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TITLE

Introduction: the emergence of the corporate responsibility movement (*excerpt*)

AUTHOR(S)

Jem Bendell

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Aizlewood's Mill, Nursery Street, Sheffield S3 8GG, UK

Tel: +44 (0)114 282 3475 Fax: +44 (0)114 282 3476

info@greenleaf-publishing.com <http://www.greenleaf-publishing.com>



Introduction

The emergence of the corporate responsibility movement

Jem Bendell

Involved for a change

Rolling onto my back, I lay my head on a rucksack, staring into the night sky. The tarmac still pushes up through my sleeping bag, but somehow it feels more comfortable this way. I think of the few times I have slept out in the open, in fields after parties, or on beaches while travelling—times when I could revel in the sense of floating through the immensity of space, secured on the edge of a cosmic plan, or comic fluke, called planet Earth. But tonight I can't drift away with thoughts of the infinite expanse of space. Police helicopters hover above, their cones of light traversing the car park like manic stilts. Dreaming is not permitted. It's the G8 Summit in Genoa, 2001. I stretch my neck. My face feels sticky with the residue of vinegar I was told would help me during tear-gas attacks. Are we being searched for or spotlighted, I wonder? If they shine their lights on us for long enough, perhaps they'll discover what they're looking for? Perhaps we're all here to discover what we're looking for—something different, something possible? I can't sleep and turn to Rik, a guy I met on the streets during the day. 'D'you want to hear my poem?' he asks. 'Yeah, why not . . . ?'

Possessed by possessions
Lord and Master of all we owe
Belonging to belongings
It's a disaster, I know

Chained to the mundane
Our reference frame is physical
Every day the same old same
Nothing metaphysical

And if God's not dead
He must be mad
Or blind
Or deaf and dumb
Or bad
Still smarting over Christ, perhaps
The way the people have been had

But in our defence
 I'd like to say
 We nearly chose the proper path
 But lost the plot along the way
 You've got to laugh

It's not our fault
 It's just the toys we made
 Made such a lovely noise
 And girls and boys
 Are high and dry
 Time to bid
 All this
 Goodbye.

Rik Strong's *The Sermon*, which he recited to me as we 'bedded' down in a car park during the demonstrations at the G8 Summit in Genoa, July 2001, captured the emotion that drove many of us to act in what was sometimes called an 'anti-globalisation' movement by the mass media, and came to be known by many activists as the global justice movement (Korten 2006). It was a feeling of something going wrong. The modern Western world didn't relate to how we felt inside. Publicly people didn't seem to care for each other, yet we knew that deep down they must do—surely? For us there had to be more to us than working, shopping and looking out for Number One.

I was protesting in Genoa as part of The Brighton Collective—an eclectic gathering from all walks of life in Brighton, England, with various political affiliations or none. It was one of many grassroots initiatives aimed at engaging the general public about the global economic causes of the various social and environmental issues faced locally, and abroad, and helping them to campaign around meetings of international organisations.

The same year I was dodging both aggressive protesters and police, I started writing a regular review of corporate responsibility issues and initiatives, five years of which are compiled in this volume. I had been working as a corporate responsibility consultant and researcher, which involved advising on matters such as how to conduct voluntary assessments of the social and environmental performance of a company's supply chain. Terms such as 'sustainable business', 'corporate social responsibility' and 'corporate citizenship' had become popular for describing the integration of social, environmental and economic considerations into the decision-making structures and processes of business. A contemporary view of corporate responsibility had emerged as not only involving diligent compliance with national law but also aspiring to meet international standards and the expectations of society. More managers understood the importance of engaging stakeholders to more effectively manage potential corporate risks, build trust within society, stimulate innovation, and enable new business models or reach new markets. Some already understood that, ultimately, being responsible involves innovating products and business processes to provide solutions to social and environmental challenges.

Jumping between barricades and boardrooms might seem schizophrenic. Or perhaps just a manifestation of an 'opposable mind' capable of holding different world-views at the same time (Martin 2007). But I didn't see such a difference: I was experimenting with ways to play a role in helping transform economic life to make it

more supportive of . . . well . . . all life. On the one hand, work on corporate responsibility could help alleviate certain problems, and grassroots mobilisation could help maintain attention on the bigger picture. Some others I met at the time had a similar view. For instance, a number of the protesters I met at the first Global Day of Action during the G7 in Birmingham, in 1998, now work on corporate responsibility or responsible finance.

