the genius of capitalism; for others, such as Mitchell (2001) and Ellsworth (2002), it is the reason why managers focus on short-term results and therefore restricts their freedom to serve the interests of others in society. Thus, limited liability is central to the roles that companies play in creating

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jobs, paying taxes, and generating wealth, but also to aspects of corporate behaviour such as downsizing, bankruptcy, and who has claim to the company's assets. We discuss these issues in other chapters, not least in the context of the socially responsible investment movement, which seeks to change the investor–company relationship (see Chapter 10).

The Twentieth-Century—a more mature capitalism

From corporate to government responsibility

By the early twentieth century, changes in the legal definition of the firm led to a huge increase in the number of mergers and corporations came to be seen by some as huge, impersonal monoliths that were beginning to exert political pressure as never before, leading to public calls for greater regulation and supervision (see Snapshot 2.1). Private enterprise had flourished in the late nineteenth century until the period prior to World War I. Yes, it could be highly exploitative of people and nature. Yes, it was often the bed-fellow of imperialism and militarism. Yes, it frequently relied on monopoly and oligopoly to the point where John D Rockefeller, who famously stated that 'competition is a sin', owned wealth equivalent to nearly two per cent of US GDP (Bill Gates is worth 0.65 per cent).[4] Capitalism took various forms and had many facets, making it difficult to generalize. But for all its weaknesses and failings, capitalist free enterprise and with it global free trade flourished before World War I, corporate power grew and private self-interest was promoted as serving the public good. This triumphalism faded after the war, and momentum increased for greater equality and a rethinking of the social order following the leadership failures that had left eight million dead on battlefields around the world, and the image of the capitalist as war profiteer depicted in Shaw's play, 'Major Barbara', was commonplace. The International Labour Organization, founded in 1919 as part of the League of Nations, brought together government, business, and trade unions, and explicitly recognized the dangers of an unjust political or economic order. Business leaders were forced to consider the impact their activities were having on wider society and some engaged in movements such as 'New Capitalism'[5] promoting the idea that business should voluntarily take steps to portray itself and its activities as beneficial to society at large.

But such ideas gained limited traction, partly because of the greater struggle between managers and organized labour that was a feature of the post-war period, and also because economic growth (particularly increases in share value in some countries) encouraged a belief that markets could be the ultimate guarantors of the public good. This came to a head with the Great Depression, when corporate greed was blamed as one of the possible causes of the 1929 Wall Street Crash that left millions destitute in the USA, with ramifications throughout the world's economy. It was time to rein in corporate and shareholder excess, and where possible government stepped in to rescue the economy. In Germany, the National Socialist Party struck alliances with big business to align private enterprise with the national good. In the US, President Franklin D Roosevelt initiated the 'New Deal', a series of measures that were, in part, designed to

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limit the power of corporations. If the 1920s' view of corporate managers is encapsulated in the phrase of General Motors' President, Alfred Sloan, '*The business of business is business*', Roosevelt's view can be seen in the quote: '*We consider too much the good luck of the early bird, and not enough the bad luck of the early worm*.' Despite the very different fortunes of countries such as Germany, USA, and Japan, the idea of social welfare as a safety net for when capitalism wobbled or fell remained a platform of the social order for the rest of the twentieth century, at least in wealthier nations. Countries from Argentina to Indonesia governments have continued to step in to tackle market failure, and the interventions by major economic powers around the world to save the finance industry in 2008 show that in the world of *real politik* free markets are not trusted to serve the public good.

SNAPSHOT 2.1

Is big business desirable, inevitable or irredeemable?

Ever since the nineteenth century the size of companies has grown and grown. When people think about corporate responsibility, they often think about the giant, multinational companies and conglomerates that dominate industries from Information and Communication Technologies to Retail to Pharmaceuticals. Most private sector workers may work for small firms, but it is large business that attracts attention. Unilever, Tata, BHP Billiton, and Samsung are a handful of the many multinational companies that put corporate responsibility on their websites' front pages. But are these companies too big to be responsible members of society?

Thomas Quinn called such companies '*Monster Business*'. The monster business was the inevitable end result of business evolution where companies evolved from small enterprising firms to large ones, then into giant corporations, and finally into monsters. Monster companies not only stifle competition—something that has led to antitrust laws around the world — but also affect social and political institutions, and even pose a menace to the democratic way of life.

Although he was writing during the 1930s' Depression, his views find echoes in corporate responsibility discussions today. For example, he pointed to big-banker trustees who control voting at the dominant corporations, representing what he called '*the highest degree of concentrated economic power in our history*'. Reflecting recent criticisms about board responsibility, he claimed that directors were responsible for setting '*wholly arbitrary, self-serving judgments, compensation and recognition awards*'. He also blamed corporate officials for paying themselves excessive salaries, bonuses, pensions, and stock options, and went on to explain why monster business was inherently anti-social.

Quinn was no radical outsider: certainly not the 1930s equivalent of Naomi Klein or Joel Bakan. He was a star executive at that quintessential 'monster business', General Electric; the man who established that company's refrigerator division. In the economic and social upheaval of his time, his views were part of the cauldron of public debate. Now, when executives are typically portrayed as conservatives, his cry to limit the size of business is in marked contrast to right-wing thinkers such as Rand and Hayek who treated a company's growth within the free market as the best way to increase shareholder value, lower prices, and serve the general good.

