Corporate Social Responsibility und die Theorie der Unternehmung: Eine Einführung in die Theorien der erweiterten Unternehmensverantwortung

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Overview

1. Pluralism of CSR concepts and challenges of a globalized world

    1.1   Positivist CSR

    1.2   Monological postpositivist CSR

    1.3   Discursive postpositivist CSR

        1.3.1   Postmodern/Postcolonial CSR

        1.3.2   Critical strategy/$Habermas_1$ approach to CSR

2. The need for a paradigm shift in CSR

3. Deliberative democracy and the $Habermas_2$ approach to CSR

4. Summary

5. Research questions/learning objectives

Scherer & Palazzo, 2007: *Toward a Political Conception of Corporate Social Responsibility: Business and Society Seen from a Habermasian Perspective*

TOWARD A POLITICAL CONCEPTION OF CORPORATE RESPONSIBILITY: BUSINESS AND SOCIETY SEEN FROM A HABERMASIAN PERSPECTIVE

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We review two important schools within business and society research, which we label *positivist* and *postpositivist corporate social responsibility* (*CSR*). The former is criticized because of its instrumentalism and normative vacuity and the latter because of its relativism, foundationalism, and utopianism. We propose a new approach, based on Jürgen Habermas's theory of democracy, and we define the new role of the business firm as a political actor in a globalizing society.

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TABLE 1
Comparison of Positivist and Postpositivist CSR Schools of Thought

Characteristics	Positivist CSR	Nonpositivist CSR	Postmodern CSR	Habermas₁ CSR	Habermas₂ CSR
Foundation	Empirical	Philosophical (monological)	Culture and history bound (discursive)	Philosophical (discursive)	Democratic (discursive)
Ideology	Economic/instrumental	Foundational	Relativistic	Utopian	Pragmatic
Main concepts	Social performance	Character/virtue, duty, social contract, hypernorms, integrity	Discourse (power)	Discourse (ideal speech situation)	Discourse (public deliberation)
Mode of coordination in society	Private contracts and legal compliance	Social contracts and conformity with moral rules	Discourse and power	Discourse and consensus	Political discourse, market, and administrative routine
Role of corporation	Economic actor, opportunistic corporation	Economically and socially responsible actor	"Bad guy" versus corporate chameleon	"Bad guy," has to change to utopian altruist	Political and economic actor
Role of market	Taken for granted	Critical support	Focus of critique	Underestimated	Politically embedded
Role of power	Dominant	Disciplined by moral rules and/or personal integrity	Focus of critique, but considered unavoidable	Disciplined by ideal discourse	Disciplined by democratic institutions
Role of legitimacy	Marginalized	Conformity with existing moral norms	Positive legitimacy not possible	Philosophical legitimacy	Democratic legitimacy
Relation to economic rationality	Dominance of economic rationality	Critical support	Critical	Critical, antagonistic	Domestication of economic rationality
Message to managers	Comply with law and respond (only) to powerful stakeholders	Comply with ethical norms and develop personal integrity	Stop manipulation and exploitation, adapt to local culture	Engage in ideal discourse	Engage in political discourse
Main philosophers	Hempel, Nagel, Popper	Aristotle, Gauthier, Hobbes, Kant, Rawls (–1980s)	Derrida, Foucault, Lyotard	Habermas (1960s–1980s)	Habermas (1990s–today), Dewey, Rawls (1990s–today), Rorty
Management theories	CSP, "business case" CSR, instrumental stakeholder theory	Business ethics, normative stakeholder theory, social contract theory	Postmodern/postcolonial organization theory, critical management studies	Critical strategy research, critical management studies	Political CSR, corporate citizenship
Management authors	Carroll, Jones, Wood	Bowie, Donaldson, Dunfee, Freeman, Phillips, Solomon	Banerjee, Boje, Calás, Smircich	Alvesson, Deetz, Grimes, Steffy, Willmott	Not yet developed, limited to descriptive analysis (Matten & Crane)

Corporate Social Responsibility: A Pluralism of Perspectives (I)

- Various concepts that emphasize the social and environmental responsibilities of business (e.g., Corporate Social Responsibility, Corporate Accountability etc.)

