LEARNING OBJECTIVES

In this chapter, you will learn about:

• The key benefits that business brings to society.
• The various approaches that comprise the field of business and society such as corporate social responsibility (CSR), corporate citizenship, stakeholder management theory, sustainability and corporate political activity.
• ‘Populism’ and what it means for business.

INTRODUCTION

Business has had a long relationship with society. Human civilisations have been built on trade both internally and with each other throughout history. Because capitalism is a social and economic system that involves organising labour in a way that creates more wealth for owners and investors than employees, various camps have emerged which approach social questions about business in different ways. On one hand, pro-labour, left-wing opinion sees capitalists as exploiters of workers and natural resources, which creates poverty and increases division between the rich and the poor. These perspectives will be explored in greater detail in Chapter 4. On the other hand, pro-capital perspectives appreciate capitalism as an enabler
of social good through creating employment, encouraging innovation and proving a structure so that technological advances can take place.

In this chapter, we examine the prevalent rationales for encouraging enterprise in society. In other words, the development and growth of business activity has long been seen as providing social, political and economic benefits to society above other alternatives for organising society. The introductory section of this chapter visits these rationales before exploring key frameworks used by organisations to ensure that businesses deliver on their enormous potential to solve social and environmental problems. These frameworks are CSR, corporate citizenship, stakeholder management theory and sustainability. Business ethics has been explored in Chapters 1 and 2.

Adam Smith is widely known as the founder of modern economic theory, but he was primarily a moral philosopher who wrote his first major work on the relationship between emotions and morals, and social relationships that are based on sympathy for other people. His next work, *The Wealth of Nations* (Smith, 1776/1970) famously advocated that the basic human motivation was self-interest. However, he proposed that our self-interest actually served a deeper moral purpose. The more we seek to satisfy our self-interest in business and in the market, the more other people benefit. Our profits are taxed, which increases opportunities to fund social and communal goods. As our enterprises grow, we have more opportunities to employ other people and their welfare will grow in turn. The economic theory that underpins and supports free trade is fundamentally concerned with social morals.

Some theorists have explored questions about the legitimacy of business ethics education. On the one hand, business teachers are faced with the requirement that they educate students about business ethics, but on the other, they need to meet the requirements of the recruitment market. This ambiguity has created what Reynolds and Dang (2017) name ‘the business ethics course effect’, where students generally feel positively about business ethics modules, but tend to rate them lower than other modules that are more practical in nature. However, there is an increasing amount of attention given to businesses that align their values with the emerging social or ethical concerns are rewarded by the market. One recent example is Nike’s sponsorship for the American football player Colin Kaepernick.

**CASE STUDY**

**Kaepernick, Nike and beyond**

During the final years of President Obama’s presidency, concern grew about the level of systematic discrimination and racism directed against racial minorities, and particularly African American men. In 2016, the San Francisco 49ers’ Colin Kaepernick starting quarterback did not stand; but sat down, when the US national anthem was played during a National Football
League (NFL) game. He explained that he did so to avoid being hypocritical about a country that he felt was letting some of its citizens down. He soon changed his protest to one that involved kneeling on one knee during the playing of the national anthem. The practice of ‘taking a knee’ spread beyond the NFL to other sports and to other areas of the arts and entertainment. President Trump condemned these actions as unpatriotic and urged American football team owners to sack players who took a knee. Kaepernick opted-out of his contract with the 49ers following the end of the season, but he remained unsigned, which led some to speculate that he was being isolated as a result of his political actions. Nike, the sports goods company sponsored advertisements backing Kaepernick. President Trump voiced his disapproval of this on social media and some of his supporters burned their Nike sports shoes in solidarity with him. However, Nike’s endorsement of Kaepernick as a social activist rather than as a sportsperson increased Nike’s market value to a reputed $6 billion (Reints, 2018).

Nike’s endorsement of Colin Kaepernick’s actions has impacted Corporate Political Action (CPA) activities in social contexts beyond the US. As the Covid-19 virus spread throughout the UK and Ireland, the governments of both countries announced a ‘lockdown’, which involved the imposition of strict travel restrictions, the closure of all non-essential businesses and services, and instructions to remain at home and isolate as much as possible. Frontline service workers, especially those working in healthcare, essential retail and delivery services were permitted to continue to travel to work and were widely celebrated throughout society. Fringe groups spread misinformation online that the pandemic was a hoax, despite the rising contagion and mortality rates connected to the virus, and some governments were accused of prioritising economic concerns over that of public health. In May 2020, a livestreamed arrest of George Floyd in Minneapolis marked the beginning of a resurgence of the Black Lives Matter (BLM) movement. During Floyd’s arrest for an alleged non-violent offence (passing a forged note), he died. The livestream footage showed an arresting officer kneeling on his neck, despite Floyd’s pleading and that of a bystander, even when he had stopped moving.