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Quinn's views are more aligned with the political left, but even here things are not clear cut. Canadian economist, JK Galbraith, did not necessarily favour big business, but saw its growth as inevitable as perfect competition disappeared beneath its shadow. He agreed with Quinn that by itself, this would have undesirable outcomes across society. However, we should not worry about this because the interests of capital and management, he argued, would be counterbalanced by trade unions and other organized groups. It was what he called this '*countervailing power*' that would keep monster business honest and continuing to serve the public good.

(Sources: Galbraith 1952; Quinn, 1962; Rand 1966)

Quick questions

1 Does the fact that parts of what Quinn observed still resonate today suggest that 'the problem' of big business is nothing new and is something that society adequately controls through conventional political processes?

2 Do you agree with Galbraith that the power of 'business' can be controlled by 'countervailing powers'?

3 Is Rand right to argue that controls on the size of business such as antitrust laws stifle innovation, success, and economic rewards?

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Post World War II

Business emerged from World War II with a mixed reputation. Companies such as Mitsubishi and Mercedes had been part of their nations' war machines, while firms from IBM to Coke were to spend years cleansing themselves of associations with fascism. But business had played a key part in winning the war, whether it be through unprecedented levels of production or fast-track innovation. Where the war had hit hardest, there was exhaustion and an appetite for change. In the UK, the post-war Labour government put in place a system of welfare safety nets. It also acted on its belief in state-owned industry by nationalizing major industries such as coal, railways, steel, gas distribution, and power generation. The idea that business best served the public good if it was state-controlled took hold in much of Western Europe and, of course, in the Eastern Bloc of Communist countries, in which private enterprise was outlawed. It also characterized the role of business in newly independent countries such as Indonesia and India which saw the nationalization of industry as essential to the long-held dream of independence.

In West Germany and Italy, new models of governance were put in place to ensure that workers, as well as shareholders, had a say in how companies were run. In the USA, a seemingly spontaneous interplay between business and society emerged, similar to what chaos theory would later term 'complex adaptive systems', but which, at the time, was seen as a debate over how much of its power business would cede to wider society.[6]

These different approaches to managing the role of business in society all marked a significant change in thinking from that of the days when it was assumed that business best benefited others by being left largely to its own devices. The welfare state was primarily concerned with a more equitable distribution of the benefits of economic prosperity. Distribution was the responsibility of government and the primary role of business was to create jobs, obey the law, and pay taxes. The concerns of the welfare state, however, such as health care, living wages, and education, influence what we think of as ‘corporate responsibility’ today. Equally, national governments’ renewed interest in human rights in the aftermath of the war gave rise to such agreements as the United Nations’ Universal Declaration of Human Rights, which is now referenced in important corporate responsibility initiatives.

It is easy to idealize the post-World War II contract between business and government. In the former colonies, new governments lacked the expertise or wealth to deliver the comprehensive safety nets enjoyed in wealthier countries. Companies such as Zambia Consolidated Copper Mines found themselves directly involved in community development. Equally, prosperity brought with it new social concerns. In the early 1950s in both the UK and USA, smog claimed the lives of many citizens, with serious instances in London, New York, and Los Angeles. Pollution became a political issue, resulting in the passing of the US Air Pollution Control Act in 1955 and the UK Clean Air Act in 1956. A year later, Scripps Oceanographic Institute scientists were surprised to discover rising carbon dioxide levels in the world’s oceans.

In 1962, Carson’s *Silent Spring* was published, detailing the effect of man-made pesticides, and, throughout the decade, scientific discovery into the effects of leaded petroleum, water pollution, and chemical seepage served to make increasing numbers of people aware of the connection between environmental degradation and corporate activity. In the following decades, regular instances of corporate malfeasance, such as the Love Canal, Bhopal, Chernobyl, and the *Exxon Valdez*, served to reinforce this connection.

Non-government environmental groups, such as Greenpeace (founded in 1971), began advocating for change outside the mainstream political process. In terms of organization and strategy, they set the agenda for a much broader range of rights-focused activists, such as those protecting the interests of workers, indigenous people, animals, children, bonded labour, etc.—the advocacy groups that play an important in contemporary corporate responsibility today.

The women’s rights movement also became more visible in the 1970s and, among other things, raised issues of equality in the workplace. One aspect of this was equal treatment in terms of remuneration and working conditions, and another was equality of opportunity. The movement worldwide has had an enormous impact in a relatively short space of time, most notably in the area of legislation (e.g. maternity rights, equal pay). In terms of corporate responsibility, the women’s rights movement established the basic principle that companies shall not discriminate against women. Similar principles have been applied in relation to age, ethnicity, race, disability, and sexual orientation, and, in the USA especially, racial discrimination has been a significant part of the corporate responsibility agenda.

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Discussion points

There are expectations across the political spectrum that big business has the power and responsibility to benefit society. There are also fears across the spectrum that big business is a 'monster'.

- Does 'big business' have different responsibilities to those of other types of business?
- How does limited liability influence how companies view their relationships with society?
- Find examples, at the national and provincial levels, of ways in which company law makes companies responsible to stakeholders other than shareholders.

The globalization era

Business' relationship with society has changed again with globalization, the phenomenon that has affected social, political, economic, and business life since the 1980s. Globalization is often portrayed as a new era, bringing changes that are as momentous as those of the Industrial Revolution. It is certainly an era during which business' place in society is being transformed and, for that reason alone, it is important that we understand its meaning and consequences.

