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Editorial

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Landmarks in the history of corporate citizenship: 'a slippery slope'

> LADIES AND GENTLEMEN, THE company has had another excellent year. Profits have again been below those of our major competitors as a result of our heavy investment in research and development and in enhancing the skills of our workforce at all levels. But it is precisely these elements which, though reducing our immediate profits, have led to market confidence in our reputation and long-term strength—a confidence reflected in our share price which has consistently outperformed our chief rivals.[1]

This quote comes from an after-dinner speech made by Sir Geoffrey Chandler in 1999 at a corporate citizenship conference at Warwick Business School in the UK and close to the birth of the *Journal of Corporate Citizenship*. His speech was as if he were addressing the annual general meeting of X plc in May 2005, six years on. Today, ten years on, in the midst of a major global discussion concerning the future of capitalism, his words could not have been more prescient. There is now an annual Sir Geoffrey Chandler memorial lecture in London on business and human rights to celebrate his pioneering work on Shell's business principles and also his inspiration in setting up Amnesty International's business and human rights group which he chaired from 1999 to 2007, when it was disbanded on the grounds that its 'pioneering work had been completed'. In this edition Sir Geoffrey, who remains a constantly incisively analytical and critical friend of business, writes of the history of that group and its travails and progress in 'The Amnesty International UK Business Group: Putting Human Rights on the Corporate Agenda'. I wonder if, in the light of the growth of state-owned enterprises in emerging economies and the nationalisation of many banks around the world, we can provoke him to think now in 2009 about 'the privatisation of the world economy' that took place under Reagan and Thatcher and the rejuvenation of the state as a necessary provider of social stability in the face of the market's inability to self-correct? Alan Greenspan has told us that the 30-year experiment in increasing mar-

1 G. Chandler, 'Annual General Meeting of X plc, May 2005: The Chairman's Speech—A Vision', in M. McIntosh (ed.), *Visions of Ethical Business 1* (London: FT Management/PricewaterhouseCoopers/CEP, 1999).

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ket self-regulation has failed, and Jack Welch has told us that a sole focus on shareholder value was 'the dumbest idea', so perhaps now we can get back to intelligently redesigning global capitalism and embedding CSR in incorporation procedures. As John Ruggie did not say, 'How about embedded corporate citizenship?'

This is not a definitive history of corporate citizenship but for anyone interested in the who, what, why and how of this subject there are some very significant papers which may become definitive for scholars and reflective practitioners. Just as many people cannot imagine a world without mobile telephony and the Internet, and seem not to care or wonder how we got here, so too it is forgotten that much that is now taken for granted in terms of corporate reporting and accountability has been, and still is, the result of a hard struggle. As Chandler reflects, in 1992, when the Amnesty International Business Group asked UK-based TNCs (transnational corporations) to comment on the role of business in human rights, the Chairman of BP replied: 'I am afraid you are asking me stand at the top of a very slippery slope.'

Has the 'slippery slope' become an avalanche? Ralf Barkemeyer and colleagues write in 'What the Papers Say: Trends in Sustainability' that some terminology is now mainstream—'sustainable development' and 'corporate social responsibility', for example—while 'corporate citizenship' and 'corporate sustainability' are not common. Their analysis looked at 20.5 million articles in 340,000 papers in 39 countries in many languages from 1990 to 2008. This is a very useful piece of analysis for this edition on landmarks which now needs to be built on to see whether the continual use of these terms increases their understanding and application!

Is corporate responsibility a social movement? Many, including this editor, would argue that it is and that as it gathers momentum it becomes a much wider social movement of concerned global citizens whose interest is in broadly humanising the globalisation process so that the pillars of social and environmental practice are as well placed and sturdy as the pillars of commerce. As we saw in 2008, when the pillars made of cash collapse it brings down the whole temple and ruins the lives of millions of people going about the daily business of surviving, regenerating, sharing and caring. The human security agenda of 'freedom from want and freedom from fear' is surely at the heart of the corporate responsibility movement.

In this edition Sandra Waddock recognises a range of Western social activists who have driven corporate social responsibility onto the mainstream agenda, as witnessed by Barkemeyer *et al*. Her list of 'difference makers' is not definitive (for instance, it does not include Sir Geoffrey Chandler or Oded Grajew, Founder and President of the Ethos Institute in Brazil) but it is immensely useful for anyone wanting to understand how individuals make a crowd move—as is her book, *The Difference Makers*, on the same subject.[2]

It is interesting that the recent *Oxford Handbook of Corporate Social Responsibility* remains largely silent on the 24 'difference makers' (Waddock's 23 plus her!) and only makes one passing reference to as seminal a figure as John Elkington and the 'triple bottom line'; so what sort of handbook is it, or is it the case that the 'social movement' is not recognised by academic theorists detached from the reality of modern life on which they belatedly feed? Also, the *Oxford Handbook* refers to Chandler, A.D. (1962) but not Chandler, G. at all—a strange omission given that Chandler, G. wrote Shell's General Business Principles in 1967 and later led the UK Amnesty International Business Group for many years.