Protests against this injustice were held locally, but rapidly spread throughout the US and the world, with several being held in the UK and Ireland. George Floyd, for many, had come to symbolise the extent of systemic racism that persists in many developed societies. For many years, professional football (soccer) had been seen as a prime location for recruiting new members to racist organisations. The sports governing bodies have initiated a number of projects to quell this, particularly as it attempted to create a safer and more comfortable experience that was more generally ‘consumable’ by all members of society. Just as witnessing racist attitudes and behaviour would upset and disgust the vast majority of people living and working in multicultural societies and diverse organisations, the professional soccer sector worked hard to decouple itself from racism and racists that had attached themselves to the game.

When Premier League matches recommenced in the UK behind closed doors, football players ‘took a knee’ to demonstrate solidarity with sportspeople who had experienced racism, and held a minute’s silence to commemorate those who died during the pandemic. During the first round of matches, players’ names on the back of jerseys were replaced with the words ‘Black
Seeing the relationship between business and society as something that is either good or bad, then, may be an unsophisticated way of perceiving the problem. A better way to approach the question might be to see the relationship as ambivalent or ambiguous. If left unconstrained, businesses may be allowed to ride roughshod over social or environmental concerns, but this will result in a reduction in the amount of people who can participate in the market, which will in turn impact a business’s ability to generate profit. This is as much a concern for businesses as the extent to which too much regulation can constrain innovation and initiative, and lead to the hampering of economic growth.

It is also worth remembering that we are fundamentally oriented towards being moral and social individuals. We’ll explore the reality that the vast majority of people wish to live good lives and are uncomfortable with the idea of living a completely self-oriented existence when we examine the reasons why CSR is resisted, but for now, it is worth remembering Freud’s concept of secondary narcissism. We do things to reassure ourselves that we are worthy of love (both from ourselves and others). If we do something that violates our moral code, which is socially constructed and taught to us from a young age, we experience feelings of guilt and anxiety. In general, aiming to do good often results in us feeling good.

So, how do business organisations work to ensure that they act in the best interests of society? There are so many ways that organisations and business people attempt to do this that they often become confused with each other. Philanthropy, business ethics, responsible management, CSR, sustainability, corporate governance and stakeholder management are all fields of business that relate business to society. People often get confused between these different fields, to the extent that they are often considered, or can become, interchangeable. However, all of these are distinct fields and undergo change and development in ways that make them worthy of individual appraisal.

Although the first book on business and society is considered by many to be Howard Bowen’s *The Social Responsibilities of the Businessman* (1953), the first attempt to organise and differentiate the central approaches to doing business in ethical ways was Schwartz and Carroll’s (2008) identification of...
five main frameworks: CSR; corporate citizenship; stakeholder management theory; sustainability; and business ethics. Schwartz and Carroll proposed that the three core concepts of value, balance, and accountability could be used to integrate the five frameworks. Since their framework was published, there have been a number of new developments in a range of areas. Technological developments include the growing impact of social media and the use of data analytics and artificial intelligence (AI) in business decision making. Although the recent global Covid-19 pandemic impacted many areas of life globally, a range of socio-economic events (such as the Global Financial Crisis and its aftermath, the refugee crisis and the increasing influence of popular nationalism and the far right in developed nations) have increasingly been considered in corporate boardrooms. International initiatives, such as the coordination of a binding multination agreement on addressing the accelerating pace of climate change and the establishment of the UN’s Global Compact and associated initiatives such as the Globally Responsible Leadership Initiative, the Principles for Responsible Investment and the Principles for Responsible Management Education (Haertle and Miura, 2014), have been introduced to ensure that businesses balance their responsibilities to shareholders with that of society. These initiatives were established in the middle of the first decade of the 2000s, so their impact on issues relating to business and society were not ‘live’ when Schwartz and Carroll proposed their five business and society frameworks in 2008. An empirical analysis of research in these fields in 2017 (Cullen, 2017a) found that CSR, stakeholder theory and sustainability remained the three largest business and society frameworks researched in the peer-reviewed research literature. The research literature on ‘business ethics’ and ‘corporate citizenship’ appear to have grown at a slower pace as research fields, but there may be some evidence of areas of ‘crossover’ between fields.

CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility (CSR) is the most established framework both in research and in terms of its acceptance in the business community, but an exact definition remains elusive due to a plethora of different theoretical foundations for the concept. An article published by Alexander Dahlsrud in the journal *Corporate Social Responsibility and Environmental Management* (2008) attempted to provide a clear outline of what CSR is through a content analysis of 37 definitions provided in different articles. Dahlsrud found that the most utilised definition of CSR was one suggested by the Commission of the European Communities at the turn of the millennium:

A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. (Commission of the European Communities, 2001)
This content analysis highlighted that most definitions were broadly consistent and shared five central dimensions: the stakeholder dimension; the social dimension; the economic dimension; the voluntariness dimension; and the environmental dimension. Although the first four of these dimensions appeared in at least 80 per cent of definitions, the environmental dimension of CSR was stressed less frequently. Dahlsrud (2008), however emphasises that the definitions used in the study were doubtlessly based on earlier models of CSR where the environmental agenda was significantly less pronounced.

