The (Ir)responsible Organisation
— Argumentative Themes in the
Literature on Corporate Social
Responsibility and Corporate
Citizenship

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Abstract

The quest for socially responsible business is a current organisational trend. One expression of this trend is the growing literature on Corporate Social Responsibility and Corporate Citizenship. In this paper, I analyse what arguments are used to promote social responsibility and what arguments are used against that project.

A range of diverse argumentative themes is presented in the paper. Then some implications of this for the (ir)responsibility of business organisations are discussed. Here it is suggested that the current trend for socially responsible business might serve to reinforce the position of economic responsibility while other dimensions are downplayed, as the portrayal of business organisations as profit maximisers is a common denominator across the pro-con divide.

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Responsible Organisations

Responsibility can be allocated according to a number of principles. It is common to assume that responsibility can and should be allocated to the party who is in control of the activity in question. Modern actors are supposed to be in control of what they are doing and can therefore be held responsible for their own activities. If somebody commits a crime she can be imprisoned. The link between control and responsibility applies not only to people but to organisations as well, as evident in e.g. laws on the use of juridical persons for accounting and taxing purposes.

A condition affecting how wide ranging the responsibilities of actors are considered to be is what type of actor one is referring to. Is it a woman or a man we are talking about? Is she old, young or a child? Gendering is one common typing of people. It affects our expectations regarding who they are and what they can and should do in private life and in business settings (Kanter 1977). Age is another typing device. The institutionalised selves of modern individual actors are compartmentalised in age specific subsections (Meyer 1987). We ascribe different traits to different age groups.

In the case of organisations, specific traits can be ascribed to individual organisations depending on what ideal typical organisational form they belong to (Polanyi 1968, Sjöstrand 1985). Is it a business firm, a member association or a public agency? The form fulfils similar functions for organisations as age or gender does for people. Organisations that are classified as business firms tend to be conceptualised as instruments of owners seeking economic gain. It is thus more difficult for business firms not to take responsibility for producing profits than it is for a public agency not to bother about it. And just as aging affects the constitution of individuals, a change of form proposes changes of organisational identities and activities. Getting ‘customers’ instead of ‘clients’ have new implications for what one is and does as discussed in Law and Ackrich’s (1996) study of the transformation of a research laboratory.

Organisational Trends

In practice, matters are complicated by the existence of organisational trends that propose a different repertoire of responsibility than that prescribed by the form. The trend for corporate social responsibility and corporate citizenship in the private sector is one that proposes a wide(r) repertoire of responsibility. By contrast, the marketisation trend in the public sector is an organisational trend advocating a more limited repertoire of responsibility for public organisations than that implied by their institutional form in that economic responsibilities are those focussed upon.
Organisational trends differ from trends within e.g. fashion in that they tend to be related to, if not explicitly based on, scientific knowledge. One reason for this is that social scientists, not least people within the field of management, are often very much involved in producing and promoting organisational trends. Researchers may be implicitly and rather involuntarily involved in spreading the gospel by constructing research programs around phenomena that appear new and exciting such as quality management or privatisation in the eighties and nineties. They can also act as consultants actively participating in organisational change efforts or action research, a role that in some cases might evolve into a “modern crusade” (Kostera 1995). Another way that researchers are involved in drawing attention to and promoting trends is by their habit of publishing research results and writing textbooks, see e.g. Furusten’s (1999) study of popular management books.

**Themes in the Social Responsibility/Corporate Citizenship Trend**

In this paper, I will analyse the trend for social responsibility for business organisations as it is expressed in literature on corporate social responsibility (CSR) and corporate citizenship (CC). Two issues will be discussed. First I will analyse how one argues the case for, and against, CSR and CC in the literature. What types of arguments are used by proponents and opponents respectively? And what images of business do they imply? I then go on to discuss whether the portrayal of business organisations in this literature may actually serve to undermine the quest for increased social responsibility and corporate citizenship.

Social responsibility and citizenship for business are not new issues. It would be more suitable to call the trend for CSR and CC a recurrent, rather than a current, trend, as it has predecessors dating back at least to the 1950s (Wood 1957). Within the frame of corporate social responsibility and corporate citizenship, business firms need and should take a greater responsibility for various societal issues and problems. The proponents of CSR and CC thus propose something of a move towards a business organisation of the “metro corporation” type (Eells 1960), an organisation that has a number of social responsibilities apart from producing profits.