- We use CSR as an umbrella term of the debate

- Pluralism of methods and philosophies

  - descriptive, prescriptive (instrumental), normative theories

  - analytical and empirical research (quantitative and qualitative)

  - various political philosophies (liberalism, republicanism, communitarism, deliberative theory etc.) (mostly implicit)

- We suggest a typology of five different schools of thought (positivist CSR, monological postpositivist CSR, postmodern CSR, Habermas$_1$ CSR, Habermas$_2$ CSR).

Corporate Social Responsibility: A Pluralism of Perspectives (II)

Problem: Available theories of CSR do not adequately respond to contemporary challenges of business firms

- Challenges of CSR in a globalized world growing complexity and variety of stakeholders' expectations

    - decline in nation states regulation capacity

    - need for (global) public goods (health, education, rights etc.)

    - new political actors (NGOs, MNCs)

    - business activities in territories and policy areas with state failure

    - business firms as direct addressees of legitimacy demands

    - new political mandate of business firms

Solution: We need a new paradigm of CSR which encompasses the political activities of non state-actors and helps to compensate for regulation gaps in current systems of governance: **Habermas$_2$ CSR**

Positivist CSR

- "Positivist": value free thesis, application of natural science methodology; also uncritical adaptation of economic ideology.

- The contemporary positivist framework of CSR leads to a merely instrumental interpretation of corporate responsibility (see, e.g., Jones, 1995) that fits perfectly into an economic theory of the firm (Margolis & Walsh, 2003).

- Its aim is to respond to others and not to build strategy on moral principles (Freeman & Gilbert, 1988). CSR as an additional success factor for the corporation, asking „Does it pay to be socially responsible?" That is, the corporation is opportunistic and has no intrinsic motivation (Dunfee & Fort, 2003).

- Separation of political and economic responsibilities: It is the role of the state to protect stakeholder interests (Sundaram & Inkpen, 2004).

  - See also the critique on "instrumental CSR" (Scherer & Palazzo, 2011)

Problem with Positivist CSR

- "What happens when attention to stakeholder interests yields results that diverge form the wealth maximization ambitions of its shareholders? (Margolis & Walsh, 2003)" (Scherer & Palazzo, 2007: 1100)

- What happens if the protection of human rights or the environment is detrimental to the long-term interest of the MNC?

→ **Within a positivist CSR one cannot move from "what is" to "what should be"**

Monological Postpositivist CSR

- Monological: Theorist assumes a position outside the social world and argues for universal principles or criteria to examine the moral status quo and justify an action (Goodpaster, 1998).

- Examples:

  – Social contracts theory (Donaldson & Dunfee, 1994): Framework for ethical conduct based on a contractual foundation of society.

  – Kantian duty ethics (Bowie, 1999): Framework for ethical business conduct based on Kant's three formulations of the categorical imperative.

  – Aristotelian virtue ethics (Solomon, 1993): Ethical behavior depends on the virtues of the individual. Business builds upon cooperation and ethical conduct, and is not solely driven by competition and profit-seeking.

Problems of Monological Postpositivist CSR

1. **Discursive deficiency:**
   A universal "view from nowhere" (Donaldson & Dunfee, 1999: 14) does not suffice because it implies an a-cultural and a-historical Archimedes' point under the conditions of pluralism of values and cultures. The normative validity of any norm can only be tested in a discursive process involving those people who should accept the norms.

2. **Pragmatic deficiency:**
   Focus on the link between management theory and moral philosophy lack a critical analysis of the underlying concept of society and its democratic institutions. Priority of philosophical theorizing to democratic practice has to be turned.

