
Corporate Social Responsibility

An Overview and Critique

Bryane Michael, Oxford University

CSR: A new model of development?

INTERNATIONAL
Herald Tribune
THE IHT ONLINE

FT .com
FINANCIAL TIMES

Economist.com

- Featured in much of the popular press.
- “continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.
Holmes and Watts (2000) of the World Business Council for Sustainable Development
- community economic development, education, disaster relief, environmental protection, health promotion (World Bank).

An end to the Enrons and WorldComs of the world?

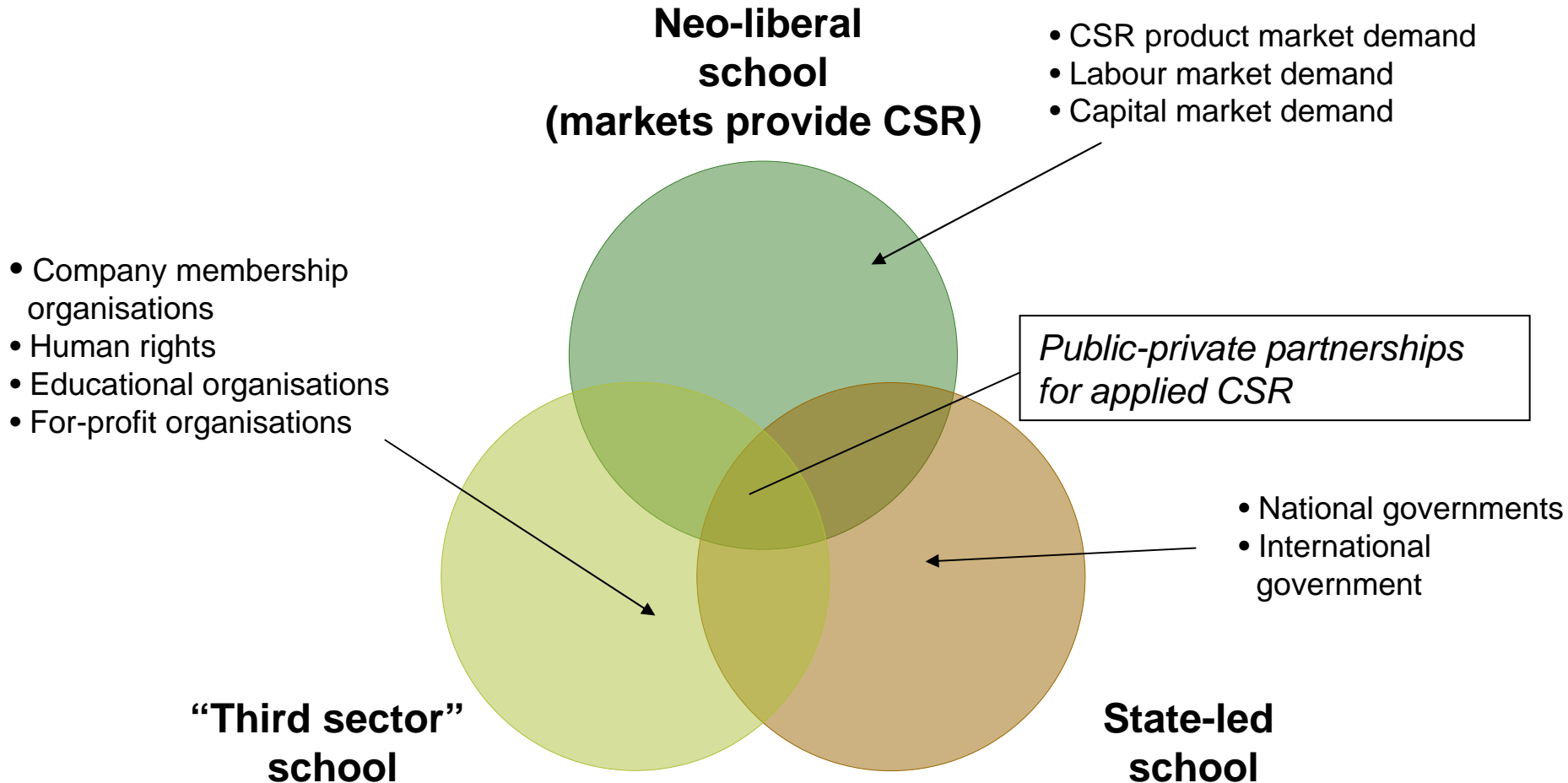
I pledge allegiance...

"I pledge to explore and take into account the social and environmental consequences of any job I consider and will try to improve these aspects of any organizations for which I work."

Humboldt State University (California) Graduation Pledge of Social and Environmental Responsibility



CSR: Three schools of thought



A combination of all these schools drives “applied” CSR...

Neo-liberal school: CSR in product markets

■ Reasons

- Incentives ...



...versus insurance



- Role of signalling



naughty....