CSR’s focus on corporate social performance (CSP) belies an enduring emphasis on outcomes (Carroll, 1999). Schwartz and Carroll (2008) posit that the CSR concept stands out because of the emphasis on the social component of corporate life. In a more recent article, Carroll (2015) stressed that CSR has become the central framework that tries to align business and social concerns, and has the potential of unifying all other frameworks. One practical example of how this has been achieved can be seen in Ireland’s national CSR strategy. Ireland is one of the few countries in the European Union (EU), which has maintained a national plan on CSR. Towards Responsible Business: Ireland’s National Plan on Corporate Social Responsibility 2017–2020 defines CSR as seeking ‘to add value to an organisation’s activities by ensuring that they have a positive impact on society, the environment and the economy’ (Department of Enterprise and Innovation, 2017: 19). This plan identifies the four areas of CSR as:

- The environment: activities that involve minimising negative impacts on the natural world.
- The community: activities that support and interact with local community partner organisations. Businesses in Ireland have a strong tradition of supporting local groups.
- The workplace: activities that support and engage with employees.
- The marketplace: responsible decisions with regards to suppliers and customers.

The plan noted that the final two areas (focused on the organisation and the business) are less well understood in businesses operating in Ireland. The definition distilled by the plan, which was developed and supported by an active stakeholder forum, demonstrates that the concerns of one framework (CSR) have integrated the central mission of others (stakeholder management is a concern of the workplace and marketplace and sustainability is strongly concerned with the environment, for example). The community element, however, is closely aligned with perhaps a ‘proto’-CSR activity, which predates the post-war evolution of the practice known as philanthropy. Similarly, many of the models that have been developed in the academic literature view CSR as a multi-level activity. Carroll (1979) viewed businesses’ social responsibility as involving the economic, legal, ethical and voluntary expectations that society has for a business. It is important that businesses are successful and make profits for society so they can generate taxes required to provide social services, amenities and create employment.
However, it is critical that businesses do this by operating within the law. In 1991, Carroll configured a ‘pyramid’ of CSR by which firms could assess the degree to which they were meeting all levels of CSR.

The foundational level of this pyramid is that of economic responsibility. If a firm does not meet its economic requirements of being profitable, it won’t be able to meet the ethical norms of society or provide philanthropic benefits. In fact, by not meeting its economic requirements it will create additional burdens for society. Businesses are primarily responsible to their shareholding owners to be profitable. If they don’t fulfil this responsibility, no other social or environmental benefits can be generated.

The next level above this is concerned with ‘legal responsibilities’. Businesses have to comply with the laws of the society in which they are based. Above these levels (which businesses must meet) are two that stem from the non-obligatory, voluntary nature of CSR. The central level is concerned with an organisation’s ‘ethical’ responsibilities; a business’s activities which should align with the ethical norms of society. Carroll (1999) outlined that these expectations evolve over time. Carroll named the top tier of this pyramid as the ‘philanthropic’ level, where firms exceed all other levels of ethical and legal responsibility and proactively create social goods for groups who are not otherwise having their existence needs being met by society. Schwartz and Carroll reconfigured this model in 2003 and depicted the economic, legal and ethical responsibilities as interlocking fields. The nodal points of these domains made it possible to suggest seven possible categories of CSR. Businesses that met all three of the economic, legal and ethical areas are perhaps the best examples of firms who exist at the top of the pyramid of CSR.

Philanthropy, in the context of business, refers to the ways in which businesses and their owners voluntarily decide to use their wealth and resources to fund or facilitate the development of progressive social change, which society or government is otherwise unable (or unwilling) to provide. We associate philanthropy with business leaders such as Andrew Carnegie, Bill Gates and Chuck Feeney who donated (or are in the process of giving) their considerable personal fortunes to fund a wide range of social, cultural, medical, educational and environmental initiatives. From the turn of the century, CSR could be equated with business activities that were primarily philanthropic as per Howard Bowen’s (1953) writing on the topic. Carroll (2015) noted that this began to change in the 1960s where CSR engaged with the huge amount of large-scale social change happening in the world. By the mid to late 1960s, a movement that would become known as the ‘counter culture’ emerged from universities in the US and Europe, which questioned many of the accepted norms that existed in society. Anti-war, pro-environment and active in standing up to discrimination on the grounds of race, religion and gender, this movement critiqued accepted practices and norms in conservative society. In this environment, business organisations were often considered suspect as capitalism was judged to be compliant with the dominant social order of the time.

The key difference between this form of social responsibility and the pre-existing philanthropic model, was that business was involved in a conversation that various
groups in society were having. Although corporations were still called on to provide for areas of social need that were not being sufficiently met by government, the range of activities involved in fighting structural poverty and social injustice, racial and gender-based discrimination and environmental damage was greatly expanded. Carroll (2015) writes that the key change in the practice of CSR in the 1960s was a move away from benefactors funding causes that they personally favoured, to a greater emphasis on structured formal programmes. During the 1970s, legislation and agencies were established with a view to ensuring civil and workers’ rights, as well as protecting the natural environment. These structures provided a formal framework that placed greater pressure on businesses to ensure that they met their social obligations. With the advent of Reagonomics and Thatcherism in the 1980s, the cost-cutting that became a key feature of the most significant capitalist economic systems on the globe meant that commercial organisations were increasingly asked to ‘take up the slack’ caused by the underfunding of the public sector.