Example: The Cultural Construction of "Corruption"

Die Annahme von Geschenken ist im öffentlichen Dienst und zunehmend auch im privaten Sektor gesetzlich **untersagt**. Geschenke sind jedoch in bestimmten Kulturkreisen (z.B. in der arabischen Welt) **Ausdruck der Wertschätzung** der Geschäftsbeziehung und signalisieren den Respekt der Kultur des Geschäftspartners.

Discursive Postpositivist CSR: Postmodern and Postcolonial Management Theory

- Postmodernism: attacks any universal concept of reason. There is no ultimate frame of reference (e.g. truth, knowledge, business ethics etc.).

  - Rejects positivist theory for building upon established power relations.

  - Calls for more reflexivity and greater awareness of the culture and historically and culturally bounded nature of knowledge creation.

  - Postmodern management theory helps in analyzing power relations underlying prevalent discourses and established institutions.

→ **Problem:** Postmodern theory shows no way out of the criticized conditions. It is helpful for analysis but insufficient for solutions and the development of normative orientations.

Discursive Postpositivist CSR: Critical Strategy Research Based on Jürgen Habermas' Discourse Ethics (Habermas$_1$)

- Corporations need a reasonable orientation based on a critical assessment of the status quo and the provision of ethical orientations and principles.

- Guiding philosophical principle: Ideal discourse (Habermas) of all affected stakeholders independent from the power of the stakeholders

- Disagreement should be settled through rational argumentation under undistorted communicative conditions: "ideal speech situation" wherein "all internal or external coercion other than the force of the better argument" is ruled out (see Phillips, 2003: 112).

- The challenge is "to critically explore taken-for-granted assumptions and ideologies that freeze the contemporary social order. What seems to be natural then becomes the target of 'de-naturalization': that is, the questioning and opening up of what has become seen as given, unproblematic and natural" (Alvesson & Willmott, 1995).

Problem with Habermas[1]

Unlimited stakeholder discourse is **utopian**. It does not take into consideration the conditions of the market economy, the necessity to make a profit and remain competitive.

vs.

Conclusion: We Need to Rethink the Debate on CSR

1. A **pragmatic turn** that takes the direct practice of life as a starting point (Dewey, 1926).

2. A **priority of democracy** to philosophy due to the political challenges of current societal changes (Habermas, 1996a; Rorty, 1991).

3. A **normative theory** for the growing political activities of corporations (Walsh, 2005).

4. A **discursive concept of CSR** for pacifying normative conflicts and delivering legitimate solutions in a context of ongoing value fragmentation and cultural pluralization (Habermas, 1996a).

5. A **globalized concept** of political governance that builds upon a de-centered concept of authority and includes the emerging political power of originally non-political and non-state actors such as corporations and NGOs.

Deliberative Democracy and the Habermas$_2$ Approach to CSR (I)

- As firms are already engaged in political processes the challenge is to embed the corporation in democratic processes.

- Traditionally, the liberal concept of democracy is based on

  - (1) a strict separation of private and public spheres and

  - (2) an instrumental conception of politics: „the goal of politics is the optimal compromise between given, and irreducibly opposed, private interests" (Elster 1986, p. 103)

- In the post-national constellation due to the (1) fading of the boundary between private and public spheres and (2) the growing pluralism of values and life-styles we need a new concept of democratic politics that puts emphasis on the communicative processes: „rather than aggregating or filtering preferences, the political system should be set up with a view to changing them by public debate and confrontation" (Elster 1986, p. 112)

Deliberative Democracy and the Habermas$_2$ Approach to CSR (II)

- Theory of deliberative democracy (Habermas 1996a, 1998) provides a theoretical basis for conceptualizing a new and more appropriate approach to CSR, especially against the background of globalization.

- This approach does not aim at a utopian and revolutionary alternative to liberal market societies (as Habermas$_1$). Instead, it takes the imperatives of market competition and the price system as preconditions of coordination in modern societies, while domesticating economic pressures by means of democratic reform and control.

- Main assumption: It is necessary to make "the routines of bargaining, campaigning, voting, and other important political activities more public-spirited in both process and outcome" (Gutmann & Thompson, 2004: 56).

