

From Corporate
Social Responsibility
to Corporate Citizenship –
Three Decades of Business Ethics

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從企業社會責任到企業公民 —三十年商業倫理的回顧與反思

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Evolving Ethics in Commerce

- The Changing World of Commerce
- Corporate Conduct/Misconduct in the Globalized World
- Responses to Corporate Abuses and Negligence
- Global Norms and Standards
- Paradigm Shifts in Basic Values
- Minimalist Business Criticized
- Corporate Social Responsibility Transformed: Thin to Thick
- Corporate Citizenship and its Key Concerns
- Conclusion and The Way Ahead

Commerce in era of Globalization

- Technology-aided and Trade-driven global commerce changed business and the world.
- Globalization heightens increasingly interconnected global economy.
- Using information and communication technologies, ICTs (plus the lowering of transportation costs), foot-loose capital moves capital, equipment, skills and labor, goods and services across borders with ease and speed.

- Transnationals have significant impact (and leverage) on nation-states and their political economies and citizens, as well as on the environment.
- Global warming, resource depletion, loss of plant and animal species, pollution of all kinds are directly and indirectly related to corporate activities.
- The 100 largest companies in the world have turnovers that are greater than the GDPs of half of the world's nation-states.

Corporate Conduct in Global Commerce

- Globalization intensifies competitions among companies. The global market forces corporations to drive down costs to maintain market dominance and presence and use whatever strategies to meet these goals.
- The disembedded corporations (separated and distributed its major operations in different locales) are opportunistic and agile in locating production to places where costs and control are the less in a bid to lower cost to maintain competitiveness.

- The “**race to the bottom**” phenomena created abuses of all kinds: human rights (labor rights abuses, child labor, forced labor, sweatshops), environmental abuses in host countries.
- Increasing use of subcontracting and/or outsourcing to lower cost countries, increasing plant closings, massive layoffs and unemployment as a result of plant relocation.
- Creating an perfect environment for abuses, because of the difficulty to effectively monitor and control quality of operation.
- The transnationality of the corporations severs the connections between the corporations and its leaders and managers from the communities in which they operate, and thus dulling their otherwise sensitivities to the impact of the business on the community.

Responses to Corporate Abuses by Civil Society

- Abuses are regularly and speedily exposed and condemned by NGOs acted as watchdogs for corporate abuses on a global scale, thanks to the internet and the media.
- Corporations in the defensive as bad press means bad reputation and loss of consumers. eg. Union Carbide, Exxon Mobile, Shell, Nike, Wal-Mart, McDonalds.
- Global and local NGOs acted in concert to pressurize corporations to make changes.
- International Human Rights Monitor, Amnesty International, Green Peace, Friends of the Earth, World Wild Life Fund, Oxfam, Transparency International, as active citizens and unrelenting corporate critics.

- Business for Social Responsibility – US
- Center for Tomorrow's Company – UK
- The World Business Council for Sustainable Development: Draft Principles For Corporate Social Responsibility
- Enlightened consumers and citizen groups, through their actions in the market, society and state, demand changes in corporations conduct.
- In 2001, a British poll showed that 46 percent of consumers regard CSR important as they select product, 1/5 of British consumers boycott or select products on social grounds.

Responses to Corporate Abuses by the States

The United States

- The Foreign Corrupt Practice Act (1977)
- The Federal Sentencing Guidelines 1991 (Federal Sentencing Commission)
- The White House Apparel industry Partnership (the Clinton Administration, 1996)

The United Kingdom (Aaronson 2003)

- The Blair Government Initiatives
- 2000 established the World's first minister to coordinate CSR policies.
- Policies to stimulate ethical trade and reduce global poverty.
- Department of Trade and Industry direct and coordinate government CSR effort.
- Set global CSR a foreign policy priority.

UK initiatives

- Active leadership roles in promoting OECD Guidelines as part of Declaration on International Investment and Multinational Enterprises. National Contact Point to monitor implementation of the Guidelines.
- The Voluntary Principles on Security and Human Rights, for extractive industry, joined developed with US government.
- Department for International Development created a Business Partnership Department in 1998, to foster partnerships with socially responsible firms and to improve the enabling environment for productive investment overseas.

- In 1997, DFID established Ethical Trading Initiative (ETI) to help improve global working conditions.
- Occupation Pension Schemes (Investment) Regulations 1996 (effective July 2000) – pension funds ask firms they invest in for information about their social and environmental performance.
- 2000, UK Social Investment Forum found that 59 percent of the funds surveyed incorporated socially responsible investment principles into their investment process.
- Firms list on the FTSE, main UK stock exchange, are doing triple bottom-line reporting (social, environmental and financial).

- Whitehall departments CSR activities – 60 CSR related programs.
- 2001 October, government issued guidelines on corporate environmental reporting.
- 2000, Business in Community, an organization that promotes CSR, established an all-party parliamentary group on CSR.

Are the states being proactive or reactive in fostering CSR/corporate citizenship initiatives?

Responses to Corporate Abuses by Industry

- Enlightened companies and trade groups as champions of CSR
- The Body Shop, Levi-Strauss, Merck, Ben & Jerry, Interface, Patagonia, Canon set good examples in being good corporate citizens, and perform leadership role in shaping corporate values and practices.
- Concerned Business Associations and Trade Groups are formed to help develop corporate citizenship by promulgating industrial based norms and regulations in a bid for self-regulations.