Carroll (2015) writes that from the 1990s, three important trends in CSR emerged: globalisation, institutionalisation and strategic reconciliation. As a result of the success of socially responsible activities of US companies, CSR was exported to various locations around the world with managers in foreign locations faced with the challenge of how to align them with local practices and legislation. Many organisations were conscious of the reputational damage that could befall their business if they, or their suppliers, were found to have violated local norms and practices. High-profile exposés of labour abuses in the developing world by companies headquartered in the developed world resulted in significant negative publicity for many companies who were forced into changing their activities. Some of these cases are discussed in the subsequent chapter.

Carroll (2015) writes that the CSR practices became more institutionalised and formalised over the course of the 1990s. During this time, CSR practices became commonplace, more formalised, varied and more deeply integrated into business practices, and many larger organisations appointed staff members who were responsible for CSR-related activities. Herman Aguinis and Ante Glavas (2013) differentiated between two forms of CSR integration into an organisation’s culture and mission. Companies with embedded CSR (activities which align with the organisation’s raison d’être), such as a pet supplies company that invest and support animal welfare programmes, are better at meeting their corporate and social goals and attracting and retaining talented employees who share their vision. Companies that invest in CSR that is peripheral to its mission, culture and goals risk their CSR activities becoming a waste of company resources, which do little to further the social aims of the activity. The manager of a community group working with vulnerable people told me that they are inundated with requests to assist their organisation on ‘giving something back’ days, but the group often has to create activities to occupy their well-meaning friends from the private sector!

Carroll uses the term ‘strategic reconciliation’ (2015: 88) to refer to the alignment of social and environmental goals with the need of the organisations to be profitable. In other words, executives were tasked with establishing a business case for CSR. Although there are numerous studies of the links between social,
ethical and financial performance, there is no conclusive evidence of these links due to the huge variety of organisations, business practices and local contingencies. However, Carroll writes that a positive side of this has been the development of frameworks such as those discussed below, which although are related to, remain distinct from CSR.

CSR, then, is a hugely diverse set of organisational practices that seeks to meet society’s changing needs while at the same time contributing to a business’s strategic objectives. A celebrated article on CSR research titled ‘What we know and don’t know about corporate social responsibility: a review and research agenda’ (Aguinis and Glavas, 2012) discusses a range of findings in relation to CSR, but perhaps most significant is the research gap that exists in relation to how we ‘do’ CSR as individuals or teams in organisations. This will be discussed in relation to responsible management and responsible management learning in Chapter 9.

CSR has been described by some as a marketing practice that attempts to create an image of an organisation that is altruistic by the nature of its charitable activities. When corporate activities (for example, failing to pay staff a fair wage, exploiting natural resources or animals, prohibiting unions to form) do not match a business’s CSR activities, it is not difficult to see why people distrust CSR. For example:

- Many airlines have charity partners and collect donations from passengers to provide resources to worthwhile causes. The European Commission has recognised that the aviation sector is responsible for the growth of greenhouse gas emission globally. By 2020, aviation emissions had increased by 70 per cent over the preceding 15 years (European Commission, 2020).

- Some global fast-food chains are significant funders of charities, which have proved hugely helpful to families who could not otherwise have afforded health or respite services. However, the profits of these companies are often based on forms of farming that have been criticised for the lack of concern for the wellbeing of animals (Adams, 2008), or on the remuneration of their workforces (Chapman, 2018; Neville, 2013).

- Globally, successful rock groups such as U2 have long been activists for human rights, debt-alleviation and environmental protection. However, they have also been criticised for moving their publishing base offshore following a change in Irish government taxation policy in 2006 (BBC, 2011; Goff, 2017). This is not to say that U2 do not pay significant taxes in their native Ireland but protestors have used their case to draw attention to the inequalities in many tax regimes, which allow the very rich to pay significantly reduced taxes. The burden of satisfying a country’s tax base is then passed on to the middle-classes, with the result that they then have reduced resources to contribute to voluntary initiatives or charities.

The above examples perhaps demonstrate the importance of aligning the spirit of a CSR initiative with a business’s *raison d’etre*. Many successful music bands
have rearranged their tax affairs for decades (changes in UK taxation law were ultimately the reason for the recording of arguably the greatest Rolling Stones album), and the aviation and fast-food sectors have expended significant energy and resources to make their businesses more environmentally friendly and socially responsible over time. If there is any disconnect between a socially responsible business or a CSR initiative, however, a space opens up for cynicism to be expressed in the public sphere, which can erode public confidence in capitalism’s ability to ‘do good’. In other words, businesses that desire the strategic and reputational benefits of CSR must seek to be socially responsible at all times and in all ways. ‘Doing’ CSR in a selective fashion will not only damage their reputation, but the credibility of all socially and environmentally engaged businesses. This is why businesses who are primarily socially-oriented (as opposed to solely profit-oriented) have business models that are designed to increase social value.

