RE-FRAMING CORPORATE SOCIAL RESPONSIBILITY

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Re-Framing Corporate Social responsibility

Céline Louche * et Tom Dodd **

Abstract – Corporate Social Responsibility (CSR) is often presented as the solution to ‘create a better world’ and solve social and environmental problems. But does CSR lead to positive developmental outcomes that contribute to a ‘better world’? The purpose of this paper is to reflect critically and constructively on the concept of CSR to generate debate in the CSR community and beyond. We argue that there is a need to re-frame CSR if we want ‘CSR’ to deliver on its potential. CSR as ‘do no harm’ is no longer sufficient. It needs to be understood as a rethinking of traditional business purpose and practices so that we can become critical about what we are doing.

Keywords – corporate social responsibility, sustainable development, purpose of business, change, re-framing.

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Résumé – La Responsabilité Sociale des Entreprises (RSE) est souvent présentée comme un concept qui peut contribuer à créer un monde meilleur et à résoudre les problèmes sociaux et environnementaux. Cependant, on est en droit de se demander si s’est vraiment le cas. L’objectif de cet article est présenter une revue critique de la RSE afin d’engager un débat constructif sur le sujet au sein de la communauté RSE et bien au-delà. En effet la RSE du type ‘do not harm’ n’est pas suffisante. Si elle se veut un vecteur de changement, alors il est devenu indispensable de la recadrer.

Mots clés – responsabilité sociale des entreprises, développement durable, finalité de l’entreprise, changement, recadrage.

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1 The opinions expressed in the paper are those of the authors and do not represent the views of their institutions.
Re-frame: To reframe, step back from what is being said and done and consider the frame, or ‘lens’ through which this reality is being created. Understand the unspoken assumptions, including beliefs and schema that are being used. Then consider alternative lenses, effectively saying ‘Let’s look at it another way.’ Challenge the beliefs or other aspects of the frame. (Source: http://changingminds.org/techniques/general/reframing.htm)

1 INTRODUCTION

Corporate Social Responsibility (CSR) is a bit like a teenager. It has not finished growing up. It has made some compromises to fit in, but still considers itself an outsider. It has a closed social community, with its own language that non-members have difficulty in understanding. It understands intuitively that some things are not right with the world it inhabits, but sometimes struggles to express its objections coherently. Its views and recommendations often fail to take account of the way the system works, which is why some people dismiss it as unrealistic and idealistic.

The challenge for CSR is to grow up without losing its capacity to provoke change. CSR needs to become more articulate and more influential, without simply adapting itself to the current system. The purpose of this paper is to contribute to a necessary process of re-framing CSR by reflecting critically and constructively on the concept. It is not our intention, however, to address the plurality of definitions and theoretical perspectives that characterise the CSR field.

2 QUESTIONING CSR: THE ‘YES’... ‘BUT’ ABOUT CSR

In 2002, the then UN Secretary-General, Kofi Annan, pointed out that “the corporate sector has the finances, the technology and the management to make all this [sustainable development] happen” (Annan, 2002). If the corporate sector has the potential to make a significant, even decisive contribution to sustainable development, to what extent is CSR the right vehicle for realising that potential?

2.1 Yes CSR aspires to be relevant to all aspects of a business... but it is has created a new silo, the CSR expert

CSR is still frequently regarded with scepticism and incomprehension. Although we may believe that CSR has something vital to say in the context of the current economic crisis, in reality it still frequently struggles to make itself heard. One of the reasons for this is that CSR has already become very specialised.
Instead of creating new platforms where people with different backgrounds, disciplines, and interests can meet, discuss and act upon sustainability challenges, a new discipline has emerged with its own experts, its own specific language, and its own networks. In other words CSR has become professionalised. Although CSR is not a new academic concept (see Acquier & Gond, 2007; Carroll, 1979, 1999; Pasquero, 2005; Gond, 2006) – one of the seminal works is Howard Bowen’s “Social Responsibilities of the Businessman” published in 1953 – the development of an identifiable professional community of academic, business and other stakeholders interested in CSR is a more recent phenomenon.

Professionalisation has positively contributed to the diffusion of CSR in the business sector, and has helped to improve the legitimacy and seriousness of CSR in the eyes of many business people in particular. The CSR “movement” has undoubtedly contributed to a greater appropriation of the concept of sustainability by companies. However professionalization has also made the distances between the CSR experts and non-experts even bigger.