Let's mention some of Waddock's list of social activists as is appropriate in an issue of *JCC* on (recent) landmarks: Alice Tepper Marlin, Steve Lydenberg, John Elkington,

2 S. Waddock, *The Difference Makers: How Social and Institutional Entrepreneurs Created the Corporate Responsibility Movement* (Greenleaf Publishing, 2008; www.greenleaf-publishing.com/differencemakers).

Simon Zadek, John Ruggie and Georg Kell, Bob Massie, Allen White, Steve Waddell, Jane Nelson and Marjorie Kelly. *JCC* has published almost all of these people in previous editions and in this edition Steve Lydenberg, Allen White and Marjorie Kelly appear.

In 'From Corporate Responsibility to Corporate Design: Rethinking the Purpose of the Corporation' Allen White and Marjorie Kelly say that CSR (corporate social responsibility) was conceived just two decades ago, perhaps forgetting Robert Owen, the Quaker companies of many, many decades ago and Tata of India who go way back. They argue that the dominant ethos of the modern company 'retains a focus on short-term benefit to "owners", regardless of how remote, passive or transient they may be' and they claim that the various new initiatives on corporate conduct, including the UN Global Compact, fail to address the issue of 'purpose'. They call for corporate redesign, as they set out their model of Corporation 20/20, as corporations are currently failing to serve the needs of modern society.

Moving to the future, and building on the past, three papers in this edition take the debate further. In 'Mainstream or Daydream: The Future for Responsible Investing' Steve Lydenberg and Graham Sinclair make reference to the mainstreaming of the CSR discourse in the same vein as Ralf Barkemeyer and colleagues. Lydenberg points out that corporate executives who make reference to CSR are no longer thought of as eccentric but are still bound and obsessed by short-termism. The key is in their conclusion: 'The promise [ESG and the CSR movement offer] is a means of harnessing the creative powers of for-profit corporations in ways that complement, not undercut, government's ability to create public goods'.

According to Rory Sullivan and Stephanie Pfeifer the EU Emission Trading Scheme is one of the 'critical landmarks in the history of corporate responsibility' because it forces investors to turn their attention from the very short term to the immediate danger and long-term absolute calamity of climate change. They argue in 'Moving the Capital Markets' that this mechanism is driving change but that there are three 'substantial barriers': short-term interests still beating long-term focus for attention; a lack of policy certainty by governments so that business is unclear about future trends; and inadequate corporate disclosure hampering the real assessment of risk and opportunity.

Finally, a case study about the future, in a contentious area for the reflective practitioners and scholars who read *JCC*, on HP, the IT industry and BoP (bottom of the pyramid). The marketisation of the poorest in our communities is either one of the greatest gifts of the market to humankind or the most appalling manipulation of the most vulnerable people on Earth, according to which way you think about the 'bottom of the pyramid' hypothesis. The arguments seem to be around whether BoP empowers or enslaves those that it captures. It may be that an e-Inclusion initiative such as that described by Anke Schwittay in 'Taking Prahalad High-Tech' empowers and delivers social mobility in a way that micro-finance and repackaging soap sometimes may not.

But, as the papers in this special edition of the *Journal of Corporate Citizenship* attest, there are many in boardrooms who now know that 'the slippery slope' can lead (to paraphrase Sir Geoffrey Chandler) to market confidence in reputation and long-term strength—a confidence reflected in the share price which can out-perform rivals. Now we need again to address the issue of 'the role, scope and purpose' of the company in society.

It has been postulated that 'CSR is dead'. In one sense this is true because many of those banks awarded good corporate citizenship prizes over the last ten years and more have proved to be lacking in any principles other than greed and fraud. On the other hand, much of what the corporate citizenship movement has been arguing has come true: that greater accountability and transparency is needed, particularly when trust evaporates. But

emerging is a wholly new agenda based on the fourth revolution that is sustainability. After the revolutions of agriculture, industrialisation and information comes the revolution that may enable humans to continue to live on planet Earth. This means all individuals and organs of society adapting to the new sustainable enterprise economy. We have been here for millions of years but in just 200 years we have very successfully conquered the planet and in so doing challenged our own survival. The new agenda for corporate citizenship is the same for individuals and governments: how shall we all live on one planet? All our systems need to be geared to cutting population, to being energy-efficient, to conserving water, and to building safe, fair communities. We know enough now about social democracy, that equal societies are also less violent, more socially cohesive and have lower levels of mental illness. The Scandinavians, Japan, New Zealand and to some extent Australia have won the battle of ideas—if they can curb their energy use. As John Maynard Keynes said in 1933, we now need to focus on well-being growth, not just economic growth.

Finally, I am absolutely delighted that for the next three years David Cooperrider and Ron Fry will be the new General Editors of the *Journal of Corporate Citizenship*. With their backgrounds in appreciative inquiry and focus on business as an agent for world benefit, they will bring a fresh eye and new energy (efficiently we hope!) to the journal, which, like the UN Global Compact, will celebrate its tenth birthday in 2010.

Malcolm McIntosh
March 2009

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