Like many concepts associated with the marketisation trend, not least the concept of privatisation, the concepts of corporate social responsibility and corporate citizenship have a moral dimension that invoke categorisations in good or bad. That moral aspect may also impede what labelling and interpretations are made possible in particular settings. If an organisation is a “good citizen”, how can it be bad? But the concepts of CSR and CC are
also wide and elusive, qualities they share with many other concepts in the world of organisations. In this paper, I have chosen to keep the definition of CSR and CC relatively open, as an aim of the paper is to analyse what other authors associate with these concepts by studying their arguments. As a starting point, I will use the assumption that a core idea of social responsibility and citizenship for is to include various soci(et)al issues in the repertoire of responsibility for business organisations. As the concepts of CSR and CC both focus on a wide(r) responsibility for business, although it is made more explicit in the term CSR, I have also chosen not to make a distinction between social responsibility and citizenship for the purposes of this paper.

The Quest for CSR and CC

In the following, I will present and discuss a range of argumentative themes from the literature. I begin with proponents and with the business case for CSR and CC as this is a much, if not the most, discussed topic in the literature.

The Business Case for CSR and CC

The term “the business case” for CSR and CC signals a for-business-agenda. Put crudely, an appeal is made to plain self-interest. It is the benefits for the business organisation itself from engaging in CSR and CC that are discussed. The character of these benefits varies, although they sooner or later are related to the bottom line.

Regulatory Benefits

Regulatory benefits are one type of benefit in the business case category. Here it is argued that it can be better for business to voluntarily take on responsibilities and to be able to exert influence than to risk having public agencies set rules or impose laws that might be stricter and less adapted to business practices. The application of soft regulation in the form of social audits and standards, e.g. Social Accountability 8000, can be regarded as a means for handling risk. Consequently, these rules and audits in some respects are management tools and “more than a stakeholder’s

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1 This is not to say that such a distinction is uninteresting or unnecessary. The concepts have somewhat different connotations. Just to mention one, the concept of citizenship raises issues of possible differences and similarities between organisational and individual citizenship that are not evident when framing the discussion in terms of responsibility.
Another example of the tool view of CSR and CC is the development of management standards for business, e.g. the ECSF, the European Corporate Sustainability Framework (van Marrewijk and Hardjono 2003).

**Increased Control in Business Networks**

Furthermore, it has been shown that CSR and CC efforts can be used to enhance control in business networks. For instance, in the area of purchasing and procurement, a recent study of the garment industry concluded that corporate codes of conduct enforced by buyers could be effective measures against the use of child labour by suppliers (Kolk and van Tulder 2002). It should be noted, however, that being part of the same industry is no guarantee for a shared view of what is acceptable across countries as Mikkilä et al (2004) have shown in the case of the paper and pulp industries. Furthermore, the use of CSR and CC as a control instrument in transnational supply chain management is likely to be complicated by the existence of ethical relativism (Razzaque and Hwee 2002) and differences in expectations between buyers and sellers (Carter 2000).

Following Johnson and Smith (1999), CSR and CC efforts and activities can also be regarded as suppliers of order and control for business actors in unstable contemporary societies. If businesses feel that they do not know what is going on, at least they have rules on how to be good citizens to hold on to. In this way, social responsibility and citizenship can function as means to reduce uncertainty.

**A Range of Other Benefits**

Maignan and Ferrell (2001a) discuss the promise of CSR and CC as a marketing instrument both externally, towards customers and internally, towards employees. Burke and Logsdon (1996) suggest that benefits from what they denote as CSR behaviour may include increased customer loyalty, productivity gains, and new market opportunities. A consultancy report from Arthur D. Little (one of the organisations behind the World Economic Forum programme for Global Corporate Citizenship) pointed to the benefits of being a corporate citizen for the reputation of business organisations (Roberts, Keeble & Brown 2001). It also mentions access to capital, recruitment and market positioning as other areas that could be affected in a positive way. The report is concluded as follows:
While there may be a lack of consensus as to the extent of a company’s moral responsibility for corporate citizenship, the range of business benefits that can result should be sufficient to make any forward-thinking organisation see increasing corporate citizenship as an integral part of good business management. (Roberts, Keeble & Brown 2001: 7)

**Costs vs Benefits**

Other authors are less assured of the benefits of CSR and CC as related to costs. Consequently, evaluation and assessments of the relationship between costs and benefits are called for.