### CASE STUDY

**Warby Parker**

Warby Parker is a (primarily) online retailer of prescription spectacles in North America. Founded in 2010, the company grew rapidly and attracted significant investment. It is currently valued at approximately $3 billion (Raja, 2020). The drive to establish the company came from the founders’ direct experience of the high expense of a necessity (eye glasses, and particularly frames), which it saw as stemming from the dominance of a small number of established firms. By focusing on eliminating unnecessary intermediaries and sourcing and manufacturing in a cost-effective manner, Warby Parker was able to grow quickly and develop capabilities for developing its own products. The company has pioneered methods of selecting frames ‘off-site’, but has also expanded into shopfront operations and concessions in larger stores, with the result that it crafted an innovative retail model that blends online and onsite presences.

Innovative business models that involve utilising suppliers and manufacturers in lower-cost locations have often been accused of exploiting developing economies or environments where local employment rights cannot be fully guaranteed. However, Warby Parker’s business model is based on partnering with the not-for-profit sector to ensure that for every pair of spectacles it sells, another one will be provided to a person who needs them but can’t afford them (Parker, 2021).

This business model, which donates a product to somebody who cannot otherwise afford one, is not unique but has proven very successful in past ventures. Perhaps most well-known of these is TOMS shoes, which promises a free pair of shoes to disadvantaged young people, particularly in the developing world, for every pair of shoes sold. TOMS model of giving back was one of the factors in its rapid growth over a number of years (Gray and Choi, 2010).
BUSINESS ETHICS

Business ethics developed as an academic field in the 1970s, became institutionalised in the 1980s and grew in prominence as a result of the corporate scandals of the early 2000s. Primarily driven by the application of moral philosophy to the business field, it is concerned with the ethics of the capitalist system, business organisations and (especially) the individual morality of individuals who work and manage in corporations. It has been perceived as a normative framework, which applies ethical theories such as utilitarianism, deontological theories, moral rights, justice and virtue ethics to practical business decisions and activities to ascertain if moral standards have been violated or upheld. The field of business ethics and its interest in applying moral philosophy and psychoanalytic perspectives to the field of business and society has already been discussed in Chapters 1 and 2, and it will remain an important perspective throughout this book.

STAKEHOLDER MANAGEMENT

Stakeholder management grew rapidly as a dominant framework following the publication of R.E. Freeman’s *Strategic Management: A Stakeholder Approach* (2010). Primarily concerned with the organisation’s relationship with various stakeholders and the impact that these have on relationships, stakeholder management debates focus on stakeholder identification and prioritisation. We will explore the development of stakeholder management theory and how it differs from other business and society frameworks in Chapter 12.

Since the mid-1990s, the idea of including stakeholders in the development of strategic planning and policy has become more common. Stakeholders have been included in corporate strategic planning for some time, but in 1984, R.E. Freeman’s book *Strategic Management: A Stakeholder Perspective* advocated broadening the definition of stakeholders to include people who would be impacted by the organisation’s strategy, even at the cost to the organisation. Freeman initially advocated doing this in order to ensure that the significant issues facing society (particularly in the US) in the early 1980s would be addressed by the corporate sector.

Reflective questions

- What other businesses or sectors could the ‘one for one’ business model innovations be applied to?
- Both Warby Parker and TOMS are ‘born-ethical’ companies, but can existing businesses transition their existing models to ones where social responsibility is valued alongside profit?
Rather than thinking about social stakeholders as being external to the concerns of the organisation, Freeman recognised the potential for simultaneously addressing problems at the level of the firm, and society, by considering stakeholders to be part of the environment in which the organisation worked and operated.

Rather than offering vague encouragement about including stakeholders in theory, stakeholder management theory proposes the various levels at which organisations should voluntarily engage with stakeholders and five different types of stakeholder strategies, which organisations could adopt when deciding how to engage with various parties in planning their strategies. Freeman’s work on stakeholder management theory marks the beginning of a very lively field of research that is concerned with questions such as ‘Which stakeholders should receive attention over others?’, and the relationship between a firm’s financial performance and the extent to which they engage with various communities.

SUSTAINABILITY

Corporate (or business) sustainability grew in prominence following the publication of *Our Common Future* by the Brundtland Commission (1987). Influenced by the concept of sustainable development, sustainability developed from its initial focus on sustaining the natural environment to sustaining cultures and communities as part of a holistic approach that emphasises the interrelationship between these areas and economic sustainability. Chapters 7 and 8 will examine sustainability in more detail shortly, but it is important to note that sustainability is not solely concerned with encouraging organisations to meet their environmental responsibilities. Rather, it involves developing strategies and practices that make money for an organisation whilst at the same time producing social, environmental and cultural gains.