But we can go further than this. Writers such as Wood et al. (2006), Pedersen and Huniche (2006), and Crane and Matten (2004) tie corporate responsibility to the social, political, and environmental challenges of globalization. In fact, to some degree, its success may influence the direction of globalization overall.[7] This is because globalization is associated, on the one hand, with a limited set of global governance mechanisms and weakened national governments, and on the other, with unprecedented private sector wealth, power, and impact. Corporate responsibility has thus become an important means for addressing what Stiglitz (2002) sees as the fundamental problem with contemporary globalization—a system of global governance without global government.

However, there is a lot of confusion about what is meant by globalization. In corporate responsibility literature, the term is often used in its narrowest sense to mean the worldwide flows of data, capital, goods and services. Indeed, some aspects of globalization highlighted by certain corporate observers were already features of previous eras. For example, globalization critic Naomi Klein (1999) talks about global colonization by brands—what she calls '*McDonaldization*'—and a wider process as part of which Western norms and values wipe out diversity and local cultures. Yet generations earlier in his travels between South Africa, England, and India, Mahatma Gandhi would have found it as easy to buy a packet of Players cigarettes as we would find it to buy a Big Mac today.

Many economists use globalization to mean the global spread of liberal economic ideas, notably the creation of a global market built on free trade. This kind of liberal globalization is essentially the realization of the economic relations explained by economists such as Smith, Ricardo, or Marx, and the socio-economic system described by Mises and Hayek. Some political economists, on the other hand, argue that we should think more broadly than just economics: that we should see globalization as a social condition

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that also includes politics, culture, ethics, ecology, and all of the other facets that affect human life. What separates globalization today from any previous historical period is that a combination of technological innovation, policy shifts, power relations, and values has meant that physical space and time have become much less important determinants of economic and social activity, and of social identity. Alluding to Fukuyama's (1989) idea that globalization marks the end of history, Virilio (2000) concludes that globalization is really the end of geography.

Understandably, the economic dimension to globalization is attractive to many in business, but it is worthwhile understanding political economists' perspective, what has been called 'globalization as deterritorialization'.[8] In our business lives, we witness many symptoms of globalization, such as the offshoring of jobs, rapid growth in international trade, and international capital flows. Deterritorialization theorists say that all of this reflects more fundamental changes in our social condition (e.g. new social orders transcending traditional political and geographical boundaries; powerful companies and other organizations not strongly linked to a specific place; intense, rapid interaction between groups allowing events in one region to trigger reactions anywhere in the world), and is part of a growing consciousness of our interconnectedness and interdependence.[9] This is important for companies to understand because on the one hand they are often criticized for exerting excessive power in this new global order, and on the other they can fall victims to it such as when people connected through cyberspace form an alliance to hold a company to account for its behaviour. This is what the chocolate industry experienced when journalists found slave labour on cocoa farms in West Africa (see Case Study 2), or what Monsanto still experiences because of some people's objections to genetically modified organisms. Moreover, while not all such alliances survive for long, some do as Nestlé will vouch after three decades of fighting allegations about its infant milk formula.

Business in the modern globalization era is fundamental to understanding contemporary corporate responsibility, and we discuss it in far more depth in Chapter 4. It accounts for many of the issues companies are being held responsible for, the growth in wealth, poverty and inequality that has accompanied unprecedented private sector activity, and the recognition of the values and materiality dimensions of issues such as global poverty and sustainability that business is being asked to address. It also accounts for the changing nature of corporate governance, investment, public scrutiny, and social expectation that affect companies' licence to operate and the very definition of success. However, before we flesh out these statements, let us explore the evolution of corporate responsibility theory that shapes some of our thinking today.

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Theories of corporate responsibility

The preceding sections describe the historical landscape that has influenced corporate responsibility theory and practice. It feels at times that there is an archaeological quest to discover the earliest instance of corporate responsibility, with examples reported as long ago as Mesopotamian and Roman times.[10] If by theory we mean something that is written down, corporate responsibility theory is relatively new; but if we mean the ideas

SNAPSHOT 2.2

Royal Dutch Shell Group and global protesters

In the development of the 'global company', the energy sector has probably led the way by virtue of its need to search for reserves worldwide. Shell is a major sector player and has a massive impact on the economies of the 135 countries it operates in.

In the 1990s, two Shell subsidiaries were caught up in events that undermined the company's reputation, causing it to alter long-held approaches to business practice and find new strategies to regain lost trust. In Nigeria, where the company had been extracting oil in the Niger River Delta since 1956, local populations were increasingly agitated by what they saw as the high social and environmental costs, and slender rewards, of oil production.

The Ogoni People, in particular, under the leadership of Ken Saro-Wiwa, staged public protests that were met with extreme force by the Nigerian government forces, leading to the deaths of demonstrators and accusations that Shell was complicit in the killings. Saro-Wiwa was eventually arrested and executed for allegedly killing pro-government tribal leaders. His death provoked an international outcry and, despite assertions by Shell that it was not in any way involved, the impression lingered that it had a case to answer.

A continent away, Shell was also facing criticism for wanting to scrap its Brent Spar oil storage platform in the deep Atlantic: something that environmental groups saw as a dangerous precedent. Greenpeace mobilized a number of popular campaigns to raise awareness among the public. In the UK and Germany, people began picketing Shell petrol stations and mounting anti-Shell campaigns, and the firm Pensions Investments Research Consultants (PIRC) warned investors of the possible negative fallout.

