Social responsibility: the new legitimation for totalitarian corporations?

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Abstract
This paper provides a critical view of social responsibility as a counterpoint to the ‘eco-heroism’ (Hussain, 1999) of its proponents (Elkington, 1987; Davis, 1991). It asks whether social responsibility is just a new phrase for the reinvention of authoritarian paternalism (Thornton, 1966). Is it a cloak that allows corporations to disguise their intent, while they attempt to create the world in a manner that is conducive to more growth, more profits, etc. but has little to do with sustainability? Is it a threat? You can have social responsibility so long as you let us make money and keep our dirty technologies. Is it just a redressing of the concept of legal liability?

In general terms the key argument is that the concept of social responsibility is only necessary because of the scale of corporations and the economic and technical domination they exert over our lives. This is similar to paternalism, when large companies dominated entire towns or created new suburbs for their workers. In paternalism there were two key elements that were of significance. First, the companies concerned often (usually) had charismatic leaders with clear political and social values that went beyond treating workers as mere factory fodder. Second, the conditions created by paternalism were in some important respects (e.g. quality of housing, schools, hospitals, etc.) very much better than those generally prevailing for workers in urban areas.

However, paternalism was fragile (where is it now?), and so too will be corporate social responsibility. Patronage and paternalism were both (defunct) manifestations of the same fundamental issue: inequalities in the distribution of wealth and power. The form taken is contingent upon the historic conjunction of time and place, specific to the character of economic development. In any case the domination of economic, political and social life by large corporations is inherently unsustainable and (therefore) irresponsible. However, this paper argues that corporate social responsibility is not a static or coherent concept, not least because global corporations cannot be treated as monolithic entities. Two brief case studies of Ford Motor Company are presented to illustrate the arguments.

Keywords Corporate social responsibility, paternalism, organisational behaviour, automotive industry, strategy, sustainability
1. Introduction

The concept of paternalism has several distinct dimensions or inter-related strands that may be traced back through Western civilisation. As such, paternalism is a concept rich in meaning, often embodying contradictory characteristics. Paternalism can thus be liberating or emancipating, and yet also controlling, even totalitarian. Discourses on paternalism can be found in medicine, state policy, the family, and of course business to name but a few. This paper considers how far it is the case that corporate social responsibility is in essence a reinvention of business paternalism occasioned by the specific relationship of global capitalism with society, and as such is unable to transcend the perpetual contradictions of paternalism.

In the realm of medicine, for instance, paternalism is still a topical issue, in the context of the relationship between the patient and the medical expert. It is where paternalism is most likely to be experienced and recognised by ordinary people. The expert takes a professional, dispassionate and narrow view of the patient and their condition - with the implicit assumption that the medical expert knows what is in the best interests of the patient. Clearly, in many instances there is a disjunction between what might be deemed medically ‘correct’ and what is right for a particular patient in his or her circumstances. In essence, this is an ethical debate frequently re-ignited by ‘progress’ in medical capabilities. While such medical paternalism is obviously different in character, content and meaning to corporate paternalism the debate illustrates a key point pursued in this paper – that paternalism as a concept is dynamic, structured, subtle and complex but ultimately rooted in social attitudes rather than objective rationality.

The paper firstly provides a selected and inevitably partial review of the history of paternalism, noting in particular the linkages with other concepts such as patronage. The unifying theme is the legitimation of inequality, although the impact may range from the profound and substantive to the tokenistic and fleeting. Having given consideration to definitions of Corporate Social Responsibility the paper moves on to two specific case studies based on Ford Motor Company. Each is illustrative of different aspects of Corporate Social Responsibility (CSR). In particular, the case studies expose the partial, contradictory and fragile character of CSR where primary responsibility is ultimately to shareholders. Finally some conclusions on the social and historically specific nature of CSR are presented.
2. Paternalism revisited

Industrial or business paternalism is perhaps most closely associated with the ‘magnates’ of industrial revolution in Britain (Roberts, 1979) and Continental Europe. Paternalism itself is associated with the concept of patronage that has existed as long as there have been disparities of wealth and power within society. It is therefore with patronage that we should start.