Fast ‘pivots’ to more environmentally friendly solutions can produce quick wins for businesses and their customers. For example, restaurant chains that eliminate the use of plastic, single-use straws not only limit the amount of non-biodegradable waste that they commit to landfill, but also save money and generate a positive pro-environmental reputation, and coffee shops that incentivise the reuse of takeaway cups through discounts save money and offer cost-savings to customers. However, the real benefits to businesses in adopting sustainable approaches lie in the manner in which they can produce long-term benefits by addressing real long-term planetary problems. Businesses that continue to operate as if the looming climate crisis is not going to radically change the way that human beings live on Earth or markets, profits, value-creation and all the things that they were initially set up to achieve, will become irrelevant and absurd. Sustainability, however, is not about ignoring the economic imperative of profit-making because this will mean that organisations will lose their efficiency and ability to deliver on goals. For sustainability to work and work well for business, it needs to follow the prescription of its most used definition (Parr, 2009), which is also known as the ‘Brundtland definition of sustainability’. This is described as ‘meeting the needs of
the present without compromising the ability of future generations to meet their own needs’ (World Commission on Environment and Development, 1987: 16).

In a groundbreaking text on applying sustainability principles in organisations, *Strategy for Sustainability*, Adam Werbach (2009) asserts that all components of sustainability must be treated as ‘co-equal’. Organisations and managers who focus only on succeeding in one or two of these areas will ultimately fail in all. Others have argued that other components (such as aesthetics or the psychological sustainability of employees or consumers) should also be taken into account (Marshall and Toffel, 2005).

Although sustainability has been a central concern in many fields, the recent business interest in the area initially began in the aftermath of social, environmental and economic crises, such as the climate crisis, the 9/11 attacks and the Global Financial Crisis. Of significant importance is the fact that business leaders became aware that they had real power to do something to help stop the suffering caused by these crises. Concern for the environment and social issues such as human trafficking, migration and poverty have become so ‘mainstream’ that they are now seen as legitimate concerns for businesses to engage with. Learning about business ethics has moved from being a marginal, elective concern to one of the central fields taught in business schools today (Cullen, 2017b).

Ray C. Anderson who was the founder of carpet manufacturer Interface Inc., recounted preparing to give a speech on the company’s environmental activities by reading Paul Hawken’s *The Ecology of Commerce* (1993). Anderson became distressed that his company was contributing to the destruction of the natural world and put in place a company-wide initiative to change it from a mainstream polluting organisation, into a carbon-neutral one. As a result of this, the company’s profitability increased substantially and it became more efficient. Werbach (2009) reports that the culture of the organisation has changed so that individual employees also work in the knowledge that they are protecting the natural environment. Sustainability, in other words, has resulted in sustainable employment and a meaningful work culture. Interface’s corporate reputation is immaculate because sustainability is embedded in everything it does.

A review of the research literature published on sustainability and business ethics education (Cullen, 2017b) points out that the body of research on the topic is large and continues to grow. In the 1990s, most research papers considered that businesses should only engage with sustainability by reducing their profits. However, by the turn of the millennium, more work had been completed that focused on the need for organisations to meet their present needs (profitability) whilst also delivering social, cultural and environmental gains.

**CORPORATE CITIZENSHIP**

Corporate citizenship was ‘the newest kid on the business and society block’ in 2008 and at the time appeared to be growing rapidly in popularity with corporate
and academic communities. Like other frameworks, corporate citizenship has been variously defined but it is primarily concerned with an organisation developing an awareness of itself as having responsibilities to global social, political and economic spheres, just as private citizens do. Although the field of corporate citizenship has not grown to the same extent as the other frameworks, the resurgence of the far-right and corporate engagement with national taxation systems perhaps demonstrate a need for revitalising interest in corporate citizenship, as it is a field that requires more investigation in the context of changing global and political forces.

Crane and Matten (2007) have defined corporate citizenship as the corporate provision of citizenship rights for individuals. Matten and Crane (2005) proposed that there are three different ways in which organisations can deliver corporate citizenship. If it is limited, it focuses on traditional philanthropy with specific CSR projects in mind. If it is equivalent, it will cover all areas of CSR. If corporate citizenship is extended, it attempts to influence the broader political landscape. In the neo-liberal era and particularly with some governments demonstrating far-right tendencies that have the potential to discriminate against portions of the populace on the grounds of race, gender or nationality, corporations can use their influence and economic power to ensure that the rights of citizens can be delivered.

Interest in corporate citizenship is likely to grow due to the growing force of populism in democratic societies. Populist leaders present themselves as genuine representatives of the general public opposed to a corrupt elite. This ‘elite’ has been presented by populist leaders as the owners of global wealth who employ a range of tactics to impoverish and exploit the majority of people. Many groups in society have been left disenfranchised as a result of the global recession. Grievances against the banking and finance sector who were ‘bailed out’ at the expense of the taxpayers and social services did much to fuel the arguments used by certain political figures, who used conspiracy theories to make themselves appear to be valid leaders in a time when trust in the power of the political establishment was severely challenged. Populist leaders often apply a sense of xenophobic fear and blatant lies about democratic institutions and ideals (such as inclusivity, a free media and open borders), to gain support from followers who mistrust a political system that they feel has let them down. Business interests are usually (but not exclusively) associated with more moderate parts of the right-wing political spectrum, but right-wing populist leaders develop policies that serve their own political or economic interests. Businesses require open, liberal, democratic societies to flourish so capital and investment can flow without being impeded.