Costs and benefits associated with sustainability strategy must all be evaluated. The impact of sustainability actions and stakeholders reactions should be broadly evaluated, as they may constitute significant cost and revenue drivers. Though these costs and benefits can relate to both societal and economic impacts, most companies focus (as we do here) primarily on both the short- and long-term impacts on corporate financial performance. (Epstein and Roy 2001:598)

What the results of evaluation are, and how they should be interpreted, vary. Whether CSR and CC have a positive impact on profitability or not is still a matter of discussion. Aupperle and associates (1985) performed a survey study of top managers where they found no significant relationship between an engagement in social responsibility and financial performance. They stated that this finding was supported by earlier studies that did not suffer from being “methodologically weak” (thereby indicating that studies that did show a positive relationship suffered from this weakness). However, the authors also concluded that establishing whether social responsibility was positively related to financial performance or not was an issue that perhaps: “… will never be completely resolved.” (Aupperle et al 1985:462). Later studies show a continued disagreement on the subject (McWilliams and Siegel 2000). One complication is that CSR and CC may include a number of issues and that these can have effects on performance that go in opposite directions (Balabanis et al 1998).

The geographical location of studies of CSR and CC poses another problem. Maignan and Ferrell (2001b) found previous research to be far too dominated by experiences of organisations in the US. In a French study, they found some support for a positive relationship between citizenship and economic performance, but only for one of the four dimensions of citizenship in their model – economic citizenship.
Thus, economic citizenship is naturally associated with greater performance levels since it incorporates the basic business activities that a company must engage in to assure its prosperity. Even though legal, ethical, and discretionary citizenship were not found to be positively associated with business performance, they did not appear to affect it negatively either. (Maignan and Ferrell 2001b:46)

But if economic citizenship is so naturally integrated in the business activities of organisation as the authors propose, one might ask whether their economic citizenship parameter it is not simply part of business as usual rather than of CSR and CC. If so, this would render the results of Maignan and Ferrell (2001b) inconclusive as well. In fact, in another study by the same authors (Maignan and Ferrell 2003), one result was that consumers in the US and Germany tended not to include economic responsibilities in their conceptions of social responsibility.

To sum up the discussion of costs versus benefit in the literature, and thereby to put a provisional end to the discussion of the relationship between social responsibility and economic performance, I will turn to the article by Donaldson and Preston (1995). They concluded that there are a lot of “implications” around, but that, in the end, the evaluation of CSR and CC is a question of morals.

**Doing the Right Things for the Right Reasons**

The plain truth is that the most prominent alternative to stakeholder theory (i.e. the “management serving the shareowners” theory) is morally untenable. The theory of property rights, which is commonly supposed to support the conventional view, in fact - in its modern and pluralistic form – supports the stakeholder theory in stead. (Donaldson and Preston 1995:88)

According to Johnson and Smith (1999) prescriptive research on business ethics usually builds either on a teleological tradition, focussing on the consequences of actions or on a deontological, Kantian, tradition of rights and duties. Judging the consequences of actions means that a business cannot know if it has acted as a good corporate citizen until after the results of its actions are known. From a rights and duties-perspective, it is the action as such that is evaluated. Here, motives become relatively more important. In organisational terms, and more crudely put, the difference between the two traditions could be described as lying in the relative emphasis on what, output, on the one hand and on how, processes, and why, motives, on the other.
In the case of CSR and CC, the two traditions thus have somewhat different implications for what constitutes good corporate citizens and preferable social responsibility activities. For instance, a teleological tradition might imply that reporting and evaluation ought to be important parts of CSR and CC. How else is one to know whether the activities of the corporation are in line with its responsibilities or not? A deontological tradition, on the other hand, could be used to argue in favour of a corporate code of conduct as evidence of good intentions and thus of an ambition to be a good corporate citizen irrespective of the consequences undertaken in the name of that same code.

Furthermore, the consequences of certain activities may fall well within the realm of commendable social responsibility and citizenship achievements from a teleological perspective, but if the motives behind these activities are not appealing, then the sum total of the outcome is still not to be judged as ethically commendable from a deontological perspective. Businesses had better do the right things, but for the right reasons. Using a reputation for good corporate citizenship or social responsibility for strategic purposes can thus be considered potentially suspect (Husted and Allen 2000). Such a use of a good reputation can be regarded as corrupting the motives of the CSR effort and, consequently, its ethicality. The self-interest behind strategy, and the cost-benefit reasoning of the business case for CSR and CC as discussed in the previous section, clash with the duty motive of the deontological perspective. On the other hand, Husted and Allen (2000) conclude that, in practice, strategically motivated uses of CSR and CC may often be aligned with common interest as a motive.