Despite denials by Shell of its involvement in the Saro-Wiwa affair and the subsequent findings that Brent Spar was not carrying toxic waste, the company was under pressure to respond to the concerns being expressed by many stakeholder groups, including its shareholders. It employed the consultancy company, SustainAbility, to review its policies on reporting and it was not long before the company was rebranded with the slogan 'People, Planet, Profits', echoing the 'triple bottom line' philosophy of the consultancy's founder, John Elkington. Yet its investment in being responsible was only partially successful, and in 2009 it agreed to pay US$15.5 million to settle a legal action brought in the USA because of its alleged collaboration in Saro-Wiwa's death. According to lawyer, Anthony DiCaprio, the settlement would 'encourage companies to seriously consider the social and environmental impact their operations may have on a community or face the possibility of a suit.'

(Sources: Mirvis, 2000; **www.pirc.co.uk**—accessed 30 July 2005; www.guardian.co.uk—accessed 20 September 2009)

Quick Questions

1. Are companies more susceptible now than in the past to accusations of unfair collaboration with national governments?
2. How can corporations guard against allegations of complicity in government actions against indigenous peoples?
3. What other examples can you think of where companies have had trouble protecting their reputations against community and NGO attacks?

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that underpin business practice, then any enterprise at any moment in history has had to establish what Donaldson and Dunfee (1999) call its 'licence to operate' because without the support of those in power or the wider public it cannot prosper. The different histories and cultures of corporate responsibility are a fascinating area of enquiry, but for purely practical reasons the following discussion of corporate responsibility theory's evolution takes as its starting point business in the West.

■ Key concepts: Licence to operate

Licence to operate refers to the public's acceptance of a company's impact on wider society. It is an idea rooted in philosophers' such as Hobbes and Locke's theories of the social contract that exists between a government and the people. Just as in a democracy the electorate can grant and remove a government's permission to govern, so a company's constituents (e.g. consumers, investors, customers, communities) grant tacit or explicit approval to companies to conduct their business.

The right to extract profit from commercial activities is one part of the licence to operate, but the company's constituents can dictate what is a legitimate profit-seeking activity. For example, human trafficking might be profitable but the criminal networks that are involved cannot claim to have a licence to operate. The tobacco industry is an example of where companies have had their licence to operate severely restricted, not least because of their role in hiding the connection between smoking and cancer. An alternative energy company such as Vestas can claim to have a strong licence to operate because of the positive relationship it seems to have with tackling climate change, whereas a company such as EDF may have to invest more in building its licence because of its association with coal-fired and nuclear power.

There are numerous ways companies can strengthen their licence including stakeholder engagement, transparency, and corporate responsibility reporting. Such approaches may help companies build better relations with their constituents, but they should not regard the licence as irrevocable as it will be under continual scrutiny and reevaluation.

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Evolution of corporate responsibility theory

Before corporate responsibility had a name, philosophy and theology was already informing the thinking of entrepreneurs. Carnegie's *Gospel of Wealth* (1889) sets out the duties wealthy capitalists have to society. The Lever Brothers, the Clarks, and the Cadburys were not only successful industrialists but also Quakers who found it contrary to their faith to ignore worker well-being, or to leave people's fates to the market. They differed from Carnegie in their belief that responsibility was not just about how one used one's wealth, but how that wealth was created in the first place. Early academic writers on corporate responsibility such as Berle and Means (1932) focused on the responsibilities of the individual business leader rather than the company, reflecting a widely held view in the USA that success and responsibility go hand in hand. Davis called this the 'Iron Law of Responsibility' which states that the social responsibilities of business leaders need to be commensurate with their social power[11] (Figure 2.2).

Davis (1973) was, however, also one of the first corporate responsibility theorists to argue that social responsibility was more than the acts of individuals; that corporate responsibility should refer to the company as an institution. The shift in focus from the individual to the company led to a new discussion of responsibilities. Some saw corporate responsibility as a way of utilizing company resources towards broad social ends rather than to serve only narrow private interests.[12] In addition to linking responsibility to power, Davis himself held that the social responsibility of business demanded that companies should be open to public input and scrutiny; that social costs and benefits should be factored into their business decisions and also priced into products, and that, where it has the necessary competencies, the company as a citizen should be involved in social affairs.[13] He also noted that there might be long-term economic gain from behaving responsibly.

All of these issues are relevant to corporate responsibility today. So too are some of the dilemmas raised: should companies take actions beyond what is legally required? (See Chapter 1) Should a company's assets be used for purposes other than maximizing shareholder value (see Chapter 13)? Are the fiduciary duties of executives and directors too narrowly defined (see Chapter 7). However, since the 1990s, the theory and practice of corporate responsibility has evolved more rapidly than ever before, raising questions and possibilities that Davis could not have imagined. Corporate responsibility in the 1990s and beyond dominates most of the discussion in this book; but it is interesting and worthwhile to look at its earlier forms because Davis and his peers spurred thinking about how companies could demonstrate their contribution to social goals such as economic justice, stability, and freedom,[14] and the ways in which this can be accomplished, asking three questions that are still as pertinent today:

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1. How can business be responsible?
2. For what is it responsible?
3. To whom is it responsible?

It is to these questions that we now turn.

Defining the responsible enterprise

How can business be responsible?

