Corporate Social Responsibility: Have Corporations Become More Socially Responsible?

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Structure of My Talk

Definitions
  – 5 perspectives on Business & Society
  – Noting some confusion and contrasting views on CSR
  – Settling on 3 core concepts

Case: Shell and a question of balance

Issue: CSR communications, Value & Accountability

Issue: John Entine versus The Body Shop

The Question: So has CSR improved?

Research: A study of Employee Motives & Payoffs for high-involvement in CSR (with Amy Wong of HKPU)

Possible Takeaways

Definitions

Terminology abounds within the field of Business & Society

- Corporate Social Responsibility (CSR)
- Business Ethics (BE)
- Stakeholder Management (SM)
- Sustainability (SUS)
- Corporate Citizenship (CC)

- Source: Schwartz, M. S. & Carroll, A. B. (2008), Integrating and unifying competing and complementary frameworks: The search for a common core in the business and society field. Business & Society 47(2), 148-186.

Main concerns of the 5 perspectives

CSR: society's broad interests, with the nature and extent of the responsibility left open for debate.

BE: utility, duty, moral rights, justice & virtue

SM: relationships with and duties to constituent groups

SUS: the long term, natural environment

CC: the company as a good 'citizen'

Confusion among perspectives

- "…. (There are) many definitions of a more human, more ethical and a more transparent way of doing business"… (The) wide array of concepts … has put business executives in an awkward situation… leaving them with more questions than answers."
- (Narrewijk, 2003, cited in Schwartz & Carroll, 2008, p. 180).

Contrasting views on CSR

- "Business is obligated only to make profits within the boundaries of minimal legal and ethical compliance" (Schwartz & Carroll, 2008, p. 156).

Versus

- "The social responsibility of business encompasses the economic, legal, ethical and discretionary [later termed philanthropic] aspirations that society has of organizations at a given point in time" (Carroll, 1979, p. 500, cited in Schwartz & Carroll, 2008, p. 157).

Integration

Schwarz & Carroll (2008) seek to develop a framework to integrate the 5 constructs, through 3 core concepts:

VALUE – outcomes are of net benefit to society, expressing caring as well as utilitarianism.

BALANCE – process is pluralistic, respects various moral principles.

ACCOUNTABILITY – based on principles of trustworthiness, transparency, honesty, reliability, integrity.

Concerns about Companies' CSR Claims

BALANCE? Companies often have statements of mission, vision & values, but (even if these are strictly implemented) are these consistent with salient social values?

VALUE? CSR claims may draw attention to various "good deeds", including areas of reduced harm, but may ignore those harms that are not being rectified.

ACCOUNTABILITY? To what extent does a company's CSR reporting reflect its actual operations and associated social costs?

http://www.shell.com/home/content/aboutshell/swol/2008/nigeria/

A Question of Balance?

http://www.ethicalcorp.com/content.asp?ContentID=4099

ROYAL DUTCH SHELL IN NIGERIA

Part of the story

- Entry to Nigeria in 1958
- Trouble and turmoil.
- Shell allegedly destroyed much of the Ogoni's land, and the company's alleged role in 1995 in the execution of environmental activist Ken Saro-Wiwa and eight others."
- Out-of court settlement of US$15 million agreed for this.

Source; 'Shell settles Nigerian rights case for US$ 15m". SCMP, Wednesday June 10, 2009. page A10.

Is CSR intent transferrable, in a timely manner to operational reality in pluralistic context ?

- How could Shell have learned to be environmentally and socially responsive to the Ogoni?

- Who counts as a legitimate stakeholder?

- How can a large corporation avoid legitimation or de-legitimation of stakeholders simply through whom it chooses to conduct dialogue with?

Source: David Wheeler; Heike Fabig; Richard Boele (2002) Paradoxes and Dilemmas for Stakeholder Responsive Firms in the Extractive Sector: Lessons from the Case of Shell and the Ogoni. Journal of Business Ethics; 39, 3; 297- 318

Shell's Conundra

- How could groups representing the Ogoni learn to dialogue with Shell?