The Opposition

Authors being opposed to social responsibility and citizenship use a range of arguments. In this part of the literature, the mixing of spheres and organisational types that social responsibility and citizenship imply is one main reason for being against CSR and CC efforts. Business organisations should stick to business, it is argued. Others fear that business values will crowd out other values. Yet another counter argument is that CC and CSR are synonymous to PR.

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2 It can be noted that the idea that spheres should not be mixed has also been used to advocate another, parallel, trend involving changes in the repertoires of responsibility of organisations. In the case of public sector reform in Sweden in the 1990’s, the merits of separation was one argument used in favour of marketisation reforms (Svedberg Nilsson 2000).
The Business of Business is Business

One sphere for each type of organisation and each organisation in its sphere is one way of framing the main argument against CSR and CC for business organisations. Another way of putting it is by stating that business is about producing profits (Friedman 1962). Therefore, if business is to have a social responsibility, it can only be to produce profits (Friedman 1970). Other obligations interrupt, or even disrupt, the machinery of profit making. Consequently, CSR and CC should not, and could not, be an issue for business organisations. Lantos (2002) argues that although social responsibility is well suited for private firms, in the case of public companies it is not only inappropriate but also immoral as it impinges on the property rights of shareholders.

Corporate Colonization

The discussion so far has been focussed on social responsibility and citizenship as a concern of the business community. But there are other groups concerned that are critical due to the belief that businesses are really in it for the money. The profit interest of business can be considered a threat to other values, putting them at risk of “corporate colonization” (Deetz 1992). The fear is that business interest and business actors will co-opt other interests and other types of actors. Consequently, initiatives like the UN Global Compact become problematic as they aim to further CSR and CC. The reasoning of Corp Watch³ constitutes one example of this way of reasoning.

That businesses strive to make a profit can also be looked upon primarily as a restriction limiting the scope of CSR and CC efforts. Based on studies of partnerships between civil society organisations and business organisations in Brazil, India and South Africa, Ashman (2001) found that if business participation is demanded, it is better to strive for participation in areas where they have obvious business interests. From such a perspective, profit interest itself does not disqualify CSR and CC efforts.

A more radical critique of the social responsibility and citizenship trend is offered by Shrivastava (1995). He is critical because not only is social responsibility a marginal business practice infused by the values of late Western industrial capitalism, it is “anthropocentric”, and forgets about the interests of nature, he argues.

³ www.corpwatch.org
First, the very idea of SOCIAL responsibility is *anthropocentric*. The concept of social responsibility is oriented towards human societies, communities, institutions and agents, and not toward the natural world. Concerns about the natural world enter into the discourse only to the extent they affect human/social issues. Nature does not have any rights of its own. It exists for human welfare, subservient to human interest. (Shrivastava 1995:215)

On a similar, albeit more managerial, note, Gladwin and associates (1995) make a plea for “sustaincentrism”, an ideology that aims to balance anthropocentric and ecocentric ideologies.

**A PR-Project**

Scepticism as to the impact of social responsibility efforts can also be called for as a result of the link between CSR and CC on the one hand and public relations on the other, a connection made already in the 1950s (Andrews 1957). In a comparative analysis of PR, as a field of communications, and CSR, as a field management, Clarke (2000) found that there were many similarities between the fields both in terms of historical development and preferred models. She proposed a “communication-management approach” based on the premise that public relations and CSR: “... are seeking to enhance the quality of the relationship of an organization among key stakeholder groups. Both disciplines recognize that to do so makes good business sense.” (Clarke 2000:376).

One of the proposed merits of CSR is thus that it can improve the reputation and image of business organisations. It involves “new growth opportunities for brand management”(Maio 2003), although displaying an above average interest in CSR and CC issues does not translate in an above average reputation (Esrock and Leichty 1998). However, the potential public relations advantage of CSR and CC can be regarded as a drawback from a critical perspective as it connects CSR to, opportunistic, public relations rather than good deeds.