Patronage fulfilled important social functions, and yet like the paternalism that can be said to have developed from it patronage embodied basic incongruities. With patronage a wealthy and powerful individual (typically but not exclusively a royal personage or senior religious figure) within a society would become a patron of a particular artist, charity or perhaps a building (temples were much favoured). In so doing, the wealthy patrons provided work, livelihoods for individuals. The patrons may also have served to mitigate certain social problems and in a sense enabled a degree of redistribution of wealth by the creation of facilities that could be enjoyed by the many. Indeed, the very concentration of wealth allowed the support of a non-productive class (i.e. those engaged in activities other than attending to mere subsistence) of artists, scholars, religious figures and others who could not have flourished without the patron. In other words, without inequality in wealth patronage would not have been possible. This, after all, is the story of Galileo. It could be argued therefore that patronage did ultimately benefit social progress by enhancing knowledge and generally enriching the aesthetic quality of life. Additionally, many patrons believed that these acts, particularly if associated with religious issues, would improve their own personal prospects in the hereinafter. So, patronage provided benefits, both to the giver and the receiver. Yet it also failed to deliver social justice and equity. Patronage embodied the power relationship between the wealthy (and powerful) and the poor (and weak). Patronage could be withdrawn if the patron were offended, or simply lost interest, or died. It was arbitrary, fickle, selective and exclusive. It distorted social capital (used here to mean embedded labour time and skill) into specific investments that might not be the most productive usage of that social capital. Most importantly, patronage provided a veneer of legitimacy that allowed the rich and powerful to retain their position in society and thereby perpetuate inequalities.

Corporate paternalism flourished most obviously in the era of the Industrial Revolution, although echoes remained for many years thereafter, and it is pertinent to consider why this might be. Put simply, there is a coherence between the feudal and aristocratic roots of patronage, and the neo-capitalist roots of paternalism. That is, paternalism was a strategic response to the prevailing social and economic conditions of the time and place that characterised the Industrial Revolution (Roberts, 1979). In that era, for the first time in human history, corporate entities came to dominate the economic welfare of an entire town or locality, and create a form of mutual dependence. Of course, the townspeople came to depend upon the employment (and hence wealth) generated by the company. Yet it was also the case that the company needed the social compliance of the town to provide workers in a quantity and of a
quality required. More broadly, social acceptance of these powerful institutions also needed to be generated against a backdrop of strong tendencies towards political liberalism and personal autonomy (Fuchs, 2001). This need for social acceptance in some cases resulted in the emergence of the ‘company town’ and with it the notion of corporate paternalism. In brief, the company sought to provide more than mere jobs, but became integral to the social fabric of the town as a whole through the provision of recreation facilities, libraries, schools, medical facilities, housing, open spaces and much more (Urry, 1980). In the UK the most advanced expressions of this idea were in places like Port Sunlight (Lever Brothers), Barrow-In-Furness (Vickers), Swindon (Great Western Railway), New Lanark (Robert Owen), and Bourneville (Cadbury). Entire new communities were created in deliberate and sharp distinction to the squalor, poverty and degradation of the urban slums that prevailed at the time. Driven in many cases by key individuals with a philanthropic vision of a ‘better’ future, these paternalistic environments were indeed qualitatively better than much that otherwise existed, and represented a triumph of benevolent rationalism. Moreover there was a distinct religious and moral tone to the project of corporate paternalism, with many of the early examples of leading industrialists being non-conformist Quakers (Cannon, 1994). In this movement, corporate paternalism, the company town, and self-improvement of workers for their own moral welfare went hand in hand. Indeed, the notion of ‘improvement’ also came to underpin the so-called ‘garden cities’ movement in the UK where, in a triumph of physical determinism, it was believed that social vices could be engineered out of existence in a suitable urban environment. In the UK, as with many other locations, these model townships have become swamped by urban sprawl, just as the paternalist companies that founded them have been swamped by ‘normal’ capitalism (Oberdeck, 2000).

Of course, the company benefited too, indeed these Victorian paternalists regarded profitability as part of the ‘contract’ between a company and society. Workers were expected to be more loyal, less militant. They were healthier and better educated, with a long-term commitment to the locality (and hence to the employer), and likely to be more favourably disposed in a political sense to ‘big’ capital when it had such a benevolent face. The development of ‘big’ capital came relatively late on in the growth of capitalism generally, the sort of ‘free hand’ market capitalism envisaged by Adam Smith did not embrace such vast and monopolistic structures. As a result, the phase in capitalism that revealed this concentration of wealth had to be accompanied by a programme of social legitimacy. It is interesting, for example, that the creation of GM as a large conglomerate was associated with a huge exercise in public relations that sought to portray the company as a family, composed of the various brands. Hence, for example, Cadillac was portrayed as the ‘grandfather’ of the family (see Marchand, 1991). The message, directed at internal as well as external audiences, was that GM was in fact a familiar, comprehensible and benevolent entity.