This is often true in terms of business functions: a new function of ‘CSR manager’ has been created, and CSR issues are frequently left to the sole domain of this function. But a similar phenomenon often also exists in policy-making and in academia.

2.2 Yes CSR can help to make enterprises more sustainable... but it also risks being an alternative to profound change

Some companies have made impressive overall progress towards sustainability under the banner of CSR. Many more have made only moderate progress, even if they are usually able to point to some particular highlights.

The capacity for CSR to catalyse profound change towards sustainability is limited amongst other things by its specialised nature. In the most common model, CSR is parked as a peripheral part of business. Ironically, specialisation helps to make that possible. CSR has been highly criticised for not being adequately integrated into commercial strategy and the company’s own view of itself. CSR frequently remains a ‘bolt on’ rather than ‘built in’ concept (Grayson, 2004).

Some critics claim that because CSR is often disconnected from strategy and other business activities, the risk is that it has become an alternative to profound change towards sustainability. It can allow businesses to improve their image and to minimise some of the worst social and environmental externalities, without addressing the more fundamental questions about the impact of the company and its products on society. Rather than being a vehicle for change, CSR is often mistaken for change itself.

As a response to these criticisms, a new model of CSR is emerging, which we could call “strategic CSR”. In this model CSR is considered as a strategic competitiveness factor and is therefore integrated into the core business strategy. In our
view this is a welcome development, although the extent to which strategic CSR will really drive change towards sustainability remains an open question.

2.3 Yes CSR aims to benefit a wide range of stakeholders... but CSR is too dominated by the business rationality to do that effectively and consistently

What is the rationality and logic behind CSR? How does this rationality contribute or hinder change toward sustainability? Bakan has concluded that "if a corporation can do good only to help itself do well, there is a profound limitation on just how much good it can do" (Bakan, 2004).

One of the characteristics of CSR is the underlying idea that companies must benefit not only customers and shareholders, but also a broader set of groups that have a stake in business activities, such as communities, the natural environment, suppliers, and employees (Freeman, 1984). It also acknowledges that management should engage interactively with stakeholders (Waddock, 2002; Kuhn et al., 1992). Through this approach CSR should provide a new and broader perspective where companies are embedded and connected to a wider range of stakeholders.

The instrumentalisation and dominant business-centred approach to CSR may, however, have denatured the purpose of CSR and its (potential) impact. CSR has recently (since the late 1990s) integrated a new economic focus. Today’s mainstream CSR practitioners are primarily interested in the construction of markets – the ‘market of virtue’ (Vogel, 2005) – and their discourse and actions are shaped by economic rationale (Gond et al., 2009). This focus has led to a concentration on the so-called business case, where the objective is to enhance the economic bottom line by delivering tangible and intangible benefits like enhanced reputation and image, increase employee morale, and greater customer loyalty.

Under this focus, the dominant approach to CSR is instrumental. Stakeholders are considered primarily as a means to increase the business performance or gain a competitive advantage. The overlap between marketing and CSR well illustrates this rising instrumentalisation of CSR, in which CSR has become a tool for generating more profit.

This approach has undoubtedly played a positive role in giving CSR credibility and legitimacy of CSR within the mainstream business community, and in some cases also in bringing CSR onto the political agenda. However it has several limitations.

Social and environmental performance tends to be evaluated by the economic pillar rather than being considered equal to or integrated in the financial performance. The definition of business success itself is not put into question. In some cases CSR looks more like a product or service strategy designed to sustain the competitive advantage of a company rather than to serve society. A purely instrumental approach also does not necessarily make allowance for complexity, uncertainty, creativity and context - key characteristics of sustainability.
3 REFRAMING CSR

From the previous section we can begin to identify and challenge some of the unspoken assumptions that are common in the world of CSR. Firstly, it is business – rather than society – that tends to be placed at the centre of most CSR models. It is assumed that the purpose of CSR is to contribute to competitiveness – or at the very least, proponents feel obliged to justify CSR in those terms. It is no coincidence that there has been a large amount of research on the business case of CSR and comparatively little on whether and how CSR actually contributes to other societal objectives.

Underlying this assumption is another, namely that CSR has to be reconciled to our current economic system and to models of rational profit maximisation. By seeking to justify CSR primarily in terms of its contribution to competitiveness, we are implicitly accepting that the purpose of business is profit maximisation.