- How can a stakeholder group relate effectively to a complex MNC, with all its contradictions and inconsistencies in rhetoric and actions across its various units

- How is it possible for there to be shared language and meaning when two world-views, are radically opposed?

- How is dialogue possible when all trust is lost?

Source: David Wheeler; Heike Fabig; Richard Boele (2002) Paradoxes and Dilemmas for Stakeholder Responsive Firms in the Extractive Sector: Lessons from the Case of Shell and the Ogoni. Journal of Business Ethics; 39, 3; 297- 318

Suggested Principles

- The economic model must not dominate the corporation's strategy for dealing with local groups

- An attitude of respect and humility is necessary in the face of bewilderment

- Balance is essential at all levels of decision making

Source: David Wheeler; Heike Fabig; Richard Boele (2002) Paradoxes and Dilemmas for Stakeholder Responsive Firms in the Extractive Sector: Lessons from the Case of Shell and the Ogoni. Journal of Business Ethics; 39, 3; 297- 318

Value and Accountability

BIRTH, G., ILLIA, L., LURATI, F & ZAMPARINI, A. (2008), CORPORATE COMMUNICATIONS: AN INTERNATIONAL JOURNAL, 13 (2), 182-196

CSR Communications (i)

"Three types of objectives characterize CSR communication addressed to clients: reputation, product differentiation, and customer loyalty" (p. 184).

- Main channels: social reports, web sites, and advertising

Birth, G., Illia, L., Lurati, F & Zamparini, A. (2008), Corporate Communications: An International Journal, 13 (2), 182-196

CSR Communications (ii)

- CSR communication is carried out by two thirds of 70 Swiss respondents (out of top 300)
- 98 % communicate CSR to their employees
- 70 % aim "to increase the awareness of socially responsible investing (SRI) in the company"
- Most communicated issues: mission, vision, values, environment, ethics, workplace climate, community involvement.
- 67% communicate CSR through social reports.

Birth, G., Illia, L., Lurati, F & Zamparini, A. (2008), Corporate Communications: An International Journal, 13 (2), 182-196

CSR Communications (iii)

- "A social report that is not regulated by standards or external guidelines risks becoming merely a marketing tool, not meeting the requirements of stakeholders such as investors, lobbyists, and NGOs. (Tschopp, 2005, Keeler, 2003, quoted in Birth et al, 2008, p. 186).

Birth, G., Illia, L., Lurati, F & Zamparini, A. (2008), Corporate Communications: An International Journal, 13 (2), 182-196

CSR Communications (iv)

"Companies have increasingly relied on international reporting standards and third-party certification for their social reports." (p. 186)

- Global Reporting Initiative (GRI)

- Certification on specific social issues, e.g., SA8000 (workers' rights), and ISO 14000 (environmental management)

- Auditing and stakeholder involvement standards, e.g. AA1000.

Birth, G., Illia, L., Lurati, F & Zamparini, A. (2008), Corporate Communications: An International Journal, 13 (2), 182-196

http://www.facebook.com/pages/Anita-Roddick/82268920282

Value and Accountability

THE BODY SHOP AND JOHN ENTINE

Muck-raking?

"Body Flop: Anita Roddick proclaimed that business could be caring as well as capitalist. Today The Body Shop is struggling on both counts"

- By Jon Entine

http://www.jonentine.com/articles/bodyflop.htm

He claims Anita never admitted that she borrowed the concept

- "… the ongoing deception – Anita's lie that she originated the idea, the colour scheme, the products, all the things that gave the company its unique identity. Never in our wildest imagination did we think that Roddick, with all her claims about being so honest, would keep this fabrication going."

http://www.jonentine.com/articles/bodyflop.htm

So has CSR improved?