Exkurs: Politikverständnisse im Vergleich

	Liberal	Republikanisch	Deliberativ
Konzept des Staatsbürger	Negative Freiheiten: Kontrolle von Staatsgewalt. Schutz vor Staatsgewalt. Bürger als „Bourgeois"	Positive Freiheiten: aktive Beteiligung an einer gemeinsamen Willensbildung. Bürger als „Citoyen"	Integration der doppelten Rolle des Bourgeois und Citoyen.
Rechtsbegriff	Individuelle Abwehrrechte gegenüber Staat und Dritten.	Primat der objektiven Rechtsordnung.	Rechte verwirklichen und konstituieren sich in einer politischen Ordnung. Primacy of democracy to philosophy
Politische Willens-bildung	Kampf um Macht; Wettbewerb um Positionen.	Verständigungsorientierte öffentliche Kommunikation. Autorisierung durch den Prozess.	Interessenausgleich durch Konsens und Kompromiss; Verschränkung von Dialog und instrumenteller Politik.

vgl. Habermas, 1996b, S. 277-292

Deliberative Democracy and the Habermas$_2$ Approach to CSR (III)

- The market can not be insulated from democratic control and processes of self-determination (Habermas, 1996a; Gutmann & Thompson, 2004).

- Political decision-making "on the basis of dialogue and public justification accessible to all citizens" (Parker, 2002: 37), will lead to more informed and rational results, will increase the acceptability of the decisions, and will promote mutual respect (Fung, 2005; Gutmann & Thompson, 2004).

- Political co-responsibility describes a slow transition from voluntary, patriarchal, business-driven, and case-wise philanthropic acts to a long-term, politicized collaboration with governments and civil society actors.

The Forest Stewardship Council:
An Example of Deliberative CSR (I)

- In 1992 at the United Nations Conference on Environment and Development (UNCED) governments failed to develop shared standards for the protection of the world forests.

- The global governance gap then was addressed by a group of NGOs and corporations. In 1993 they founded the Forest Stewardship Council (FSC).

- Today, the organization includes a wide range of members interacting in a governance structure that aims at a broad level of equal participation and deliberation.

- It includes corporations such as IKEA, human rights activists, development aid agencies, indigenous peoples groups and environmental NGOs.