The attempt by capitalist enterprises to achieve social legitimacy should not be treated lightly, even if from the perspective of the early 21st century it might appear unnecessary. Today, such legitimacy is required for the entire context within which any firm works. Four areas are perhaps of particular importance:
• Investors. There is an emerging consumer interest in financial products that offer some form of ‘ethical’ investment, and more generally a perception that CSR (realised as voluntary disclosures of information) might be a means of reducing financial risk or reassuring investors.

• Workers. Any company needs to attract, retain and motivate workers at all levels. Social legitimacy makes this easier. A company that is perceived as performing a useful social function might find that staff retention and morale is better than would otherwise be the case.

• Suppliers. Increasingly in a ‘disintegrated’ corporate world a company is only as good as its suppliers of goods, materials and services, and the ability to manage those suppliers. Any espousal of CSR needs to be taken through the supply network.

• Markets. Perhaps most obviously, CSR has an important market dimension, wherein for certain product or service offerings genuine market advantage or differentiation can be derived.

In a broad sense, if capitalist enterprises do not deliver social goals, then why should society retain them? All social institutions, from the religious structures and monarchies to day-care centres and football clubs need social legitimacy and relevance. This question becomes more profound when an institution in some senses acts against the interests of the society within which it is based – the decentralisation of jobs by US, Japanese and European companies to low-wage Asia might be an example. The primary justification for such a strategy of decentralisation has been that ‘markets’ have demanded cheaper products, this is sufficient to give any company legitimacy. Of course there is a social benefit in low-cost goods and services, but corporate globalisation does more than this. Globalisation, taken to be the global spread of production (and markets), actually represents a profound restructuring of the relationship between business and society. It raises new questions about the need for and relevance of business. In this context, CSR can be theorised as the strategic response to managing both the reality and perception that business is decreasingly able to meet wider social goals.
3. Defining corporate social responsibility

Definitions of CSR have tended to be based around the perspective of the particular discipline or analysis base of the author in question. That is, for example, those with a legalistic background have tended to emphasise the issue of (official or governmental) regulatory compliance, an approach particularly prevalent in the early usage of CSR (Farmer, 1973; Beesley and Evans, 1978). Those with a background in ethics have tended to emphasise the moralistic dimension of CSR, perhaps with a focus on individual personalities. Yet compared with the overt and strong moralistic (and often religious) content of corporate paternalism it is clear that CSR is quite vacuous. The legalistic approach is related to the notion of corporate citizenship or the company as a legal ‘individual’. The assumption is that the company can be treated as a single coherent entity and that CSR consists in being ‘nice’ to others e.g. with charitable donations (Clutterbuck, 1981). The citizenship concept links very closely with corporate governance, particularly by Board members (McIntosh et al, 1998). The scandal over Enron and Andersen can be seen as one of the most recent and visible failures of trust, a failure that seems likely to result in the demise of both companies. More conventional perspectives derived from an economics tradition have seen the issue as one of the company as the guardian or trustee of social resources (North, 1992).