I hoped there would be a coming-together of the different fields of corporate responsibility work with a more fundamental understanding of the limits of current processes of corporate and financial globalisation. The goal is that by being citizens not only at a ballot box, but also at work and in the high street, private enterprise can deliver public ends more effectively than relying on the sum of the narrow self-interests of consumers, investors or employees. As that is a comprehensive agenda, many sections in the World Reviews dealt with trade regulation, global governance and the need to reform global finance to make it more supportive of socially and environmentally responsible enterprise. In the thematic index that we have prepared to help you navigate this volume, these sections appear under the topics of 'Political involvement' and 'Responsible investment'. This explicitly normative approach to analysis is not always how academics or business writers approach things—which, in fact, is why I kept going at it. Because, as I will argue in this introduction, corporate responsibility practitioners urgently require support in understanding how their work is evolving and can achieve greater social change while benefiting their own organisation. I will argue that they are part of a social movement that has been largely overlooked by social movements theorists, organisation theorists and specialists in corporate responsibility research. I argue there is a role for intellectuals to help inform and therefore co-create critical practice. I map out some implications for research, practice and policy that come from applying a social movement lens to what is occurring today with the contemporary corporation and its systems of financing.

A key shift that was consolidated during the five years overviewed in this volume is the change in the way many business people relate to the social and environmental performance of their companies. In the not-so-distant past, there were few executives who would accept responsibility for the social and environmental impacts of their companies beyond legal compliance, or for the impacts of their suppliers or customers, or accept that those affected by their value chain should have some say over the social and environmental performance of that chain. This changed for many industries in many parts of the world. Over half of the *Fortune* Global 500 transnational corporations produce a separate corporate responsibility report annually (Williams 2004), and most have senior executives with responsibility for social and environmental performance (*Economist* 2005).

Many commentators describe these changes as a response to various social movements and the protests they have directed at companies (Murphy and Bendell 1997; Bendell 2000; Starr 2000). However, any view of the contemporary rise of corporate responsibility as solely a professional response to external social movements is challenged by the discourse of the professionals themselves. Increasingly they speak of themselves as part of a 'corporate responsibility movement'. The Vice President of Corporate Responsibility at the clothing and sportswear firm Nike often uses this very term and speaks like a social activist when describing how her company is 'blurring the edges of what corporate social responsibility is . . . looking at business models as a

force for massive social change' (Jones 2007). The founder of the Global Reporting Initiative, Allen White, explains his latest work is intended to 'build . . . a vanguard for change . . . to form the beginnings of a movement that will commit in fairly concrete ways to change. And we want that movement to involve business . . .' (White 2007). 'The corporate social responsibility movement is picking up steam . . .', reported the *CFO* magazine (Teach 2005), while the former UN Secretary-General said, 'there is a pressing need to sustain the momentum of the corporate responsibility movement' (Annan 2006). At the time of going to print, the phrase 'corporate responsibility movement' produced over 4,000 hits on Google, the phrase 'corporate social responsibility movement' 6,000 hits and 'CSR movement' 14,000. The 'global justice movement', a widely used term by social movements analysts today, produced 44,000 hits. This means that, on the English-language Internet, corporate responsibility is half as prominent a movement as the global justice movement, so should warrant at least some attention in those terms—as a movement.

'Social movement' is defined in *Encyclopaedia Britannica* (2003) as a 'loosely organized but sustained campaign in support of a social goal, typically either the implementation or the prevention of a change in society's structure or values'. I will assert that, by using a social movement lens to look at corporate responsibility work, important issues come into sharper focus, such as the goals pursued and the identities involved. I argue that during the five years reviewed in this book, we witnessed the emergence of the corporate responsibility movement as a loosely organised but sustained effort by individuals both inside and outside the private sector, who seek to use or change specific corporate practices, whole corporations, or entire systems of corporate activity, in accordance with their personal commitment to public goals and the expectations of wider society. Moreover, I argue this movement is working in diverse ways on a common agenda to democratise economic activity and conclude by offering a conceptual framework for an overarching goal of 'capital democracy' to help inform both movement adherents and analysts.