For example, one of the first executive orders signed by Donald Trump following his election as President of the US was to direct the building of a wall on the southern border of the US to prevent immigrants from Mexico entering the country. Many commentators saw this as being regressive and racist.
A group of organisations spoke out against this via their advertising during breaks in the US Superbowl. In a similar way, on the first day of the Sochi Winter Olympics in Russia, Google placed images of various athletes participating in winter sports against a background of colours that closely resembled the Pride flag. Underneath this, a section of the Olympic Charter referring to the non-discriminatory aspect of the games was posted. Google voluntarily made a statement on the most valuable piece of internet real estate in the world to counteract homophobia that was becoming embedded in the policies of the Putin administration.

Corporate political action (CPA) encompasses a group of activities such as lobbying, organising political campaigns, participating on committees and making donations to political organisations in order to influence policies that benefit the business. However, the Superbowl advertisers and Google did not have their own market-based strategies in mind when standing up to powerful entities. It might be more accurate to refer to their activities as ‘responsible CPA’.

It is perhaps not surprising to learn that psychoanalytic theory played a strong role in the development of contemporary advertising and marketing. Edward Bernays, a nephew of Freud, was a major figure in the development of public relations theory. Bernays built on the psychological concept of ‘association’, whereby we develop mental connections between concepts and events, to extend it to relationships with products. For example, smoking was perceived as unfeminine, which meant that tobacco companies were selling products to half its potential market. By creating associations between femininity, liberation and tobacco smoking, Bernays was a leading figure in creating an arbitrary psychological link between a set of values and the consumption of a product, despite no relationship existing between the two.

CSR advertising is perhaps the most controversial aspect of the practice of responsible CPA. It attempts to create associations between a commercial product or service with movements or ideas that oppose harmful social practices or ideals. For example, energy companies have been accused of ‘greenwashing’ the role that their activities have played in creating and contributing to environmental damage (see Chapter 8). More recently, responsible CPA has turned to the topic of addressing the concept of what has become known as ‘toxic masculinity’. Toxic masculinity is a socio-psychological concept that analyses how negative behaviours are enculturated in boys and men. These behaviours include misogynistic, homophobic and aggressive behaviours. In late 2017, the #MeToo movement began on social media, where high-profile female figures in the entertainment industry in the US discussed their experiences of being sexually harassed, assaulted and raped by men in influential positions. Women (and later men) in other sectors of life began sharing their experiences online, using the #MeToo hashtag. Against this background, in January 2019, Proctor and Gamble released a new advertisement titled We Believe: The Best Men Can Be.
**CASE STUDY**

**Gillette® – the best men can be**

The marketing campaign discussed below was quite distinct from previous Gillette® advertising campaigns, which utilised what has been named ‘instrumental marketing’, or marketing that primarily explains the functional activities of the product. *We Believe* on the other hand, was a change to advertising that appealed to values, rather than utility. Since the late 1980s, Gillette® used the tagline ‘The best a man can get’, which focused on new razor technologies that improved on the efficacy of the product and often celebrated the smoothness of post-shave skin.

*We Believe* begins with men looking in a shaving mirror with fragments of media reports containing words and phrases such as ‘bullying’, ‘the #MeToo movement against sexual harassment’ and ‘toxic masculinity’ being heard in the background. A sting from a previous Gillette® advertisement is played while a voice asks, ‘Is this the best a man can get?’. The screen is broken and a boy runs through it, pursued by a group of bullies. Abusive text and social media messages are overlayed on the image of a mother comforting a bullied boy. Media treatments of women being sexually harassed in comedies or dancing provocatively in music videos are presented alongside a ‘mansplaining’ boss patronising a woman in a business meeting. A group of fathers watch two boys fighting at a barbecue and dismiss their aggression by saying ‘boys will be boys’. Media clips from the #MeToo movement are presented. The actor Terry Crewes states that ‘Men need to hold other men accountable’ prior to clips of men checking other men’s sexist or aggressive behaviour being shared. Men are then shown supporting their daughters and providing examples of appropriate behaviour to their sons. The advertisement ends with a card stating: ‘It’s only by challenging ourselves to do more that we can get closer to our best’ and a link to Gillette’s® #TheBestMenCanBe programme, which pledged to donate $3 million to programmes that would address the concerns of the advertisement.