Some may say that this view is phony — that a company’s protestations of wanting to be a “good citizen” amount only to a dab of verbal whipped cream, to cover up sinister self-serving aims. (Wood 1957:27)

A related problem, from the perspective of businesses engaging in CSR and CC activities, is that stake holders and other audiences need not regard these activities in the way intended by business (Moir 2001). In addition,
apart from the critique of CSR and CC being embedded in profit interest, there is a critique based on the assumption that the positive effects for other parties than the business organisations may be negligible or non-existent. And as business firms care about business, they may regard CSR and CC as an opportunity to polish their appearances without actually being especially considerate to employees, very environmentally friendly or particularly interested in safe-guarding human rights. Considering that some business organisations have been found to take an interest after having had major problems to do with these issues, e.g. Shell, this is not an unreasonable view. There are studies that have shown that organisations have a tendency to report the good news rather than the bad in the case of environmental reporting (Rockness et al 1986). Peter Frankental of Amnesty International concludes that CSR is still a “PR invention” and that it will remain one unless a number of conditions are fulfilled.

This means that CSR can only have real substance if it embraces all the stakeholders of a company, if it is reinforced by changes in company laws relating to governance, if it is rewarded by financial markets, if its definition relates to the goals of social and ecological sustainability, if its implementation is benchmarked and audited, if it is open to public scrutiny, if the compliance mechanisms are in place, and if it is embedded across the organisation horizontally and vertically. (Frankental 2001:23)

The Irresponsible Organisation

The discussion in this paper has shown that there exists a multitude of different and conflicting demands within the literature. First, there is a conflict of interest between opponents and proponents regarding the merits and drawbacks of corporate social responsibility and corporate citizenship. What is a responsible fusion of CSR with PR from the perspective of some authors is considered irresponsible, verbal whipped cream by others. Second, demands for responsibility clash not only between but within sub-groups as well. For instance, even if business organisations were to be fully socially responsible, there are other principals that demand attention and responsible actions from business agents such as nature (Shrivastava 1995). In conclusion then, it appears that business organisations cannot escape being irresponsible in some way.

Another finding is that although proponents and critiques of CSR and CC have different objectives, there are similarities that go across the pro-con divide in the literature. Those finding social responsibility and corporate citizenship too narrow and anthropocentric agree with strict ethicists that (im)moral foundations of CSR and CC efforts may corrupt
seemingly good deeds. Those fearing co-optation of other spheres and values agree with the followers of Friedman that business should not meddle in societal issues. And those arguing the business case for CSR and CC share a main assumption about the inherent for profit character of business with critiques claiming social responsibility is really about PR. In fact, one conclusion of the present study is that the assumption about the inherent for profit character of business unites a diversity of texts in the field. The profit maximisation imagery is very visible in “the business case” for CSR and CC texts that revolve around opportunities to increase profits. It is even more so in the business-of-business-is-business counter argument, which is explicitly based on atomistic microeconomics. But other lines of reasoning are also infused with the image of business organisations as profit maximisers. It is used as a means to outline the irresponsible, present, state that is to be compared to a, more (proponents) or less (opponents) realistic, state of business-as-reformed and responsible.

That the inherent for profit character of business is a common denominator is not to say that business is not at all portrayed as societally embedded, however. It is, not least among proponents who outline and argue the case for increased social responsibility and the virtues of citizenship for corporations. But the view of business as part of society is undermined by the fact that business organisations are repeatedly portrayed as essentially profit oriented market actors striving to maximise economic value.

The way we discuss, categorise and labels things matter, as discussed in the introduction of this paper. Consequently, having the irresponsible profit-maximizing firm as a reference point in discussions of CSR and CC is not a neutral practice. Reference points of this type can have a considerable impact on the way organisations are constructed (Svedberg Nilsson 1999). Arguing the case for CSR and CC may thus not only induce business organisations to become more socially responsible and better citizens, as proponents hope. The continuous reference to the imagery of profit maximisation when advocating social responsibility and corporate citizenship reform might also hinder such a development, not least as the microeconomic view of business in western societies is already strong. For instance, the realisation of CSR and CC is hampered by institutionalised forms of accountability in modern business that are incompatible with the high degree of accountability to “the other” proposed by CSR and CC (Shearer 2002). An additional, albeit tentative, conclusion is therefore that the quest for CSR and CC could end up contributing to a cementing, rather than changing, of the micro-economic view of business as inherently profit maximising entities.
References