Identifying the enterprise as the focus of corporate responsibility led theorists to question when and how companies should exhibit responsibility. Manne and Wallich (1972) said that corporate responsibility refers to actions for which the company is under no legal compulsion. If corporate responsibility begins where the law ends, however, what does this mean? Manne claimed that true corporate responsibility expenditure, as well as being voluntary, was that which:

1. generates marginal returns less than those available from alternative courses of action;
2. is an actual corporate expenditure, not a conduit for individual largesse.[15]

This raises two interesting questions: first, should corporate responsibility be limited to what companies do to generate a profit; second, should companies be denied moral credit for actions taken for commercial reasons? The Committee for Economic Development, comprising US corporate leaders, identified three concentric circles of responsibility that blurred Manne's distinctions:

1 creating products, jobs, economic growth;
2 sensitivity to changing social values;
3 emerging responsibilities such as poverty and urban blight.[16]

These circles embrace both core business activity and how the company manages its relationship with society more widely, but, again, the emphasis is on voluntary actions and in no case is the company required to be accountable for failing to carry out these responsibilities.

Debates about voluntary versus mandatory approaches to corporate responsibility continue to this day. They are further complicated because companies may feel they have to take particular actions even without legal compulsion (e.g. because of civil society pressure—see Chapter 9). We explore these issues elsewhere and so, for now, limit ourselves to flagging voluntarism as a recurring theme in this book.

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■ Discussion points

George Soros, American financial speculator, stock investor, philanthropist, and political activist, has said: '*We can have a market economy, but we cannot have a market society.*'[17]

- What distinction is he making between 'economy' and 'society'?
- Does corporate responsibility help the market economy to become a market society?
- Describe how a company from the former Eastern Bloc might use corporate responsibility to establish its licence to operate in the European Union.

For what is business responsible?

Defining corporate responsibility as voluntary action does little to explain for what business should take responsibility. In Chapter 1, we set out various perspectives on this, including Carroll's (1979) multidimensional model of corporate responsibility, which has proved one of the most widely referenced frameworks because it makes clear important principles and spheres of responsibility (i.e. economic, legal, ethical, and discretionary responsibilities—see Figure 1.2). Its strength is that it draws together different types of responsibility that had tended to be treated as mutually exclusive or otherwise problematic. It does this by identifying separate categories and any action that falls under one category or another can be considered part of corporate responsibility. But this, in itself, can cause problems: for example, does a company accept responsibility for any issue that fits into one of the categories? If not, how does it prioritize its response? Equally, how does the company go about deciding what is ethical, or what discretionary actions it

should take?[18] Consequently, at least as important as what companies are responsible for is how those responsibilities are defined.

Corporate responsibility, as already noted, is dynamic, and changes according to time, industry and location. Much of academic corporate responsibility theory originates from the USA, and therefore reflects social conditions that are different even in similarly advanced capitalist economies. For example, an American employee often has the legal status of 'at-will employment' meaning that worker and employee can break their relationship without liability to either party. In Europe, a worker may have a three-month notice period before their relationship with the company ends: in the USA, as anyone who watches American TV knows, a worker can walk out the same day, taking their box of personal effects with them. Therefore, in Europe severance pay and dismissal may not be spelled out as a corporate responsibility because the responsibilities are set out in legal statute: in the USA, on the other hand, corporate responsibility might offer a counterbalance to relatively limited legal protections.

The nature of the American free enterprise system—its financial and governance systems, its culture, its education and labour systems, the institution of the firm, etc.—is unique, and different in important ways from that in Europe and elsewhere.[19] This may account for the differences in corporate responsibility between the USA and elsewhere, with the USA adopting what has been called 'explicit' corporate responsibility (i.e. the company carries out certain activities with the explicit intent of serving social interests), and Europe concentrating on 'implicit' corporate responsibility (i.e. business is one of many institutions that are expected to serve the social good, and must conform with the social consensus about its role).[20] It may also explain why business in the USA has been what Drucker (1946) called 'the representative institution', responsible for representing and upholding American society's basic values and beliefs; whereas in Europe, for example, companies have been viewed more as supplicants to the social good.

The Atlantic Ocean is not the only corporate responsibility fault line: claims about the geographical distinctions in what companies are responsible for have been made about India, Japan, China, Brazil, and Africa and Asia in general. We will touch on these differences, as well as dissimilarities in responsibility between industries in later chapters. But it is important to consider some of the consequences of thinking in terms of disparities in responsibilities. It may be that an area of behaviour has to be spelled out as an explicit responsibility in one region, but not in another because of different laws. But to what extent can something be acceptable in one country and not in another? If violence on the factory floor is commonplace in one country, should a French multinational such as Carrefour accept that behaviour amongst its suppliers when it would not be able to do so in France?

This is the area of ethical relativism. There may be good reasons to define the responsibilities of corporations in the context of where they are being applied, but there is also a risk of turning a blind eye to unacceptable actions on the grounds that something is a cultural convention. For example, when abuse of workers in global supply chains first hit the headlines in the late 1980s, companies and politicians argued that European consumers had no right to dictate what was tolerable in developing countries. Relativism is a topic of much discussion in business ethics,[21] reflecting wider philosophical debates

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about whether or not morals are universal or culturally contingent; and if they are not applicable everywhere, are there value systems originating in one part of the world that are universalizable to all parts in much the same way that the economic system we know as capitalism, originating in Europe, has been introduced throughout much of the world.