Most perspectives agree that legal compliance cannot, in itself, be regarded as showing CSR in a company, there must be extension beyond a narrow view of the interests of the company and that which is required by law (McWilliams and Siegel, 2001a). That is, a company with corporate social responsibility must show a proactive dimension, wherein the expertise and competence embedded in the company is used to go beyond compliance and beyond a narrow perception of the short-term business interest or advantage. There is an underlying theme of altruism in CSR that sits uneasily with contemporary business expectations of profit maximisation above all else. It is perhaps because of this that some theoretical explanations of CSR have searched for rational / business strategy explanations or justifications for companies to adopt CSR. For example, Lantos, (2001) concludes that altruistic CSR is not a legitimate business activity whereas ‘strategic’ CSR is acceptable. Partly this problem is compounded by the manner in which CSR has come to embrace a diverse array of corporate activities. It is used as an umbrella term that seeks to impose a post-hoc theoretical coherence onto a confused and confusing world. This determinism reduces CSR to the logical response of a (successful) company to stakeholder pressures in a manner that is essentially devoid of actual values or moral content (McIntosh et al, 1998). There are many empirical studies that start from this assumption, and then go on to search for evidence that ‘rational’ CSR in some manner yields measurable benefits. For example, Gelb and Strawer (2001) pursue the theme that discretionary disclosure of information by companies increases the demand for their debt and equity, and thereby lowers the cost of capital. Similarly, Simpson and Kohers (2002) claim a positive correlation between what they term as Corporate Social Performance and financial performance in the banking industry. All too often these aggregate approaches, often grounded in
stakeholder theory, try to find an answer to the question of whether companies financially benefit from improving CSR on the assumption that CSR can be quantified. In a typical study, Ruf et al (2001) seek to show that change in CSR results in growth in sales for the current and subsequent year. This is a ridiculously short time frame even if the assumptions regarding CSR and financial performance can be justified. Taking the argument to the logical conclusion, McWilliams (2001) seeks to demonstrate that there is even a ‘profit maximising corporate social responsibility’. Typical examples in the literature of activities that could be described as evidence of CSR include:

- Progressive human resource management practices
- Pollution or recycling reduction beyond the legal requirement
- Voluntary leadership in areas such as renouncing testing on animals
- Signing up to affirmations of good practice on, say, sustainable forest management for supplies of wood and paper or on corporate good practice (Cannon, 1994)
- Providing leadership to improve the environmental, ethical or social performance of suppliers (Preuss, 2001; Lippmann, 1999)
- Voluntary disclosures of information, not just to the financial community (e.g. Volvo Car Corporation makes available Environmental Product Declarations for all its models)

The critical issue is whether social responsibility results in a company that is as a benign and deserving as its proponents claim (Elkington, 1987; Davis, 1991) or whether it is a form of ‘eco-heroism’ (Hussain, 1999). That is, can corporate social responsibility deliver social and environmental justice, or is it just a new phrase for the reinvention of authoritarian paternalism (Thornton, 1966). While this theoretical question needs further elaboration, it is useful to consider the available evidence on CSR in action.

It is also the case that CSR is, in effect, useless unless the company communicates the message to outside interests. This is a critical point, because it takes CSR into the realms of marketing and public relations. In this way, CSR has a degree to which competitive advantage can only be realised in the communication of the fact that the company is ‘doing’ CSR. This is quite different to, for example, green initiatives on energy saving where the company will immediately be rewarded by lower costs (fuel bills) quite apart from any external benefits. However, unless the company is able to underpin the communication of CSR with deeply embedded practices that are truly open to public inspection there is a clear danger that CSR is only public relations (Frankental, 2001; Clark, 2000). This particular problem is compounded by the tendency of companies to respond to detrimental media coverage by short-term expedient payments of a charitable or philanthropic nature (Werbel and Wortman, 2000).

Further, CSR does to some extent reflect the medical debate alluded to above with respect to the relationship between the medical expert and the patient. In the CSR world, the company has huge resources and, in particular, information. This can easily
result in the situation where the company ‘knows best’ because it has privileged access to information which critics and outside observers do not have.

One key strand of debate is whether CSR matters at all. That is, for some, the notion of CSR is itself pointless because it does not contribute to shareholder value. This narrowly instrumentalist and legalistic view sees the function of the firm simply to be profit maximisation and, ultimately, the payment of dividends to shareholders. This is the mantra of ‘the purpose of business is business’, the view that corporate activity is a thing unto itself that needs no further justification than the making of profit. Moreover, all things are justifiable in order to attain and maximise profit. It takes little imagination to realise that the pursuit of profit without ethical or moral boundaries is, in reality, impossible. Society, to differing degrees in different places and times, places constraints upon what is regarded as ‘legitimate’ business: a distillery is a cultural icon in Scotland, an illegal enterprise in Saudi Arabia. This tells us that business is never only about making money, because companies exist within societies that are enriched by complex cultural, moral and religious values, values that transcend mere commercialism. Alternatively, the same considerations suggest that it is impossible to be socially responsible with a product or service that is regarded as abhorrent by a significant proportion of the population. The concept of ‘blood money’, of payment made to assuage guilt for wealth gained inappropriately, is recurrent in human history and one from which companies are not immune. It could be argued that much of the basic funding for the leading universities in the US initially came in the form of large endowments or foundations donated by hugely rich individuals that had made their fortunes with at best ‘tough’ business practices (Cannon, 1994: 21). These were men that were certainly not socialists, and not really philanthropists either although some (like Carnegie) appear to be exceptions (Wulfson, 2001). Ironically, it could equally be argued that those companies currently engaged in businesses that are close to social unacceptability have the greatest need to engage in CSR – nuclear power companies might be an example.