- World Business Council for Sustainable Development
- The Caux Roundtable
- Charter for Good Corporate Behavior - The Asahi Foundation- Japan
- Business as Partners in Development: The Prince of Wales Business Leaders' Forum

International/Regional Government Organizations

The World Bank and the UN Development
Program

International Labor Organization

OECD codes of ethics and guidelines and
conventions

Global Norms and Standards

- The United Nations Charter (1945)
- Universal Declaration of Human Rights (1948)
- European Convention for the Protection of Human Rights and Fundamental Freedoms (1953)
- International Covenant on Civil and Political Rights (1966)
- International Covenant on Economic, Social and Cultural Rights (1966)
- American Convention on Human Rights (1969)
- **The Sullivan Principles (1977, norms for investment in South Africa)**

- **The CEREs Principles** (1989 The Coalition for Environmentally Responsible Economies, environmental principles after the Exxon Valdez oil spill disaster in Prince William Sound in Alaska) cover:

Protection of the biosphere

Sustainable use of natural resources

Reduction and disposal of waste

Wise use of energy

Risk reduction

Marketing of safe production and services

Damage compensation

Disclosure

- The International Chamber of Commerce: Business Charter for Sustainable Development
- The World Business Council for Sustainable Development: Draft Principles For Corporate Social Responsibility.
- OECD Bribery Convention 1999
- The Caux Roundtable Business Principles
- Other UN, ILO initiated norms and codes of conducts

Emerging global norms for corporations:
Social Accounting, SA8000

Paradigm Shifts in Basic Values

- Negative Freedoms to Positive Freedoms
- Negative Rights to Positive Rights
- *laizze-faire* Market to Vigilant Market
- From Possessive Egoistic Individualism to Sharing Interconnected Citizenship
- Libertarian Justice to Egalitarian Justice

Value Change

- Minimal State to Concerned State
- From Protective/Minimal Democracy to Development/Participatory Democracy
- Cultural Imperialism to Cultural Diversity:
 - Absolutism vs Pluralism
 - Relativism vs Universalism

Minimalist ethics not enough

- Ethics is more than “not against the law”
- Corporate social responsibility is not only profits to shareholders, but extend to stakeholders’ rights.
- Corporate ethics is more than compliance, but active citizenship.
- Business bottom line is not single, but triple.

Friedman's thin ethics

- “there is only one social responsibility of business – to use its resources and engage in activities designed to increase its profit so long as it ...engages in open and free competition without deception or fraud.”
– Milton Friedman 1970

Ford's Vision

- “The terms of the contract between industry and society are changing ... Now we are being asked to serve a wider range of human values and to accept an obligation to members of the public with whom we have no commercial transactions.”
– Henry Ford II, 1969.

Hewlett Packard H-P Way

- Being sensitive to the needs and interests of the community; it means applying the highest standards of honesty and integrity to all our relationships with individuals and groups; it means enhancing and protecting the physical environment and building attractive plants and offices of which the community can be proud; it means contributing talent, energy, time and financial support to community project.

Critical Concerns of Corporate Citizenship

- The environment
- Human rights in the workplace
- Fair trade
- Ethical investment:
 - sanctioning arms trade, tobacco, animal exploitation, child labor, sweatshop etc
- Education

Scope of Corporate Citizenship

- Corporate Governance
- Corporate Responsibility Redefined
- Corporate Ethical Development: developing and implementing codes of conducts, mission statements, ethical education and ethical offices.
- Corporate Performance Auditing
- Corporate Social Partnership

Auditing Corporate Performance:

- CC requires openness and accountability to build sustainable trusting relationships with stakeholders.
- Criteria for measuring performance:
 - company policies
 - regulations
 - external benchmarks
 - professional standards
 - programs and targets, internally and externally devised
 - stakeholders expectations

Environmental Audit: e.g. ISO14000

- To measure a company's activities against regulations
- To measure a company's activities against the company's policies
- To monitor the effectiveness of a company's environmental management system
- To lessen a company's environmental impact through continuous improvement

Social Audit

- To measure how employees and other stakeholders perceive the company
- To assess how the company is fulfilling its aims
- To find out how the company is working with its own values

Ethical Audit

- To identify a company's values and their sources
- To determine whether the values are consistent with a company's policies and operations
- To assess whether they conform with the values of the people working in the company

Conclusion – 21 Century Business

- Profit and Morality is not incompatible –
Doing Well while Doing Good
- Stockholders interests to Stakeholders concerns
- Corporate SR/Citizenship is beyond corporate philanthropy
- From single bottom line to triple bottom lines
- From thin Social Responsibility to thick Social Responsibility

Business-NOT-as-usual

- CSR is the Right Thing to Do
- Corporate SR/Citizenship is shaped by a renewed notion of business values and visions, affirming business as one important partner in society, sharing common values and norms, as well as benefits and burdens of human society.

Business as Moral Community

- Business as a moral community: has its rights and responsibilities vs its stakeholders, constantly being redefined in respond to the evolution of values, expectations and norms of the supporting society of which it is a key member.

Business-Society re-Connect

- Business and society form an interdependent whole thick with rights and responsibilities, shared values and norms, mutual support and enhancement.
- Business is never an autonomous domain immune from the moral expectations of society and its stakeholders.
- Corporate citizenship reflects the emergence of renewed ethical relationship between business, society and the environment.

New Social Contract

The business-society Social Contract should

- be compatible with principles of justice, equality and freedoms
- work towards the common good, benefiting society and the environment
- embrace the principles of inclusion, reciprocity, and sustainability.



*Thank you for
your attention!*