The response to the campaign was highly divisive with many men criticising what they felt was a patronising lesson from a consumer goods company and a call for a boycott on Gillette® products. Although condemnation of the advertisement was not universal, an analysis of its content from a psychoanalytic perspective can provide some interesting lessons in the way that responsible CPA can be done. Google and Nike have been criticised for a lack of social responsibility in the past, and have taken steps to address their shortcomings. Their CPA activities in standing up for groups such as members of the lesbian, gay, bisexual and transgender (LGBT) and African American communities came at a time when social concern was growing about the extent of structural discrimination against these groups. As such, the beneficiaries of their CPA were identifiable, but the male gender is far too large and diverse a grouping to be targeted. In addition, negative, ‘toxic’ masculine behaviour consists of most of the body of the *We Believe* advertisement, rather than a positive fight against racism and discrimination, as in the Google Sochi Winter Olympics doodle, anti-wall and anti-discrimination Super Bowl
Gillette’s® attempt to do ‘something good’ may have backfired, but their subsequent advertising, which encouraged greater levels of tolerance for transgender people, appears to have been received more positively. In attempting to discuss business and social good, this chapter has focused on the economic rationale for business in delivering positive benefits to society. It has also looked at the ways in which businesses develop functional approaches and mechanisms for ensuring that they maintain their social contracts with society. It is important, however, to demonstrate that these are not always celebrated. The Nobel Prize winning economist Milton Friedman, for example, felt that businesses have no role in delivering social goods as this would interfere in the free working of democratic societies. As businesses have a legal responsibility to return value to shareholders, according to Friedman, investing in CSR or responsible CPA will divert profits from investors and result in a less employable and reduced generation of taxable wealth. In the *Shock Doctrine*, Naomi Klein (2008) has demonstrated how these ideas were adopted around the world in a way that contributed to policies, which stripped away social protections and contributed to the growing divides between the rich and poor globally. Economic policies such as these appear to argue in favour of social cruelty; in other words, they propose that business needs to be bad, in order for it to do good! In the following chapter, we will consider arguments that propose that business is not a benefit to society and will examine contemporary developments that explore how the business landscape has changed in recent years. Particular attention will be given to the advent of social media and how technology developments have altered our sense of self; not only in the workplace but also as citizens.

Prior to the June 2016 referendum in the UK on leaving the EU, the Irish-based, low-fares airline, Ryanair, campaigned for the ‘remain side’. A prominent member of the ‘Vote Leave’ campaign group wrote to the Metropolitan Police to complain that Ryanair’s ‘Brexit special’ deal, which offered cheap flights to British expatriates to return home to vote remain, was corrupt as it was offering a price cut to vote in a particular way. In fact, Ryanair had no way of influencing how individuals would actually vote and responded to news of the complaint by extending its offer for another 24 hours. Responsible CPA is always open to the accusation that it represents one political perspective. The Cambridge Analytica scandal (which...
will be discussed in Chapter 6 and elsewhere in this book) illustrates how businesses that support democratic and liberal institutions, which rely on free, open and tolerant societies to function, are clearly preferable to those who don’t.

Reflective questions

- What can businesses do to support tolerance in a society that is increasingly under attack from populism and far-right nationalist political movements?
- Was *We Believe* a responsible CPA success or failure?
- Is responsible CPA ethical?
- Should businesses become involved in influencing the political sphere?
- Did the Covid-19 pandemic change the way that businesses can influence the social or political sphere?

CONCLUSION

This chapter looked at the economic rationales that have been used over the years to support the idea that pro-business models have greater potential to positively influence the way a society is run and benefit the majority of citizens. Alongside the CSR, corporate citizenship, stakeholder management and sustainability frameworks discussed, attention was given to responsible CPA, where businesses can use their considerable clout and resources to ensure that the democratic values of inclusiveness and equality can be guaranteed. As mentioned frequently, it is important to balance this with a very real understanding that the power of dominant organisations has, and continues to be, used in ways that are not environmentally friendly or socially inclusive. Chapter 4 will examine the ethical pitfalls and moral risks that face businesses.

RECOMMENDED READING

Howard Bowen’s *The Social Responsibilities of the Businessman* (1953) is often mentioned as being one of the first books published about CSR. Much has changed since then; note the inherent sexism of the title of the work! The chapter has mentioned the manner in which CSR changes to meet changing social needs and challenges so it is not surprising to see a growth in studies of the values of each generation of entrepreneurs. Edmund Gray and David Choi’s *Values-Centred Entrepreneurs and Their Companies* (2010) explores how the business models that are increasingly being developed reflect the broader social interests of those who seek to establish successful businesses.
The examples in R.E. Freeman's *Strategic Management: A Stakeholder Approach* (1984/2010) are dated now, but the model he produced for demonstrating the importance of including as many stakeholders as possible is still as valid as ever.

However, if one truly wants to understand the full spirit of businesses that have CSR at the core of their operations, the voices of entrepreneurs and business people who have grappled with making their strategies and models, and engage with the pressing challenges of their day are essential. Anita Roddick's *Business as Unusual* (2005) and Yvon Chouinard's *Let My People Go Surfing* (2005) are vivid accounts of setting up firms that not only try to create value for customers, but also work for social and environmental gains for stakeholders.