

## **New Year, New Millennium, New Beginnings?**

So, a new year and, not long ago, a new millennium, have begun. Are we any further forward in corporate social responsibility terms?

I was reading the autobiography, published in 1789, of Olaudah Equiano, an Ibo tribesman who had been captured near his Nigerian village and sold into slavery as a child. Later in life, he went on to become a Freeman, a successful entrepreneur and a man of letters. There is a chilling statement, quoted in his book, taken from a pro-slavery pamphlet circulated widely in England at that time:

‘All our pretended reformers of the age...under a cloak of furious zeal in the cause of religion and liberty, do all they can to throw down those essential pillars, commerce, trade and navigation, upon which alone must depend their own enjoyment of any freedom.’

So the pamphleteer was maintaining that slavery was a necessary – and therefore justifiable – element of imperial and commercial success, on the basis that this was a vital ingredient in providing the British with their freedom.

When, at the time, this passage was quoted in a House of Commons speech by abolitionist leader William Wilberforce, “...far from arousing general reproach, a cry of assent was heard in several parts of the House”, records the editor of Equiano’s autobiography, Paul Edwards.

It thus appears that there was widespread support, just over two centuries ago, for the view that the purchase and use of slaves was not only acceptable but necessary to our commercial success – and thus to our own liberty.

What is most alarming about this is that, in the twenty-first century, we frequently hear similar arguments advanced as justification for the most alarming potential side-effects of today’s commercial enterprises. “OK,” the argument seems to go, “this may be causing global-scale social injustice, irreversible damage to the entire planet’s weather systems and possible elimination of our species, but it is our sole responsibility to maximise shareholder value. We must do whatever is necessary to achieve that single goal. Commercial undertakings are all about value; values are irrelevant.”

It’s as if a laser-like, myopic focus on One Big Idea blinds large groups of us to any extraneous consequences of our collective single-mindedness. At best this kind of worldview creates communities of obsessive train-spotters and the like: clubs whose members we gently deride but of whom we are often secretly quite fond. At worst, however, this sort of ‘group monomania’ gives rise to such abominations as the Holocaust and terrorist atrocities of the type we recently witnessed at the World Trade Center and in Madrid. People who, at home, are no doubt loving family members and conscientious, dutiful community members will, in some strange, schizoid manner, also commit acts of astonishing cruelty in the name of their One Big Idea.

Several years ago, at the end of a CSR workshop, one of the most senior members of a global banking corporation approached my colleague and said: "I have come to the realisation today that my decisions in the boardroom and my beliefs and espoused values as a practising Christian are often directly at odds with each other!" He went on to commission a major culture change initiative aimed at aligning organisational values with personal values within his company. (The beneficial effects – including financial ones – of that initiative are still resonating through the organisation to this day.)

I sometimes wonder how often our corporate leaders pause, as they prepare to vote on a proposal with potentially important long-term ecological and social consequences, to ponder the possible impacts on their grandchildren. Is the loving, patient, dedicated grandfather who enjoys a happy Sunday lunch with his extended family the same person who assented in the boardroom to the annihilation of large tracts of foreign forest on Friday afternoon? Freud once defined self-deception as knowledge and ignorance of the same thing at the same time. I believe we all have a greater capacity for self-deception than is generally acknowledged (in other words, we even deceive ourselves as to our levels of self-deception!). Would that boardroom decision be the same if the CEO knew that it would help to create a world in which those grandchildren may not be able to play outdoors for fear of skin cancer, or breastfeed their own babies for fear of passing on high-concentration, life-threatening persistent organic pollutants?

Frequently, when the outcomes of our decisions today are less than clearly defined, activists advocate the precautionary principle: "Err on the safe side because compelling evidence suggests the consequences may be very bad indeed." Business leaders have often retreated to the more absolutist position: "It hasn't been proven that these deleterious outcomes will ensue, so we will proceed with our proposed approach, on the assumption that it is, in fact, safe to do so." I suggest that, if these leaders were consistent in this belief in their personal as well as their professional lives, they would never take out any kind of insurance: "If you can't prove that my house is going to burn down this year, I won't insure against it!" Yet this is a group which is clearly shown, by the premiums paid and hedges negotiated, to be among the most risk-averse of all of us. Could this be another example of an underlying schizoid problem?