We end the chronicling of events and trends in corporate responsibility at 2005, as that year marked ten years of the contemporary phase of corporate responsibility. As the prolific Toby Webb (2005: 1) wrote, in *Ethical Corporation* magazine, 'the ten-year mark for modern corporate responsibility seems an opportune moment to reflect on how far the movement has progressed'. It compelled us at Lifeworth to offer a synopsis of the scale of the challenge confronting corporate responsibility practitioners, in the Lifeworth Annual Review of 2005, called *Serving Systemic Transformations*. We called for more work on the systems around the corporation, particularly global finance. We echoed the analysis that led me to the streets of Birmingham and Genoa, and which I explained in my last book, *Terms for Endearment*:

[Since the end of the Cold War we have witnessed] the unveiling of a form of hypercapitalism where trillions of dollars are switched around the world in a day, where companies that have never turned a profit are worth billions, and where the future of corporations is decided by a handful of investment managers who are primarily interested in short-term share price. The collective opinion of these investment managers is the compass from which the courses of corporations are set, and in turn the course of governments seeking the favour of investors. Hypercapitalism is spiralling out of control, becoming disconnected from the people living in its midst (Bendell 2000: 240).

As a credit crisis gripped financial markets, this situation was critiqued as ‘super-capitalism’ by Robert Reich (2007). I would not exactly call it ‘super’, but the increasingly mainstream critique of global finance and calls for fundamental reform during 2008 echoed the calls of corporate responsibility practitioners, since the Enron collapse six years earlier, for a more coherent approach to fostering economic democracy. That is an economy that supports people’s self-actualisation, rather than subjugating them to the insatiable logic of compound interest (Kelly 2001). John Elkington and Mark Lee (2006) from the leading corporate responsibility consultancy SustainAbility argue, ‘in its current incarnation, the movement is simply not equal to global challenges like poverty and climate change’. Reflecting on the future of the corporate responsibility movement, the editor of *Business Ethics* magazine, Marjorie Kelly, wrote that ‘if we wish to stop being beside the point . . . we would do well to focus on democratizing structures of power. That means imagining, and then creating, economic democracy’ (Kelly 2002). In concluding I will imagine what an economic democracy agenda could mean as the goal of a corporate responsibility movement that is awakening to its shared identity and common purpose.

The context in 2001

Over the past decade theories in both organisational studies and social movements have increasingly focused on the broader economic, social and political contexts within which organisations and movements emerge (McAdam and Scott 2005). The reviews in this volume similarly chronicle a widening of focus by practitioners towards the contexts around individual companies, such as regulations, consumer awareness and investment practices. Because context matters, and it is important to recall some economic and political, as well as social and environmental, contexts surrounding the actors and organisations discussed in this volume. It was an awareness of this context that motivated many of the people working on corporate responsibility to do so, and it is the nature and scale of challenges found in this context that provide a yardstick with which to judge the significance of the activities we review.

The events on 11 September 2001 changed the global political scene. Yet more children died of diarrhoea on that fateful day than the people who died in the terrorist attacks. The same number of children died the day after, and the day after that, and so on. In the years prior to the beginning of the period chronicled in this volume, many people were becoming aware of the unnecessary nature of much of this suffering. For instance, a British NGO reported that 19,000 children were dying every day because their governments were ordered by the International Monetary Fund (IMF) to cut spending on health and basic services in order to pay back debts they had no control over (Christian Aid 1999). Then there were the one billion people struggling to survive on less than a dollar a day while their traditional means of providing for themselves through fishing or farming were undermined as time and time again their resources were expropriated by others to feed the global market (Madeley 1999). Their homelands were seen as a source of cheap products for the global North, rather than a place of diverse knowledge and wisdom. Indigenous cultures were being wiped out, along with their knowledge of flora and fauna and perspectives on the human condi-

tion. The United Nations Environment Programme (UNEP) reported that in 2001 half the world's languages were in danger of immediate extinction, so oral traditions would be lost forever (World Monitors 2001). This was an extreme example of the increasing 'consumerisation' of cultures around the world, as Western television beamed images of a consumer utopia into millions of homes, helping create demand for those consumer goods that symbolised a Western lifestyle (Saddar 2000).