...versus nice

CSR will catch on due to market incentives

Neo-liberal school: CSR in product markets

■ Mechanisms

- triple bottom line initiatives (social, environmental, and financial impacts)



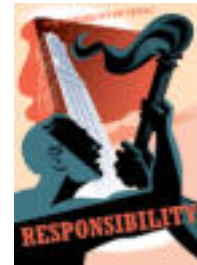
+



+



=



- stakeholder boards (more than shareholders)



Markets will clear and provide optimal supply and demand...

Neo-liberal school: CSR in product markets

- Voluntary compliance with codes
 - Caux Principles
 - Global Sullivan Principles,
 - Keidanren Charter
- “certificates”
 - Global Reporting Initiative (GRI) guidelines,
 - Social Accountability 8000 (SA 8000) standard,
 - AccountAbility 1000 standard



A Gorilla Game: No standard ethics standard

Input markets: Labour and Capital

■ Labour markets

- CSR executive posts
- Training programmes

■ Capital markets

- “socially responsible investing”
- Dow-Jones Sustainability Group Index and the FTSE4Good UK Fund
- Domini Social Index's 10 year return has outperformed the S&P 500
 - But McWilliams and Siegel (2000) find some degree of misrepresentativeness in correlations between CSR and financial performance



Downstream markets encourage adoption by upstream ones

State-led school: CSR as public policy

■ National Governments

- ❑ “talking up“ CSR (?!?)
- ❑ establishing rewards for CSR programmes
- ❑ establishing high-level CSR government posts (UK)

■ International Governments

- ❑ UN’s Global Compact
- ❑ OECD Guidelines for Multinational Enterprises
- ❑ EU green paper (quite impressive!)

“Third-Sector” school: CSR as site of participation (A Taxonomy)

- company membership organisations
 - Copenhagen Centre
 - Business Social Responsibility
 - WBCSD
- human rights groups
 - Civicus
 - Social Accountability International



CSR is a third-sector “club good”

“Third-Sector” school: CSR as site of participation (cont.)

■ educational establishments

- International Business Leaders Forum
- Resource Center on Corporate Citizenship



■ for profit organisations

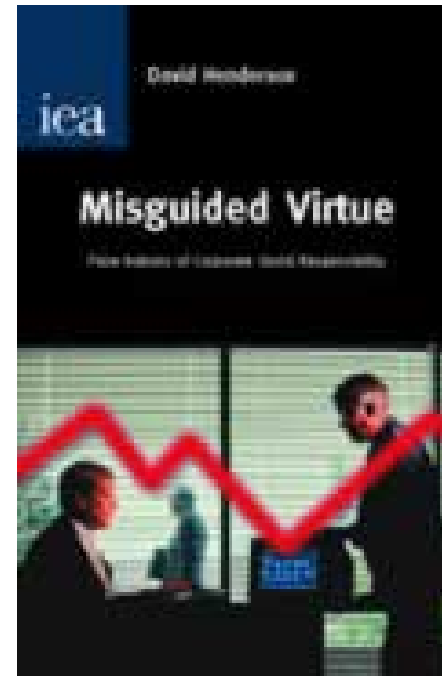
- Coalition for Environmentally Responsible Economies
- Corporate Citizenship Company
- CSR Europe



CSR is a third-sector “product”