Compared with the ‘profit maximising’ argument, an equally flawed but apparently more ‘realistic’ approach is to argue that there is an ideal level of CSR that can be determined by rational cost-benefit analysis (McWilliams and Siegel, 2001a; see also Windsor, 2001 and McWilliams, 2001). What is more likely is that companies are complex entities that might embody some collective sense of morality or cultural norms, but equally can be internally inconsistent and contradictory in their own conduct while being vulnerable to the interpretation of such norms by individuals (Tweedale and Warren, 1998). Moreover, at least in some instances key individuals can make a difference (Roddick, 2001) while for others their personal religious and moral beliefs can still profoundly influence the conduct of business (Shah, 2002). Profit maximisation has been one of the most enduring myths of rational ‘neo-classical’ economics, and remains implicit in many studies of business.

Finally, CSR appears to have a temporal dynamic that deserves attention. Again, there is an underlying theme or presumption that companies that engage with CSR are in some senses ‘leaders’ of industry generally or their sector or market in particular. This
leadership dimension is also seen in the extension beyond mere legal compliance (Broadhurst, 2000). Perhaps such leading companies were founders or active members of organisations such as CERES or the Global Reporting Initiative, or included within the Dow Jones Sustainability Group Index (Knoepfel, 2001). Perhaps they were early adopters of management systems such as ISO14000, or were first to phase out the use of CFCs. No matter what the parameter chosen to ‘measure’ CSR, however, once sufficient other companies also adopt such practices then the original firm can no longer be said to show leadership. That is, with the passage of time so the definition of what constitutes CSR changes, and that other companies may come along to gain equivalence with or emulate the ‘leading’ companies. This is interesting because it implies that true CSR can never be ‘normal’ business practice, it is a strategy of differentiation that places a company outside the norm at least in some important (albeit temporary) respects. It is precisely because of this point that many studies that have sought to show correlation between CSR and improved financial performance are doomed to failure. Rather, a more fruitful approach is that grounded in institutional theory, where it is accepted that corporate features such as CSR are shaped and contested with heterogeneity and change leading to diverse institutional outcomes (Levy and Rothenberg, 2001). The organisational fields within which CSR operates are unpredictable and unstable over time, and this in itself creates the conditions for diversity in corporate responses. In its widest sense, therefore, CSR can be theorised as social contested.
4. Sustainability in action
The two small case studies below are not intended as exhaustive or definitive accounts, but are given to provide a flavour of the complexity of the issues in a large, multinational company. In effect, they point to the virtual impossibility of unanimity and coherence in companies that are of global reach. Some of the interconnected complexity of the strands of CSR can best be appreciated by way of a recent example or case study, that of the Ford-Firestone tyres issue in North America (Wells, 2002a) and the Ford TH!NK @bout project in London (Wells, 2002b). These examples are not intended as a critique of Ford Motor Company compared with any other vehicle manufacturer in the automotive industry. The cases are not put forward to illustrate the inadequacies or strengths of Ford per se, or to argue that the company is or is not a CSR paragon. The first case study shows that CSR is contested inside a company. The second shows that within a company ‘islands’ of CSR may develop in specific circumstances and conditions, but also that the company is active in shaping the social understanding of CSR.

An example: Ford Motor Company and Firestone tyres
If one single case highlighted the problem of CSR for the automotive industry it was with the Firestone tyres fitted to the best-selling Ford Explorer light truck vehicle – sold mainly in North America (O’Rourke, 2001). As is now documented, tread separation on those tyres caused an alleged 270 deaths and precipitated a series of damaging legal and political proceedings in the USA with widespread media coverage. Firestone was not only a long term Ford Motor Company (FMC) supplier. Bill Fords’ wife is related to the Firestone family that founded the firm and the two companies had been business partners for decades. In the event, Jac Nasser (then Chief Operating Officer) ultimately took the brave decision that consumer interests must be protected above all others, and after some vacillation ordered the recall of 19.5 million tyres at a probable cost of around $3 billion. Not long afterwards, Nasser resigned. Nasser had reportedly upset core interest groups such as US dealers and manufacturing workers previously through various unrelated strategic decisions. So the Firestone situation undermined his position, making him vulnerable, and allowed those who wanted to remove him the opportunity to do so. It is questionable whether Nasser was forced out because of his failure to deliver adequate financial performance, or because of the poor publicity associated with the Firestone situation. In terms of the overall company performance the following points are illustrative:

