Corporate Social Responsibility:
An Agenda for the Future

By Wayne Visser

This article deals with the crucial debate that is beginning to emerge about corporate social responsibility (CSR), which acknowledges that the sophistication of stakeholder challenges and corporate responses has gone up a gear, but questions whether CSR itself is too little too late, or even a red herring.

Developing the Agenda

Geographically, there has been a recent emphasis on the challenges of corporate citizenship in the developing world, including issues of the Millennium Development Goals (MDGs) and the "Bottom of the Pyramid" concept about servicing lower income markets, and CSR in the Pacific Rim, the Middle East, Eastern Europe and Africa. We think this focus accurately portrays the current shift in CSR concerns towards the global South, where despite the scale and urgency of development needs, determining the best way for business to respond to poverty remains extremely complex.

Although the Asian tsunami disaster in December 2004 focused attention on humanitarian relief efforts, which many companies contributed to, it is also encouraging to see corporate leaders engaged in a wider discussion about how normal business influences the poor and disadvantaged around the world and what business models could be more supportive of development. However, our analysis is that current debates about the opportunities for corporate contributions to the MDGs often lack a full understanding of processes of "development".

Much of the profitable business with lower-income markets involves products such as mobile phones, not the provision of basic nutrition, sanitation, education and shelter, so the current expansion of profitable business in the global South does not necessarily imply poverty reduction. In addition, the type of development that is promoted by marketing consumer products to the poor can be questioned, and claims about empowering people by providing means for them to consume cannot be taken at face value. The environmental impacts of changing consumption patterns also need to be looked at, without assuming that such problems will be solved just through technical and financial advancement. And we need to assess, if more foreign companies do come to serve lower income markets, might they not displace local companies and increase the resource drain from local economies?

Exploring Relationships

How large corporations might bring their financial, technical and management resources to help local entrepreneurs improve and scale their businesses, and avoid exploitative local middlemen, is important to explore and will become a significant part of the corporate responsibility agenda. However, exploitative North-South supply chains, tax avoidance, and anti-competitive practices are fairly typical of international corporations, undermining their economic contribution to development. These economic issues have been overlooked by mainstream work on corporate responsibility, and we suggest such economic issues will become more central in future.

From an institutional perspective, various relationships in the CSR debate have been critically examined, especially the status and acceptability of partnerships between business and NGOs on the one hand, and business and the UN on the other. This examination reflects a sharp rise in the demand for organisations to demonstrate their accountability and transparency, not only business, but NGOs and intergovernmental organisations as well. The ethics of institutional engagement is now centre stage.

Particular issues under the spotlight recently include activism, climate change, human rights, corruption, globalisation, standardisation, sustainability reporting and taxation. In addition, several industries, and a number of the high profile multinationals representing them, have been enjoying

special attention, including the engineering, media and entertainment, mining, and oil and gas sectors. The message here seems to be that the codification of voluntary corporate responsibility activity is advancing apace, but whether it constitutes sufficient progress, or even a desirable approach, remains hotly debated.

Laying Down the Gauntlet

Which brings us to gauntlet we want to lay down in this article. We believe that the CSR movement is at a crucial juncture. Companies have climbed the CSR learning curve and are now playing the game like experts. They have reframed the debate into language which they can understand and use without upsetting most of their shareholders, and they have designed policies and programs which they can implement without having to question their underlying business model.

There seems to be a pervading sense in many CSR circles that there is now business consensus about the most pressing issues in our global society, taking their cues from the Millennium Development Goals (MDGs), the Global Compact and other such frameworks. While many of the issues remain difficult to deal with in practice, companies are credited with putting strategies in place for tackling them. Everything, they argue, is going according to plan; hence, there is no need for anything more dramatic, especially not legislation to enforce improved performance. Or is there?

There is another perspective, which enjoys far less air time. A perspective that says the world is in a deepening crisis of alarming proportions and that the private sector's response, under the guise of CSR, is as effective as placing a band aid on the foot of someone who is haemorrhaging from a head wound. This alternative perspective, radical as it sounds, nevertheless seems to be confirmed by just about every available statistic on the ecological and social health of our global society.

Crash and Burn or Rise and Shine?