Many people had their own personal experience of this situation. For instance, I began writing the first review in this volume from a hut on a beach in Nicaragua. I was there to visit a project I had set up with Marina Prieto for promoting women workers' ability to use voluntary codes to improve their situation in factories and plantations. The 12-year-old boy next to where I was staying, who couldn't read, didn't go to school and could only watch TV in the village shop, stole my one pair of Nike socks from the washing line and proudly wore them around the village. There were other socks to choose from. To me this suggested the incredible power of these symbols of fairytale lifestyles. Another family I stayed with were quite poor but had cable TV for years, installed cheaply soon after a pro-US government was elected in 1990. When I talked to the father about what he wanted for the future, he nodded towards the TV and said 'to provide a better life—more consumer goods'. He had not heard of the problems in the West with regard to pollution, insecurity and affluent diseases such as heart disease and cancer. How would he? Such things didn't feature in Hollywood films or the adverts that punctuated them.

Meanwhile, increasing numbers of people faced environmental catastrophe because of the effects of a century of growing consumerism and industrial production. Freak weather episodes were becoming more common and more devastating, such as the 1998 Hurricane Mitch in Central America, which killed approximately 20,000 people, and the 1999 floods in Venezuela which killed still greater, though precisely unknown, numbers. For the people left to rebuild their lives, climate change wasn't a theory anymore. At the time Al Gore had only just ended an eight-year term as US vice president, but his government had done little to reduce dependence on hydrocarbons, and all our societies were continuing to increase the rates of deforestation and air and water pollution (Brown 2000). With Gore spuriously defeated in the US election, the new administration set aside the country's international agreement to do something positive about carbon emissions, because their oil company sponsors worried they might lose profits (see 'Earth Summit preparations' on page 72). Meanwhile, extinctions of flora and fauna continued apace, with biologists estimating that half of all life on Earth was at threat from extinction, because of the actions of humankind (Brown 2000). Environmental pollution had already been shown to undermine our health: as you read this you have at least 500 more chemicals circulating in your body than someone living in the 1920s would have had, and these increase your risk of allergy, infection, infertility and cancer (Colborn *et al.* 1997). In the world's industrialised countries, high levels of unemployment, falling real wages and the increasing use of short-term contracts were creating a climate of stress and insecurity for many (e.g. myself, mother, father and some of my friends). The more extreme symptoms of this malaise could be found in growing violent crime rates around the world and increased levels of armed conflict within states (UNDP 1994).

Why didn't people do something sooner? The fact that 40% of all media were controlled by five transnational corporations might have had something to do with it

(Simms *et al.* 2000). It didn't often pay to talk like this: it wouldn't help sell stuff (Ainger 2001; Chomsky 1992).¹ Moreover, the political process in most countries was captured, to a greater or lesser degree, by corporate interests. By the early 1990s academics had started writing about 'the stateless corporation in which people, assets, and transactions move freely across international borders' (Snow *et al.* 1992: 8). Governments were subject to a discursive discipline, as all their domestic policies had to respond to the overriding imperative of appearing attractive to international corporations and the financial markets (Strange 1996). Those financial markets were shifting trillions of dollars around the world in currency speculation every day (Simms *et al.* 2000). Thus the global economy was shaping state monetary and fiscal policy (Andrews and Willett 1997) and imposing a logic on governments to cut corporate taxes and weaken, or not enforce, social or environmental laws (Madeley 1999; Newell and Paterson 1998; WWF 1999).

The sacred cow of international relations theory—national sovereignty—was now being put to slaughter by a range of commentators (Agnew 1994; Boyer and Drache 1996; Camilleri and Falk 1992; Cox 1997; Rosenau 1997). So, by 2001, mainstream non-fiction was speaking of life in a 'Captive State' (Monbiot 2001) after 'The Silent Takeover' (Hertz 2001) of society by corporations. Some months after the US presidency was handed to George W. Bush by partisan judges, former US Labor Secretary Robert Reich (2001) wrote in the *New York Times* that business was 'in complete control of the machinery of government. The House, the Senate and the White House are all run by business-friendly Republicans who are deeply indebted to American business for their electoral victories.' Questionable state regulation of the oil company Enron, and firms providing fraudulent accounting and auditing services, compounded this perspective (see 'Enron's new clothes' on page 106).

No wonder, then, that the politicians' rhetoric didn't match the reality. They talked of 'free trade' while their liberalising and privatising policies had produced a world where trade was managed by a few transnational corporations.² One-third of world trade occurred between factories and offices of such corporations (ILO 2000: 8). In consumer durables the top five controlled 70% of the world market. Microsoft had over 90% of the market for computer operating system software (Simms *et al.* 2000). These were massive centrally planned economies, soviet-style corporate states that dictated what would be 'needed' and how, by whom and for how much these things would be made. Although our socioeconomic lives were governed by these corporations, most people still thought they lived in a democracy—perhaps because many of us were beginning to forget what democracy really meant.