See http://www.fsc.org/ 19

The Forest Stewardship Council:
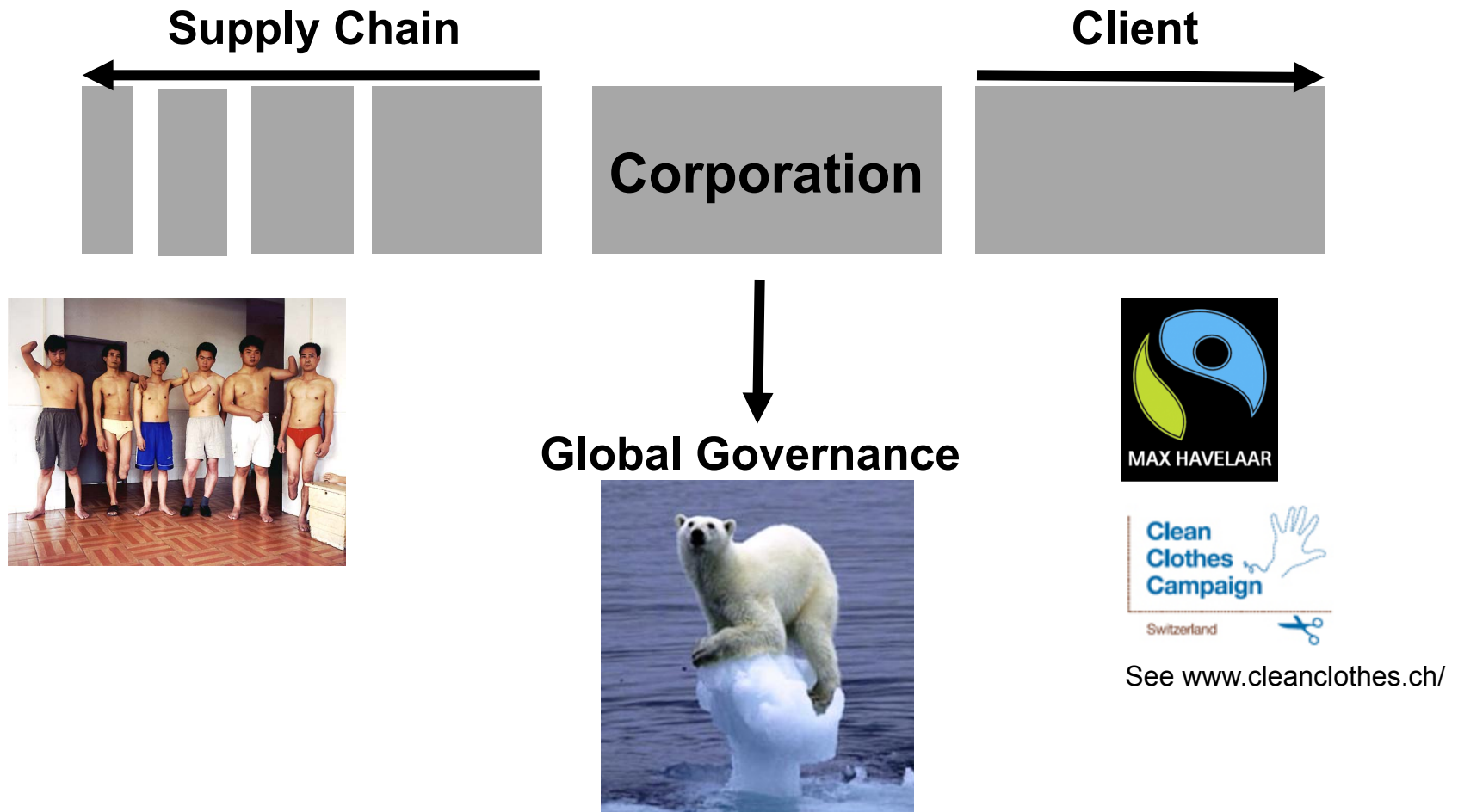# An Example of Deliberative CSR (II)

- The General Assembly as the highest decision-making body of the FSC is organized in three membership chambers, environmental, social and economic for balancing the voting power of its diverse members.

- The FSC has developed a certification for timber and timber products which is certified by independent bodies. The certification process itself contains rigorous standards and independent monitoring procedures which lead to a broad acceptance of the council among critical NGOs.

- The FSC represents a corporate move into the tackling of pressing societal problems by co-creating a new institution of political governance on the interface of global business and global civil society.

Summary: Towards a Habermas$_2$ Approach to CSR

1. We propose a **deliberative concept** of CSR (Habermas$_2$) that mirrors the discursive link between civil society and the state.

2. The deliberative concept aims at the **democratic integration** of the corporate use of power, especially in the transnational context of incomplete legal and moral regulation.

3. The focus shifts from analyzing corporate reactions to stakeholder pressure to an analysis of the corporation's role in the overarching **processes of** (national and transnational) **public will-formation** and their **contribution to the public good**.

Summary: The Political Expansion of CSR

Supply Chain   **Client**

Corporation

Global Governance

MAX HAVELAAR

Clean Clothes Campaign
Switzerland

See www.cleanclothes.ch/

Forschungsfragen/Diskussionsfrage

– Wie kann die Qualität öffentlicher Deliberation gewährleistet werden?

– Was tun bei einem "shitstorm" (Empörungswelle)?

   (vgl http://www.scilogs.de/wblogs/blog/sprachlog/sprachwandel/2012-02-13/and-the-winner-is-shitstorm)

– An welcher Stelle beginnt der politische Verantwortung von Unternehmen und Konsumenten? Wo endet diese?

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