In some circumstances CSR can contribute to competitiveness. And one part of the purpose of business is clearly to generate wealth. Indeed wealth generation has arguably been the single most important contribution to date of business to the good of society; and wealth generation, if translated as economic development, is one vital pillar of sustainable development. However, it is no longer sufficient to argue that the purpose of CSR is only the competitiveness of business and that the purpose of business is only wealth generation. Looking at the sustainability of the system as a whole, we also need to consider the definition of “wealth” – it should probably encompass more than just financial wealth – and ask to what extent that wealth is distributed.

The current instrumental, business-centred approach to CSR, with its emphasis on competitiveness, may even rest on the more fundamental assumption that our current economic model is essentially sound. However there is increasing evidence that our current economic model, for all the benefits it has brought to many people, is not sustainable in economic, social or environmental terms.

The question therefore ought to be how CSR can be used to help bring about change to a sustainable economic system. At present, CSR is too often an easy alternative to real change. The tendency to frame the arguments for CSR primarily in terms of competitive advantage is symptomatic of this. Although CSR cannot on its own bring about the required system change, its potential to contribute to such change needs to be more fully realised than is currently the case. The mainstreaming of CSR is in principle to be welcomed, but CSR also needs to keep a radical edge. It needs to be the start of a journey and a trigger for other, more fundamental questions.

3.1 The purpose of business

One starting point for reframing CSR is to reconsider the purpose of business. To reduce the purpose of business simply to the maximisation of shareholder value is to perpetuate our unsustainable economic model. It also seriously undersells the
true contribution that business makes to society: yes business creates economic wealth, but it also can, and often does, create value through the provision of meaningful jobs and work, and through the offer of goods and services that can increase quality of life.

We propose that the stated purpose of business in the 21st century ought to be to contribute to sustainable development. We refer here to the Brundtland Commission of sustainable development – “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (United Nations, 1987) – and accept that it has social, environmental and economic dimensions. In the context of the severe and interconnected economic, social and environmental crises we face, it is probably not realistic to think that a group of very powerful organizations in our society will be able to claim legitimacy just by focusing on the maximisation of profit and shareholder value.

The terms of the social contract between business and other actors in society are undoubtedly changing. Whereas 10 or 20 years ago it may have been sufficient for business to point to increases in wealth as evidence that it had met its obligations under the social contract, today that is no longer the case. Critics are able to point out the social and environmental costs of the increase in wealth, and, especially in the context of the current crisis, even question the evidence of wealth creation itself.

The combination of economic recession with severe social and environmental imbalances means that the social contract between business and the rest of society will increasingly encompass social and environmental issues as well as just economic ones. There is already evidence of shifts in this direction, including the recent history of CSR itself and the growing attention given to notions of measuring progress in more subtle ways that just GDP per capita alone.

In such circumstances business has an interest in being recognised as a contributor to sustainable development in all its dimensions: economic, social and environmental. The alternative – continuing to insist that the major justification for business is the generation of economic wealth alone – will lead to a growing and dangerous divorce between the perceived interests of business and the perceived interests of other actors in society. In the long term, such a scenario is likely to be politically and socially unsustainable.

In this context, CSR needs to be understood as a dynamic and – in most cases – still incomplete process by which the purpose of the business is redefined as contributing to sustainable development. Implicitly, CSR has always been a debate about the purpose of business in society. Now, however, the debate about the purpose of business needs to become an explicit part of CSR. Instead of trying to fit social and environmental questions into the existing paradigm through unsatisfactory bricolage, CSR should help us to rethink the paradigm itself.

We are not proposing that CSR be understood as the business contribution to sustainable development. To do so perpetuates the idea that CSR is somehow separate from other business operations. It implies that there is one part of an enterprise’s activities (‘CSR’) that contribute to sustainable development, and that there must be another part of its activities (‘not CSR’?) that are at best neutral and
at worst negative in terms of their contribution to sustainable development. It makes no sense to see CSR as a separate set of business activities that comprise the enterprise’s contribution to sustainable development. We should understand the enterprise as a whole to be the contributor to sustainable development, and CSR simply as a tool in making that state of affairs a reality.

This re-framing CSR which we have discussed above leads to a number of additional considerations, the most important of which we address below.

3.2 Seeing the enterprise as part of a complex system

If the point of CSR is to redefine the purpose of business as contributing to sustainable development, then many of the models used to explain CSR need to be inverted. The broader interests of society, rather than just the narrower interests of the enterprise, should be the centre of attention. CSR needs to become outward instead of inward looking, because the key question is not how does CSR benefit the enterprise, but how can the enterprise best serve the interests of society.