'This is what democracy looks like' read a banner at the anti-WTO (World Trade Organisation) protest in Seattle in November 1999. Unfortunately, most protesters started talking about globalisation more than democracy. Journalists helped confuse everyone by suggesting 'globalisation' was a byword for free-market capitalism (Friedman 1999), or corporate takeover (Pilger 2001) and that campaigners were therefore 'anti-globalisation'. Globalisation had merely meant the stretching of social relations across time and space facilitated by technological advance (Giddens 1990). Most academics had referred to it in terms of the reducing cost of communication and transport, for some people and groups, which meant their activities could be coordinated around world (Held *et al.* 1999). It just so happened that, first and foremost, those people and groups were capitalists and corporations, who were actively globalising West-

ern consumer culture. The globalisation of resistance, of alternatives, of solidarity, of community, of consciousness, and therefore respect and appreciation of diversity, was only getting started (Keck and Sikkink 1998).

Important issues nestling within the ambiguity of the term ‘globalisation’ were the nature and regulation of global capitalism, the spread of consumerism and, although not often talked about at the time, patriarchy. The environmental degradation and social dislocation we faced was a direct result of the policy paradigm that dominated political discourse in most of the world’s nations. There were two pillars upholding this policy paradigm. The first pillar was the idea that increasing the production, consumption and amount of money changing hands in an economy was intrinsically good for society. This was sometimes called consumerism. The second pillar was the notion that international trade helped in this expansion and that it could best be advanced by deregulating economic activity. This was sometimes called neoliberalism. Both personal experience and academic research suggested that these pillars were made of sand and that we needed to reassess what really benefited people—yet most business, the media and politicians were largely carrying on regardless.³ As David Korten, noted:

The continued quest for economic growth as the organizing principle of public policy is accelerating the breakdown of the ecosystem’s regenerative capacities and the social fabric that sustains human community; at the same time, it is intensifying the competition for resources between rich and poor—a competition that the poor invariably lose (1995: 11).

The growth imperative was a natural by-product of a system where money was lent into society with interest attached—hence the economy must expand. This growth imperative was increased by the flotation of companies on stock markets around the world so that directors had to strive to outperform each other in generating profits, or generating the appearance that they would generate future profits. This form of shareholder capitalism, dubbed ‘savage capitalism’ by Zapatista rebels, or ‘hypercapitalism’ in my last book, was spiralling out of control, becoming disconnected from the people living in its midst. This disconnection heightened the negative social and environmental consequences of the growth paradigm, as former Reagan adviser Jeff Gates noted:

Lacking a reliable human-based signaling system for identifying investments that have damaging, even transgenerative effects, today’s capitalism—indifferent, remote and numbers driven—continues to direct resources into projects that endanger our planetary resources (1998: xxv).

As mentioned above, the checks and balances on the growth paradigm that might have come from government were withering away. Instead, we had a global monarchy of money, where capital was bestowed with the divine right to govern our lives: ‘Thy Kingdom Company, Thy Will be Done, on Earth as it is in Seven Eleven’. You didn’t really count as a human being unless you were a human buying; or at least that is how it seemed for many HIV/AIDS sufferers. It took a huge campaign to stop pharmaceutical corporations from blocking attempts at providing medicinal drugs to people too poor to afford their patented products. New-born babies were contracting HIV from their mothers because of the ‘rights’ of some transnational corporations, which held 97% of patents worldwide, a situation that I covered in one of the first reviews (see ‘Patients pending?’ on page 61).

Many of the people I met in Europe and the US did not have much personal experience of these problems, but felt in some way responsible for suffering within a global community. What also drove them was a concern with the way all aspects of economic, political, social and cultural life were becoming sanitised, packaged and sold. As if we had to consume life, not live it. Why have local live music when you can play a CD? Why make friends when you can watch *Friends* on TV? We were possessed by possessions, belonging to belongings.

Different aspects of these problems, probable causes and personal emotions were held by people who were acting in the events described in the following pages. We will return to discuss the extent to which their efforts have been useful towards the end of this introduction, but first the dynamics of how this context inspired actions and institutions on corporate responsibility require some unpacking.