- Share price fell from $35.61 in January 1999 to $15.34 by September 2001
- Losses of $1.53 billion in North America for the first nine months of 2001 compared with $4.28 billion profit in the same period in 2000
- On-going losses in Europe
- Significant reductions in available cash reserves
- Proposal to cut the dividend paid to shareholders for the fourth quarter in 2001 – the first such cut in a decade
• Loss of market share in the crucial (and hitherto highly profitable) US light truck segment

Now it appears that there was also disquiet at the core of the company and at a very senior level with the entire strategic direction being pursued. Nasser clearly believed that Ford needed to do more than make decent cars in order to survive. He wanted to position Ford as a caring company. At a time when products (different models of car) are increasingly unable to act as a means to market differentiation, Nasser sought that market edge through changing the corporate culture. It is that strategic direction that is now under threat from the new regime. In the new regime Bill Ford, increasingly active in the company over recent years as a non-executive chairman, has himself become the CEO of the company. At the same time, Sir Nick Scheele has become the new Chief Operating Officer charged with putting into practice a ‘back to basics’ strategy. What will this mean?

At one level it is clear that the strategy will mean the ‘normal’ type of rationalisation. That is, factory closures, cost cutting and the inevitable job losses in North America in a similar manner to those experienced in Europe over 2000 and 2001. The precise scale of job losses is unknown, but could easily amount to 10% of the global workforce. This type of action will immediately damage the reputation of FMC as a ‘caring’ company. Once again, the interests of the workforce (and the communities in which they work) will be sacrificed to the interests of shareholders. Plants will be closed, or at least mothballed, and assembly line staff either made redundant or put on short time working. Perhaps four plants in North America could close in the next couple of years, more if the economic downturn bites more severely. Equally damaging, but perhaps with more significant long-term implications, it is widely anticipated that up to 20% of office staff will also be made redundant. Undoubtedly, FMC will also put pressure (again) on the supply base, demanding further cost reductions that will also result in job losses.

Ford Motor Company, in common with the rest of the automotive industry, has never really been able to engage fully with the concept of sustainability. A sustainable company is one that socially, economically and environmentally sustainable – not one that lurches from profit to loss on a few percentage point changes in market conditions, and makes thousands redundant as a consequence. If there is an underlying message to this case, it is that the existing industry is structurally unable to reach sustainability, and hence CSR can never be delivered fully. It could be argued that the shift by FMC downstream in to retail and vehicle use-related activities marked an attempt to attain a greater degree of stability and sustainability – particularly because market saturation and over-supply has resulted in very low profitability for vehicle manufacturing.

However, FMC had to date been actively pursuing the concept of corporate citizenship and social responsibility. In many respects this strategy appears simply to be one of putting the consumer first, of becoming a truly consumer-driven company. Under Nasser, FMC was positioned as a company acting in the best
interests of the consumer, as a protective and caring organisation in which consumers could place their trust. It absolved consumers of the need to worry about environmental or other issues that were very complex to understand and uncertain in terms of outcome. Rather, FMC took that responsibility itself. Corporate responsibility is therefore all about building relationships and trust in the brand, almost by definition it is a long-term process. Of course it starts with good product, but it extends the interests of the company beyond narrow and immediate commercial concerns and recognises that companies are vital social and political actors.

This is precisely why, with the Firestone issue, Nasser had to order the recall of tyres. This recall extended beyond the immediate versions that were a concern. Nasser knew that FMC had to go above and beyond any narrow legal compliance, FMC had to exceed customer (and government) expectations whatever the short-term financial pain in order to create long-term consumer trust. In a very real sense, then, the treatment of the Firestone tyre problem showed a corporate culture and ethos that was the polar opposite of the issues exposed by Ralph Nader in his famous ‘unsafe at any speed’ account of the Ford Pinto. Nasser was not interested in off-setting the short term economic cost of the recall against the liability claims FMC were likely to receive.