This requires not only a change in outlook but also a new set of skills on the part of business executives. Most obviously, it needs an understanding of complex systems, and capacity to analyse how the various aspects of an enterprise can and do influence, both positively and negatively, the different levers of sustainable development.

This is a considerably more challenging task than compiling a typical CSR report. Such reports tend to communicate about CSR performance in an atomised way, dividing CSR into neat parcels such as labour standards or anti-corruption measures, and also tend to focus issues that are most easily measurable and controllable by the company, and on positive impacts rather than negative ones. While this approach is understandable for many reasons, it rarely results in a comprehensive analysis of a company’s impact on and contribution to sustainable development.

Company communication about CSR and sustainability needs to be more analytical and to demonstrate greater evidence of systems thinking. The joint evaluation carried out by Oxfam and Unilever of the latter’s impact on poverty reduction in Indonesia is an example of the kind of more sophisticated systems analysis that we think is necessary (Clay, 2005).

Together with a greater capacity for systems-thinking as applied to sustainable development, enterprises may also need a greater capacity for what Werhane calls ‘moral imagination’. Moral imagination is defined as the “ability in particular circumstances to discover and evaluate possibilities not merely determined by that circumstance, or limited by its operative mental models, or merely framed by a set of rules or rule-governed concerns” (Werhane, 2008). Consistent with the idea that CSR should place society’s interests, as opposed to the enterprise, at the centre of attention, moral imagination implies a capacity to look at the enterprise from an outsiders’ perspective and not to be constrained by existing models and frameworks.
3.3 It matters what a company makes

Having gone beyond an initial phase, or what we have earlier called the first CSR model, in which CSR was sometimes understood as being synonymous with corporate philanthropy, it is now generally accepted that CSR concerns how a company performs its daily operations: how it makes and markets its products, how it employs people, and so on. It typically covers such questions such as human rights, labour standards, corruption and environmental pollution. The overriding principle tends to be ‘do no harm’, or at least minimise the risk of social and environmental harm as much as possible.

All of this remains critically important. But if the ultimate purpose of a business is to contribute to sustainable development, then CSR as ‘do no harm’ is no longer sufficient. Once the question is how do we maximise an enterprise’s contribution to sustainable development, as opposed to just asking how we minimise its negative social and environmental impacts, then what a company makes becomes at least as important as how it makes it.

3.4 The need to lead customers

Companies have built enormous expertise in how to create demand for goods and services. The best of them are astonishingly adept at influencing consumers’ perceptions of their own wants and needs. If the purpose of business is to contribute to sustainable development, then that marketing expertise needs to be given a new orientation. The challenge for responsible enterprises is how to lead customers towards sustainable consumption patterns. The use of marketing techniques simply to create artificial wants ought to be re-examined through the lens of sustainable development.

Amongst other things, responsible enterprises should learn to see consumers not just as consumers, but in their wider role as citizens. The concept of ‘consumer-as-citizen’ would require enterprises to sell goods and services that empower people to lead more sustainable and fulfilling lives. Amongst other things this may imply leading people towards lower levels of consumption of material goods, and as such it challenges our current paradigm of growth and economic development.

4 CONCLUSION

The professionalisation and mainstreaming of CSR have helped to bring sustainability nearer to the centre of business concerns. In the case of some enterprises, CSR is also evolving into a factor of core business strategy. As a result, some previously accepted practices and principles are being questioned.

However, we have argued that CSR does not yet sufficiently reconsider the purpose of business. Some critics go even further and argue that CSR reinforces
the current unsustainable system and avoids the fundamental question of con-
tinual growth (Kalio, 2006). In 1972 the Club of Rome warned about our obsession
for growth. They argued that “beyond a certain point... the maxim could very well
be grow and die” (Meadows, 1972). But this broader systemic question is too often
not addressed by the CSR community, either academic or business.

In short, the CSR movement has failed so far to bridge the gap between the
micro-level concern of reducing the negative externalities of an individual enter-
prise and the macro level concern of making our economic system sustainable.
That gap can be narrowed if CSR more fully encompasses the four issues we have
identified: reconsidering the purpose of business; seeing the enterprise as part of
a complex system; asking what products and services a company makes, not just
how it makes them; and asking whether and how an enterprise leads its customers
to sustainable patterns of consumption.

If CSR is to be usefully and relevantly radical, then it must be a force for ques-
tioning some of the values that lie at the heart of our economic model and open a
new way through which the values at the heart of our current economic system are
more frequently discussed and questioned in policy-making, in business educa-
tion and in company board rooms.

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