The Media

- Bad news drives out good practice examples
- Tall poppies are scythed down
- McSpotlight

The Companies

- Will present themselves in a favourable light

Human Beings

- Saintliness is rare

SUGGESTION: more emphasis on good practice sharing

IT TAKES ALL SORTS

– A QUALITATIVE STUDY OF EMPLOYEES WITH HIGH INVOLVEMENT IN CSR ROBIN SNELL & AMY WONG (FROM HKPU)

A Study of Employee Motives & Payoffs for High Involvement in CSR

- A study with co-investigator Amy Wong of Hong King Polytechnic University.

- Around 2 dozen interviewees

- Males and females

- Various degrees of CSR involvement from casual participation, through regular engagement to deep organizing that was part of one's formal job responsibilities.

Activities

- "Elderly visit like helping them to do some housework, offering them cooking classes in an old people's home; for young people, I have also participated in some leadership or team building games run by the Church in Youth Centers; I had also went for outings with a group of mentally-ill rehabilitants; rice-selling; online mentoring for young people...." [BCT01]

Motive/payoff : To Serve the Community (i)

- Help those in need, the less fortunate
- Build social harmony, cohesiveness (beyond the company)
- Empowering people
- Environmental protection/ sustainability
- A sense of duty, felt obligation to serve
- Seeing others being mobilized to help / join in too

Motive/payoff : To Serve the Community (ii)

- Raise others' social/ environmental awareness/ social conscience
- Serve as a role model/ influence the next generation/ other enterprises
- Self-discovery of ethic of care/ service/ environmental protection
- Empathy/identification with target group
- Making people happy
- Reciprocation (giving something back)

Illustration

"I love to participate in activities that serve the disabled or that provide service in line with them. It is because I think they are the group that most need help. Sometimes, you would find that they are so optimistic that they'd even cheer you up. I love to be the activity organizer because personally I think it'd be more influential when compared with just being a participant only, as I could allocate company resources to encourage more people to help the needy ones." [Ms. X]

Motive/payoff : To Serve the Company (i)

- Increase/improve the visibility/image of the company
- Build external relationships for the company
- Support the company/company mission
- Build/support: team spirit/ internal harmony/ cohesion/ peer relationships/ loyalty/ trust/ morale/ organizational commitment/ bonding

Motive/payoff : To Serve the Company (ii)

- Cut turnover/ reduce employee stress
- Raise productivity/ cut costs; improve efficiency
- Provide training for staff in project management
- Build the professional integrity of employees
- Serve as a role model to peers/ subordinates
- Help to obtain a CSR-related award for the company

Motive/payoff: Serve Self (i)

- Boost self-efficacy (see benefits/ from own expertise); making a difference; being appreciated; increased self-confidence; discovering one's own value

- Use of own expertise for good cause

- Physical achievement

- Challenge own potential/ ability; overcome fear

- Develop own proactivity

Motive/payoff: Serve Self (ii)

- Character building/ positive outlook
- Team building training (for self)
- Communication skills for self
- Enhanced collegial communication/ relationships/ networking
- Building own project management skills
- Broaden exposure/ gain experience/ achieve personal growth / gain insight/ broaden horizon

Motive/payoff: Serve Self (iii)

- Builds job knowledge for career
- Develop observation skills
- Broaden professional network /external network/ prospects
- Time management skills
- Fun/ enjoyment/ made happy by contact with service recipients
- Identification: similarities between recipients and own family
- Interesting to do/ curious/ novel

Motive/payoff: Serve Self (iv)

- Balance working life/ time off from office work/ recreation/ diversify job

- One can bring the family

- Enriched my c.v.

- A way of demonstrating company loyalty/ getting recognized by boss

- Service is recorded

Motive/payoff: Serve Self (v)

- Staff benefit/welfare for self
- Indirectly improved family relationship
- Role model for child/ children
- Something to tell to friends/acquaintances
- Learn domestic skills

Possible Takeaways

- CSR involvement is potentially win: win : win.

- Let work become a practice, not a game (Alasdair McIntyre)

- Let work bring out the best in people.

- "Corporate motives" for CSR sponsorship may vary, but value comes from CSR actions.