However, now the shareholders know that corporate social citizenship is more than warm words, glossy brochures, and a couple of Vice-Presidents on the management chart. On the contrary, corporate social responsibility means accepting the very real financial responsibility for mistakes, communicating honestly with all stakeholders, acting swiftly and decisively in the interests of those stakeholders or of society as a whole. In other words, such a positioning is more than mere ‘window-dressing’, it actually goes to the very heart of the company. It is this dilemma that CSR is unable to reconcile, and which ultimately cost Nasser his job.

An example: Ford Motor Company and the TH!NK @bout London project
The TH!NK @bout London project was launched, somewhat unfortunately in terms of attracting media attention, on 11th September 2001. It represents a significant initiative by FMC that appears to combine market testing with Public Relations.

In all, 15 TH!NK City two-seat battery electric cars have been made available by FMC to selected users in London (see Wells, P. and Nieuwenhuis, P. (1999) for an account of the TH!NK vehicle). TH!NK @bout London has two levels of partnership. First are those organisations involved in setting up and running the project for the 36 month anticipated duration. Second, are the participating partners selected to have the vehicles on their fleets. The primary partnership is one involving Ford UK, Kwik-Fit, Hertz (all FMC companies), Energy Savings Trust, TransportAction PowerShift (a UK government agency to promote the use of alternative fuels in vehicles), and London Electricity. In addition the TH!NK @bout London project was developed from the outset in consultation with Friends of the Earth, the NGO concerned with lobbying on environmental matters, with the Greater...

In this framework, Hertz (a major car rental company) provides the vehicle management expertise, while PowerShift provides grants to enable some of the costs of the vehicle to be offset. London Electricity will provide fully certified, matched ‘green’ energy for the electricity used by the cars during the project: hence FMC is able to claim the project is carbon neutral.

What is particularly interesting about the TH!NK @bout London project is the manner in which FMC has sought to be inclusive, to gain the support of key stakeholders in advance of putting the cars onto the streets of London. It is an illustration of the ‘construction’ of CSR in action. This strategy is also reflected in the choice of organisations to run the vehicles. These ‘partner’ companies were selected from an initial list of 50 applicants with the choice based on vehicle usage patterns and overall environmental credentials. These partner companies include British Telecommunications, Sainsbury’s, The Body Shop and the BBC as well as several smaller companies. A key partner is the UK Government Car and Despatch Agency, an executive agency of the Cabinet Office that is the primary supplier of transport and mail services to government departments. As a result of this approach, FMC has been adept at obtaining the endorsement of key figures and opinion formers of enormous benefit to the company as a whole – above and beyond the information gained on running electric vehicles in the real world. Such endorsements include:

‘TH!NK @bout London shows how a leading motor manufacturer can contribute by introducing cleaner, more efficient vehicles. Friends of the Earth congratulates Ford on this initiative which we hope will be a blueprint for similar schemes throughout the UK and Europe.’ Roger Higman, Friends of the Earth (Verstappen, 2002).

‘What we’ve seen here, what Ford has done, is I think an example of how we should tackle all the difficult potentially devisive issues of the environment…’ Ken Livingstone, Mayor of London (Verstappen, 2002).

‘It will have an immediate impact on the local environment in Westminster by replacing a diesel powered van used to provide deliveries of official documents to government buildings…the TH!NK vehicle is an innovative solution to the needs of city-based organisations such as the Cabinet Office’ Chris Leslie, Parliamentary Secretary (ENN, 2001).

It is interesting that Ford have been quoting their Chief Executive as saying,

‘Ford once provided the world with mobility by making it affordable, we want to continue to provide mobility by making it sustainable.’ Bill Ford, quoted by Verstappen (2002).
This is a laudable aim, one that the automotive industry as a whole has to embrace. Yet, FMC and the rest of the automotive industry have a very long way to go. Unless this initiative is pushed through, and many others like it, the danger is that the industry will stand accused of mere ‘greenwash’, of giving the impression of seeking to resolve environmental issues without actually changing anything fundamental. The TH!NK @bout London project raises the stakes and deserves to succeed, but if it fails it is difficult to know where the electric vehicle goes from here. Inevitably there are parts of the FMC world where CSR seems a remote concept. Just as FMC has invested in the TH!NK @bout London project, it has also poured huge sums into Formula 1 racing (via Jaguar) that can hardly be characterised as environmentally-friendly, and is massively dependent upon the sales of (gas guzzling) light trucks in North America.