Underpinning these debates are quite different philosophical traditions (see Online Resource Centre for a more detailed overview). For example, justice under the Utilitarian school is defined quite differently than it is by non-consequentialists such as Kant. The former believe justice is whatever benefits the majority; the latter that justice is not a popularity contest, and the good of the many cannot be achieved at the expense of the few. These are contradictory schools of thought. Likewise Aristotle's belief in absolute values is at odds with Habermas's notion of discourse ethics two millennia later whereby values are the result of public consensus. This is not a book on business ethics, and therefore we are not going to unpack how different ethical schools influence ideas of responsibility. That is not to dismiss them as unimportant: on the contrary, business ethics is a vital subset of corporate responsibility with its own body of literature—Oxford University's Bodleian library alone has 216 business ethics titles.

There are various management studies texts on how to incorporate the ideas of Mill, Aristotle, Jesus, Kant, and others, and there are many books offering ethical advice to the individual manager. But rather than repeat much of what has already been written, our focus is on filling two gaps that affect the defining of corporate responsibility. First, instead of studying what companies ought to do, we want to emphasize what they actually do and why they make some of the choices they make. Second, mirroring Davis' accomplishment in moving the wider debate about corporate responsibility from the role of the individual to the role of the company, we want to explore how companies as entities manage their responsibilities. In doing this, we are not only going beyond the scope of conventional business ethics, we are building a bridge between what Scherer and Palazo (2007) call positivist and deliberative corporate responsibility, the former concentrating on actual business practice without much reflection on the wider context that affects what companies do and do not do, the latter concerned primarily with theories of responsibility, and not how these are actually enacted.

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To whom is business responsible?

For economist Milton Friedman, it was straightforward that companies were responsible to the law and their investors, and nobody else. Some still defend this position, some say it was never accurate, and some say that it may have been right once but not any longer (see Chapter 1). Investors' interests may conflict with those of wider society, especially when they want rapid or high yield returns on their capital. Irrespective of business' behaviour, the law is never a comprehensive code, and for every Bernie Madoff or Ernest Saunders who goes to jail there is a Dick Fuld or Phoenix Four who oversee their companies' collapse with seeming impunity despite public outrage. Moreover, legal responsibilities differ from jurisdiction to jurisdiction, and multinational companies can to a degree choose which laws they like or not by relocating their operations. There may be no legal distinction between someone who invests for the short run and one who does

so for longer, but their interests and what they would like the company to do may be quite different.

According to IBM CEO, Sam Palmisano, the biggest shift in recent business history is that from shareholder to stakeholder companies.[22] The idea that business has responsibility to a variety of stakeholders has been an important element of corporate responsibility theory, at least since Preston and Post's 1975 book on how host environments affect corporate behaviour. As we explore in Chapters 6 and 9, stakeholder theory suggests a way of explaining with whom and why corporations should engage. It is based on the notion that many people (and groups of people) have a stake in any corporation and that, in order for a company to achieve its objectives effectively, it must consider them all, not only the shareholders to whom corporations have long discharged accountability. In this regard it is not only distinct from previous ideas of the responsibility of companies, but echoes the discourse ethics of Habermas (see above) and the idea that duties and responsibilities are fluid, defined as part of a social consensus that itself depends on the populous' free and informed participation in democratic processes.

Stakeholder theory promises a way in which companies can learn what is needed to establish and maintain the aforementioned '*licence to operate*', i.e. the idea that business requires the approval of others in society in order to function effectively. It provides a potentially stronger rationale than Carroll's framework for choosing certain courses of action by implying that a company should do whatever is necessary to maintain its legitimacy, but that it is under no obligation to go further than that.

The licence to operate is central to legitimacy theory and posits that an organization can only continue to exist if its core values are aligned with the core values of the society in which it operates. The fate of accounting firm Arthur Andersen, in the wake of the Enron scandal, brought this into stark relief when the company's integrity was so badly damaged that it went out of business. Legitimacy theory offers a method of managing stakeholders in the face of various threats, through, for example, educating them about the company's intentions, changing their perceptions of events, diverting their attention, and altering their expectations.[23] Such strategies are evident in the actions taken by Shell in response to Brent Spar, or the treatment of the Ogoni people in Nigeria (see Snapshot 2.2).

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Important though theories such as those described above are in their own right, one of their major contributions is that they have made management practice part of corporate responsibility enquiry. Early corporate responsibility theory was primarily concerned with the normative behaviour of companies, but, since the 1970s, there has been at least equal emphasis given to corporate responsibility as management practice.[24] For example, Ackerman and Bauer's (1976) theory of 'corporate social responsiveness' put the emphasis on what companies *can* do to respond to societal expectations (i.e. capacity), in contrast to more theoretical ideas of what they *should* do. Social responsiveness shunned the idea of philosophy in favour of a managerial approach and, in many ways, helped corporate responsibility to get out of academia and into day-to-day business. By the 1990s, managerial approaches to corporate responsibility were evolving rapidly and measurement had become an integral part of this, summed up in MacGillivray and Zadek's phrase: '*If you want it to count, count it.*'[25]

We take a closer look at corporate responsibility as management practice in Chapter 6 and later chapters. But we would not pretend that responsiveness to society is an unproblematic way of resolving what business should take responsibility for; on the contrary, as later discussions of stakeholder theory reveal (see Chapter 9), it can leave companies without clear moral guidance of the kind promised by ethical theory.

■ Discussion points

A number of companies publicize the amounts they donate to philanthropic causes. Indeed, it is one of the measures used by some rating agencies when scoring corporate responsibility points.