A recent article in *The Economist* (January 24<sup>th</sup>-30<sup>th</sup> 2004) comments on CSR as follows:

"Is this [CSR] a good thing? Possibly not. From an ethical point of view, the problem with conscientious (as opposed to fake) CSR is obvious: it is philanthropy at other people's expense. As a rule, so far as public companies are concerned, managers do not own the firms they work for. They are entrusted with the care of assets belonging to others, the firm's shareholders. Supporting good causes out of their own generous salaries, bonuses, deferred compensation, options packages and incentive schemes would be admirable; doing it out of income that would otherwise be paid to shareholders is a more dubious proposition. Anyway, is it really for managers and NGOs to decide social-policy

priorities amongst themselves? In a democracy that is a job for voters and elected politicians.

Advocates of CSR typically respond that this misses the point: corporate virtue is good for profits. And so it may be, on occasion. The trouble is, CSR that pays dividends, so to speak, is unlikely to impress the people whose complaints first put CSR on the board's agenda. So there is a dilemma. Profit-maximising CSR does not silence the critics, which was the original aim; CSR that is not profit-maximising might silence the critics but is, in fact, unethical."

There are a number of rather puzzling points emerging from this piece. One is that the writer appears to assume that any CSR programme which has a beneficial effect on profits will fail to satisfy corporate critics. This suggests that these critics are unanimously anti-prosperity, which is patently not true.

What seems oddest of all, however, is the view that there is no role for the private sector in determining the public good. The two areas are inextricably linked. To suggest that social issues are entirely the domain of voters and politicians is to perpetuate the schizoid divide mentioned above. Most company employees are also voters. Surely business leaders cannot be expected to deliberate on their voting preferences only in private and then to become non-political upon entering the office?

When a company's board decides that it will downsize in the interests of profits and shareholder value, it frequently leads to the impoverishment of those communities from which the workforce had been drawn. The consequences often include chronic unemployment, community unrest and disruption, increased alcohol and drug abuse, domestic violence and other social problems. The combined cost of dealing with these challenges – mainly in police, social services and health provision – can easily exceed the improvement in profits enjoyed by the company. The difference is that the tab is picked up by the taxpayer. Increasing prosperity through improvement in profitability is a fine thing. Doing so not by solving problems but by shifting the burden of them, however, is no better – and no less culpable – than my boosting my household finances by stealthily wiring my mains electricity system into my next-door neighbour's garage.

This type of externalisation of true costs is alarmingly widespread, yet very little acknowledged. It relies, for its "success" and survival, on the very same kind of self-deception we have discussed in this paper – or at least I hope it does, since the only alternative interpretation requires that it is done in a conscious, deliberate and therefore cynical way. And it doesn't only occur in the movement of a cost burden from the private to the public sector. Increasingly we are discovering ways in which our costs are externalised geographically, often by exporting our problems to those who already have more than their fair share of troubles.

Imagine the scene: a wealthy group of countries offers, in all good faith, to help a poor country to establish itself in the global food industry, thereby

increasing the poor country's Gross Domestic Product and its overall prosperity as a nation. Financiers arrange for a study to be conducted; it demonstrates conclusively that the poor country needs to replace its traditional agricultural techniques with a cash crop economy. The poor country does this. What we then find is that thousands of communities and small farms, which once relied upon time-tested traditions to make the most of local conditions to produce all the building materials, food and fuel they required are now no longer able to do so. Instead, they are tied into a system which requires that they sacrifice their freedom and independence to spend all their waking hours working in the fields of large agribusiness concerns in order to produce enough cash crop to make the interest payments on the loans that were incurred in order to set up the monocrop systems in the first place. It all sounds spookily familiar – isn't that what slavery is like?

Perhaps we haven't evolved very far in terms of corporate social responsibility. Maybe it's time to move beyond our current One Big Idea mindset, into a more sophisticated way of being in which one's public and private personae, one's personal and professional lives, are reconciled.

Then we may have a future.

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