These examples are about managerialist conceptualisations of CSR that could be argued to fail to comprehend a more enduring and fundamental issue, the relevance of business to society and the ability of existing business structures to meet sustainability needs. In the first example, FMC acted in a sort of ‘defensive’ attitude, containing a problem while trying to reconcile CSR with more traditional corporate requirements. The case illustrated the dangers involved for any company that wishes to portray itself as worthy of consumers’ trust and be seen as a ‘caring’ company. In the second example, FMC acted in a more overtly proactive manner in a strategy that was internally coherent, well thought out, and logical. But, compared with the totality of the Ford Motor Company, the TH!NK @bout project is insignificant.
5. Conclusions

CSR is not a single, definable entity. Rather, it is an on-going discourse that reflects the age-old tension between the rich and powerful, and the poor and weak. Just as a corporation is not reducible to a single monolithic entity mechanistically reacting to a set of coherent and consistent external stimuli, so is CSR not reducible to a single set of characteristics or rationality. However, it appears that the business strategy literature embedded in corporate rationality and the myth of management control is unable to comprehend the essentially political and social nature of CSR. So, is CSR simply a useful screen for totalitarian organisations? In reality, companies are too big and complex, and change too rapidly, for them ever to become entirely monolithic entities: hence CSR cannot be conceptualised in such a simplistic manner. Put another way, companies are unable themselves to achieve such simplistic determinism. Rather, CSR is as much a reflection of the battles within a company (and within society at large), of competing ideas and views as to what the company should undertake, and where strategy should go (Levy and Rothenberg, 2001). Alternatively, CSR does not seem likely in itself to deliver sustainability when it is the very size of the corporations that espouse CSR that makes them unsustainable. This suggests that alternative visions of industrial structure (Lovins and Lovins, 2001; Wells and Nieuwenhuis, 2000) are needed for CSR to become a complete reality.

As companies in many sectors become global entities, with production and markets in many locations around the world, they have lost or are losing their sense of place, of identity and belonging. The huge growth in research and writing about ‘stakeholders’ is a reflection of this loss. While in the era of paternalism companies were interwoven with the social fabric of the communities in which they operated, in the era of globalisation this is no longer so. As a consequence the ‘natural’ linkages of locality have to be replaced by the mechanistic processes of corporate social responsibility. In a very real sense people no longer know the companies around them, no longer identify or associate with them, no longer look upon them as at least partially benign benefactors. Globalisation calls for a new form of legitimacy for companies that are more powerful than ever before. In the era of corporate paternalism, the company sought cohesion and social acceptance in the local labour market, this was the primary requirement. The output from a company would be distributed widely, to many locations (markets) that were not within the reach of the paternalistic embrace. Hence, paternalism was more concerned with labour than with markets. The contemporary reincarnation of paternalism, CSR is qualitatively different because it is more concerned with market acceptance and with the support of the financial community. In contrast, the dependency of companies on specific localities has been much reduced. They are less embedded. The primary focus is on conveying CSR to consumers where-ever they may be, not with local labour markets.

Not only are companies more powerful in an economic sense. They are also more focussed on the single issue of maximising shareholder value. All stakeholders are equal, but some stakeholders are more equal than most! With capital now able to flow
from one market to the next, from one company to the next, in the relentless search for better returns companies inevitably have to face the demand for maximum short-term financial performance. The combination of global reach and the oppressive search for profitability means that today, more than ever before, the purpose of business is indeed business. This monocural vision makes such organisations essentially totalitarian, and their size and power makes such totalitarianism dangerous. It is sufficient to cite global competitive pressures to justify plant closures and wholesale relocation to cheap labour sources.

As a result, CSR can only at best be a partial promise. It is unrealistic to expect that companies can be the instigators or guardians of social change to usher in a brave new world of sustainability. Rather, CSR should be taken as indicative that ‘no company is an island’, that even in a global economic world companies need social legitimacy. Any ‘victory’ by the environmental movement, however small, should be accepted but this also means that the pressure for further change should not be reduced. On the contrary, without that pressure it is most unlikely that companies will push forward the CSR agenda itself, or the wider agenda of sustainability. In this respect, companies are both shaped by the social conditions within which they operate, and yet also are active in creating those conditions.
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