- To what extent does philanthropic donation act as a measure of corporate responsibility?
- What arguments can you put forward against using this criterion as a measure of corporate responsibility?
- Using other companies as benchmarks, present a case to the board for adopting a particular philanthropic strategy.

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CASE STUDY 2

Corporate responsibility in different eras: Cadbury

In 1909, the *London Evening Standard* accused the confectionary company Cadbury of knowingly profiting from the widespread use of slaves on cocoa plantations in the Portuguese colony of Säo Tomé. The public was shocked: the company was not only one of the most famous brands in the British Empire, but also an exemplar of compassionate capitalism founded in the Quaker religious tradition.

Cadbury sued the *Evening Standard* for libel. The company won the case, but over the course of the trial, Charles Cadbury, joint head of the firm and a figurehead of virtuous capitalism, was forced to admit that he not only knew slaves were being used, but actually regarded it as essential to his company's prosperity. Despite the court's ruling in Cadbury's favour, it lost in the court of public opinion, and the reputation of the firm was damaged.

A century later, in 2000, the company found itself once again accused of buying slave-farmed cocoa beans from West Africa in a media assault by the full spectrum of the British press, from the *Daily Mirror* to the *Financial Times*. Acting with others in the industry, Cadbury (by then Cadbury Schweppes) denied the allegations. In contrast with the 1909 case, this time the industry condemned the use of slavery outright, but to no avail, because it was unable to prove that it really knew what was happening on cocoa farms. The human rights advocates seemed to know little more: their early allegations of slavery soon switched to ones about child labour as it became apparent that slavery was not prevalent on cocoa farms. But that did not matter: these groups held the moral high ground and the industry could do nothing to displace them.

The news headlines could not have come at a worse time, appearing on the front pages in the run up to Easter, a peak time for chocolate sales. Schoolchildren around Britain wrote in to

Cadbury saying they would not be buying Easter eggs that year. In the USA, two congressmen persuaded the industry to sign up to the Harkin-Engel Protocol, an industry-wide certification standard to eliminate the worst forms of child labour. Cadbury had once again lost in the court of public opinion. The company's share price was not hurt but its reputation was. The question was whether it needed to take action, and if so what?

Across the industry, companies pondered whether to be defensive and protect their reputations, or to become more proactive and see if there was a value-adding dimension to the cocoa labour problem. Cadbury supported a 2002 study by the International Institute of Tropical Agriculture to investigate the extent of child labour and forced labour. It also joined the International Cocoa Initiative, a partnership of business, NGO, and government representatives committed to getting rid of unacceptable labour practices in cocoa production. In 2006 it asked consultants to map out what sustainable production would mean for the company.

These activities helped the company realize that it had lost touch with its supply base. Not only was it blind to human rights issues in the supply chain, it was ignorant of the production issues affecting the millions of small independent farmers it depended on. If anything, the risk of being out of touch was greater now than in 2000. In 2005, Cadbury had acquired Green & Black's, the organic chocolate company with a loyal ethical consumer base. This was one of Cadbury's fastest growing business areas, a brand built on product quality and ethical credibility. Any criticism of the Cadbury supply chain now would damage Green & Black's reputation as well.

But another problem came to light as Cadbury started to reacquaint itself with its supply base: for various farmers were growing less cocoa, and if the situation continued Cadbury risked not having enough beans to meet demand. Cadbury-commissioned academic research had shown that the average production for smallholder cocoa farmers in Ghana had dropped to just 40 per cent of potential yield, and that cocoa farming was becoming less and less appealing to the next generation of farmers despite rising prices. In January 2008, Cadbury launched its £44 million Cocoa Partnership 'to secure the economic, social and environmental sustainability of around a million cocoa farmers and their communities in Ghana, India, Indonesia and the Caribbean.' Furthermore, in 2009 Cadbury announced that all cocoa used in its top-selling Dairy Milk brand would be sourced from Fairtrade certified farms with the hope that farmers would benefit from the stable prices and community investment Fairtrade promises.

(Sources: original research; Du Cann, 1993; IITA and ILO 2002; Satre, 2005; Institute for Development Studies; **www.cadbury.com/ourresponsibilities/cadburycocoapartnership/Pages/mappingsustainableproduction.aspx**—accessed 21 September 2009; **www.cadbury.com/ourresponsibilities/cadburycocoapartnership/Pages/cadburycocoapartnership.aspx**—accessed 21 September 2009)

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Questions

1 The events of 1909 and 2000 had few major commercial ramifications for Cadbury and until the 2010 takeover by Kraft, the company was a long-time member of the Fortune Global 500 list of leading businesses. In fact, Cadbury Schweppes won the 2004 UK 'Most Admired Company' award presented by Nottingham Business School.

   a Did the company overreact by stopping its sourcing of 'slave-produced' cocoa?

   b Why did the company feel the need to act at all?

   c Is it not the role of government to regulate how industries are run and to prevent these practices from recurring?

2 Cadbury faced similar issues in 1909 and 2000, and in both cases had to mount a defence of its reputation and practices.
   a Are companies more responsible today than they were in the past?
   b Are Cadbury's responsibilities different today than they were in the early twentieth century?
   c Why do you think companies' responsibilities have changed in the last hundred years?

3 In corporate responsibility theory, a distinction is sometimes made between actions taken to reduce risks such as protecting reputation, and those taken to add value such as using ethical values to promote a brand.
   a Which of Cadbury's actions do you think were done to protect its reputation?
   b Why do you think Cadbury purchased Green & Black's?
   c How would you persuade senior management to support the Cocoa Partnership?