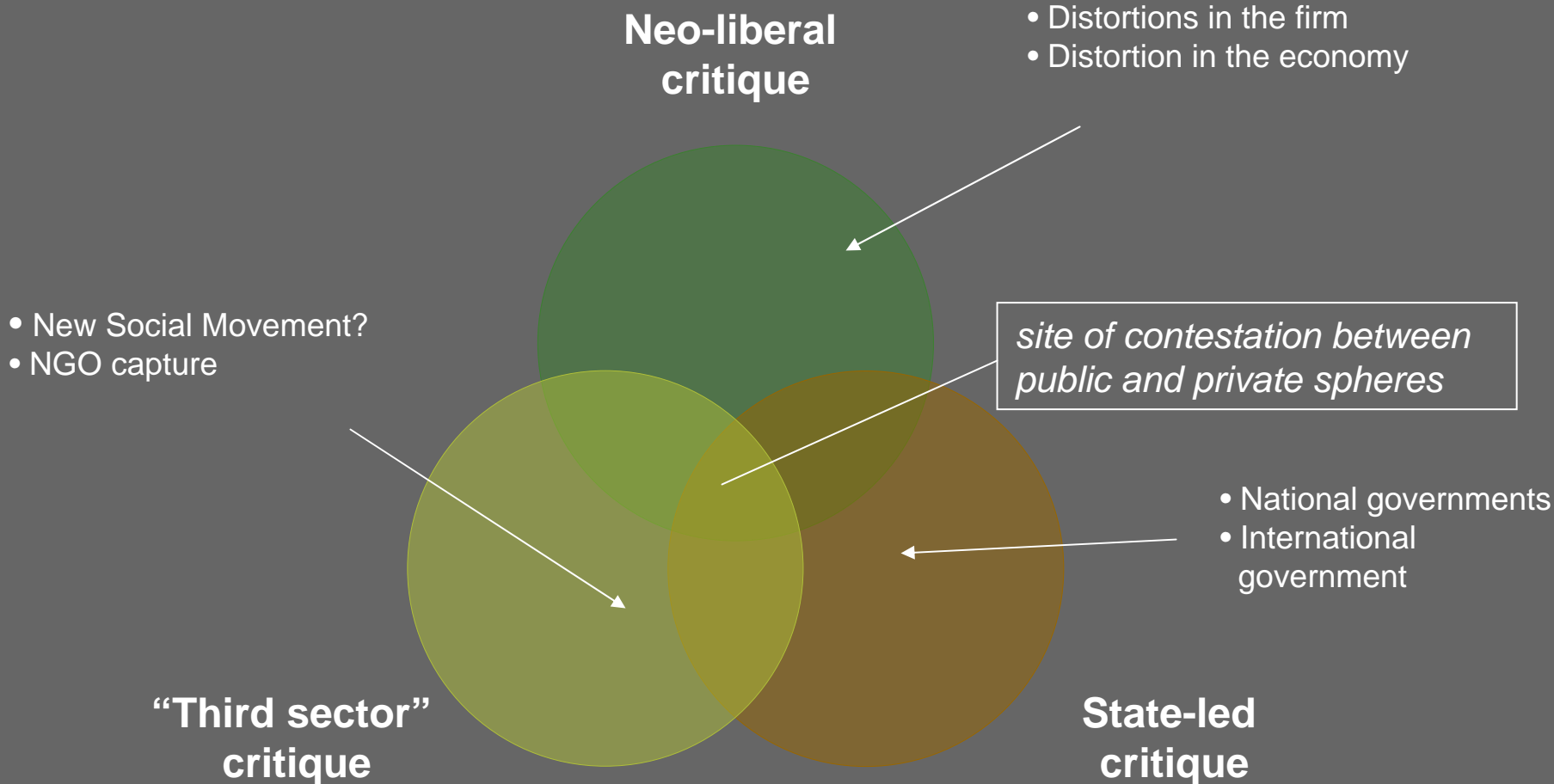
Is CSR really the way forward?

- “Today’s conception of Corporate Social Responsibility (CSR) marks a new departure.”
(Henderson, 2002)



Don't even need "discursive analyses" -- can critique with positivist means

CSR: Three possible critiques



A combination of all these critiques unmasks “applied” CSR...

Neo-liberal school: resource misallocation within the firm

- Diversion of time and resources
 - staff time dedicated to activities which are essentially in the marketing function
 - Managerial time diverted in creation of CSR executive posts
- Politicisation of the organisation
 - "stakeholder" boards may introduce a range of politically appointed or "token" representatives
 - Create DUPs or "tournaments" rather than responsibility.
 - CSR function as another "lobby" for budgetary resources and senior managerial attention
- Probably not stable equilibrium
- Example: Jollibee and Citibank

Private sector not competent or willing to internalise social costs

Neo-liberal school: Distortions

- Distortion of incentives within the economy
 - Max (CSR) = distorted prices, input decisions, and production decisions
 - Misallocation by directing resources toward enterprises which engage in “visible” CSR (training and conferences)
 - rewards a particular type of marketing rather than the efficient production of goods and services
- action on CSR itself appears to suffer from a “tragedy of the commons” type collective action problem

No Centralised consideration of market imperfections (Social planning optimum)

CSR as a site of political contestation

- What about defining and funding social objectives at the national level?
 - democratic deficit
 - “capture” and “retreat” of the state
- Depoliticisation
 - “market socialism” and the “Third Way”
 - “experts” (namely those persons advocating CSR programmes) sole domain over decisions taken about CSR
- Political contestation at the international level
 - adding another layer of governance
 - “mandate creep”
- Example: EU

Neither Guidelines nor Compact directly mention “corporate social responsibility”

CSR as a site of social contestation

- “new social movement”?
- “depoliticisation”
- NGO “capture” of state and state capture of NGOs
- Example: all the CSR organisations

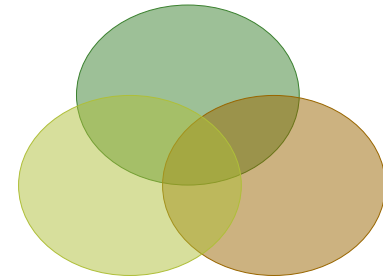
Conclusions

<u>School</u>	<u>Pluses</u>	<u>Minuses</u>
neo-liberal school	“Invisible hands” provide CSR	resource misallocations
state-led school	Governance without much Government	Political power without Politics
“third sector” school	“Civil society” helps define CSR agenda	“CSR” is unaccountable big bucks and power

CSR shouldn't “just be applied”

Conclusions (2)

- Deeper conclusions
 - CSR is part of a larger transformation in the relations between government, business and civil society
 - it touches the 80 year debate between capitalism and socialism
 - Advocates of CSR benefit, but does society?



Back to the drawing board...