The question then becomes: is CSR, as it is currently being preached and practiced by multinational corporations around the world, actually a red herring? Is it a distraction from the more fundamental transformation (perhaps revolution even) of the capitalist business model which is needed? And as CSR becomes an established professional practice, will it take as given that its purpose is to benefit those who employ its professionals, rather than a primary goal of transforming the world? If so, CSR will have contributed towards a global Crash and Burn scenario, with growing ecological and social degradation.

Such criticism forces those of us who work on corporate responsibility issues, perhaps even identify ourselves as part of a CSR movement or a CSR profession, to reflect on our roles. Do we have a clear strategy for how we can help solve the big problems of poverty, pollution, abuse and so forth, by working with/in corporates? And if we think we are helping in small ways, do we have a plan for how to scale up our impacts to address problems which require widespread action, like climate change? Without one, might we just be pretending we are helping the planet and its people, while climbing another greasy pole? The risk here is that we all seem remarkably adept at coming up with explanations of our own behaviour and priorities that maintain an appearance of "ethicalness"... at least to ourselves. We have to find the courage to be self-critical, and explore what we are thinking and doing.

It is through this reflexivity that CSR might avoid being complicit in a global Crash and Burn and become a crucial part of a Rise and Shine scenario, where the world achieves a greater harmony between people and with the ecology. This scenario requires systemic change. For CSR to help with this systemic change, we need to embrace both idealism and realism.

Idealism and Realism

Idealism is important as we must reawaken the values which underscore the CSR agenda, rather than hiding them sheepishly behind commercial arguments for action. A revival of zealous passion and moral belief as a driver of corporate change and a new intensity of questioning of the reigning business model is key.

Idealism and realism are often counterpoised, yet we need both if we are to promote systemic change. Idealism should not blind us from awareness of the limits of individual voluntary action. Some realism about markets and the law is essential. The commercial benefits from improved social and environmental performance are patchy, and many companies still make profits through externalising social and environmental costs - a process which is promoted by mainstream financial markets that still focus on short term value creation. Given this situation, the current system of governance, regulation and law enforcement is not often sufficient, as international companies can evade accountability through the use of sub-contracting and subsidiaries, while also being able to influence the processes of public governance itself, with questionable outcomes.

An idealistic-realistic approach calls us to engage in making CSR a catalyst for systemic change. Consequently a new agenda for CSR can emerge, with four essential tracks where coalitions need to be built.

Laying Down the Tracks

The first track involves changing the baseline of markets, the driving force behind most business. This will involve coalitions of businesses, financiers, NGOs, governments, and others, aimed at changing the rules that govern the basics of capitalism, such as company law, currency flows, property rights, competition, tax management and executive accountability. Such work will be time-consuming and technical, and may seem too abstract and negative for some. But there are other crucial things to do.

The second track involves playing the solos within markets, by pioneering sustainable and just models of enterprise. Social entrepreneurs will help prefigure a new economy through creating businesses and projects that are inherently just and sustainable, including environmental technologies, co-operatives, and even sustainability stock markets. Their own success and their ability to takeover the mainstream economy will, however, depend partly on how well the first track is changing the baseline.

To some people these first two tracks may seem too much like pontificating about macro economics, on the one hand, or following a fashion for eco-ethical enterprise on the other. They will focus instead on how people continue to be abused, poisoned, evicted, sacked and even killed, because of corporate interests and activities.

Therefore the third track involves standing alongside and singing the chorus with those negatively affected by current market dynamics. Thus some will continue to work either with or against large companies to help specific groups of people improve their lot or seek redress – an area where much of the current effort on CSR and corporate accountability is located.

The fourth track involves maintaining the beat within the CSR profession, to keep its focus on a transformative agenda. This will require preventing it from becoming either solely client-directed and only interested in the goals of its paymasters, or protectionist and primarily interested in regulating access to services in this area. Instead, coalitions will form to help evolve a values-oriented profession, to maintain the heartbeat that is essential to a transformative movement.

Choosing Our Future?

The activities one chooses to engage in will depend on one's particular skills, inclinations and circumstances. But for CSR to be part of the Rise and Shine scenario, a four-track agenda is essential, with the tracks harmonising to create a powerful music greater than the sum of its parts.

This means that people working in each of the four tracks will need to recognise the value of each and ensure their own work synergises with, rather than undermines, the other tracks. Unfortunately this is not always the case at the moment, as some people suggest their path is the only right one. We hope that developing and sharing a vision of how different activities could actually synergise towards creating systemic change will help that vision to become a reality.

Article reference

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