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SUMMARY

Corporate responsibility did not spring out of nowhere. What we think of as the responsibilities of business and how these get acted upon reflect some of the main debates about social justice going far back in time. Nowhere is this more apparent than in theories about how private enterprise impacts upon economic well-being and how the economy itself relates to society. In this chapter, we have discussed how different types of economy affect what we mean by 'justice' and 'well-being'. We have also compared different theories of how business and free markets can best contribute to the good of society in capitalist societies. What emerges is a set of questions on issues such as the relationship between private self-interest and the public good, and how the rewards of enterprise are distributed—things that lie at the heart of contemporary corporate responsibility.

Tackling these questions has occupied politicians, academics, company managers, and community leaders since the earliest days of capitalism. We have explored how corporate responsibility theory developed as one way of finding answers about what business should be responsible for and to whom. We have also examined the way in which different approaches to thinking about responsibility can lead to quite different conclusions about what companies should be responsible for.

The origins of corporate responsibility are not, however, only to be found in theory. The evolution of modern business, and, in particular, the emergence of limited liability and the corporation, have all affected business' relationship with society and expectations about companies' responsibilities. Equally, the specific aspects of business activity that society addresses have, paradoxically, both changed and remained constant over time. What the exploration of aspects of corporate responsibility over three eras does show, however, is how the role of business in resolving these issues has changed. In fact, the unintended consequence of the market liberalization that was central to economic globalization is that business is being expected, as never before, to take action to rectify perceived weaknesses in markets on issues such as social justice and sustainability. It is how globalization has affected corporate responsibility in developing countries to which we turn in the next chapter.

FURTHER READING

VISIT THE WEBSITE for links to useful sources of further information

Take your learning further: Online Resource Centre **www.oxfordtextbooks.co.uk/orc/blowfield_murray2e/**

Visit the Online Resource Centre which accompanies this book to enrich your understanding of this chapter.

Students: explore web links and further reading suggestions. Keep up to date with the latest developments by undertaking web exercises.

Lecturers: you will find additional case studies, including one on the topic of Fordlandia—Henry Ford's jungle city of responsibility, for use in class or assessment. Show your students trailers from films related to Corporate Responsibility, and use images from the book in your PowerPoint slides.

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  Readable and provocative critique of the dominance of corporations.
- Kenneally, T, 1983, *Schindler's Ark*, Sevenoaks, Coronet.

  Novel based on the true story of a businessman's struggle to do good in Nazi Germany. The Spielberg film adaptation is Schindler's List.
- Nace, T, 2003, *Gangs of America: The Rise of Corporate Power and the Disabling of Democracy*, San Francisco, CA: Berrett-Koehler.

  Lively account of the dangers of modern business by one-time entrepreneur.
- Thompson, EP, 1963, *The Making of the English Working Class*, London: Victor Gollancz.

  Comprehensive study of workers, working conditions, and worker protest in nineteenth-century England.

Theoretical context

- Carroll, AB, 1999, 'Corporate social responsibility: evolution of a definitional construct', *Business and Society*, 38(3), pp 268–95.

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- Drucker, PF, 1946, *Concept of the Corporation*, New York, NY: The John Day Company.

  Early work by leading management thinker on the nature of the corporation.
- Kelly, M, 2001, *The Divine Right of Capital: Dethroning the Corporate Aristocracy*, San Francisco, CA: Berrett-Koehler.

  Insightful and contentious discussion of the nature and role of business.
- Marx, K, 1865, *Value, Price, and Profit: An Introduction to the Theory of Capitalism*, abridged by P Zarembka, 2000, Amsterdam and New York, NY: JAI/Elsevier Science, online at ourworld.compuserve.com.

  Marx's own attempt to make basic Marxist theory accessible—the first 'Marx for Dummies'?

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ENDNOTES

[1] Du Cann, 1993.

[2] Kennedy, 1987; Evans, 1983.

[3] Carney, 1998, p 662.

[4] McQuaid, 1977.

[5] Fortune undated. **http://money.cnn.com/galleries/2007/fortune/0702/gallery.richestamericans.fortune/index.html**, accessed 11 September 2009.

[6] Frederick, 2006.

[7] See, e.g. Demirag, 2005; Blowfield, 2005a.

[8] The term comes from Scholte, 2000, but a similar conceptualization of globalization has been set out by many theorists (e.g. Gray, Mittelman, Held) and has evolved from early work on interdependence, such as Giddens, 1990, and Robertson, 1992.

[9] Steger, 2003.

[10] Asongu, 2007.

[11] Cited in Carroll, 1999, p 271.

[12] Frederick, 1960, cited in Carroll, 1999, p 271.

[13] Birch, 2003, pp 7–8.

[14] See the discussion of the work on corporate social performance by Anshen and Johnson in Birch, 2003.

[15] Cited in Carroll, 1999, p 276.

[16] Cited in Carroll, 1999, p 278.

[17] Soros, undated.

[18] Carroll is not unaware of these types of question and revisited his model in Schwartz and Carroll, 2003.

[19] Matten and Moon, 2008.

[20] ibid.

[21] See Donaldson, 2003; Beauchamp et al. 2008.

[22] Blowfield, 2007.

[23] Lindblom, 1994.

[24] Tinker, 1985; see also: Sethi, 1975; Wartick and Cochran, 1985.

[25] MacGillivray and Zadek, 1995; see also Gray, 1996.

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