

“GLOBALIZING THE CSR PARADIGM”

Corporate Social Responsibility: The Role of Business in Sustainable Development

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By

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A review by William C. Frederick

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A foreword, introduction, five chapters, a bibliography, and an index – all of this in just 116 compact pages. That brevity alone should cause you to sit up and take notice, both for yourself and especially for your students. And by dipping into the book, you will discover that it is written skillfully and thoughtfully by one of the CSR field’s leading thinkers. As if this weren’t enough, you will also find a practical and attainable way to make corporate social responsibility an operational reality within an expanding array of for-profit corporations around the globe. It seems almost too good to be true, so let’s take a closer look. I promise you will not be let down.

The author, Oliver F. Williams – “Ollie” to his friends – is a priest in the Congregation of Sancta Cruce (Congregation of Holy Cross), a Roman Catholic order active in 16 nations in Europe, Asia, Africa, and North and South America. C.S.C.’s U.S home base is the well-known University of Notre Dame at South Bend, Indiana, also famous for its football teams. A former Notre Dame associate provost and past chair of the Social Issues in Management (SIM) Division of the Academy of Management, Williams has had his own taste of management experience and the dilemmas that go with such jobs. Presently, in addition to teaching, Professor Williams is Director of the business school’s Center for Ethics and Religious Values.

Now if I’m not careful, this review will become longer than the book itself. So, here is the message in a nutshell:

The Basic Question: “What is the role of business in society: To do well [for itself] and to do good [for others]?”

The Search for Answers: “. . . we are in the midst of a major paradigm shift in our understanding of the purpose of business . . . that can generate . . . material wealth . . . and spiritual capital.”

The Way Forward: “. . . the purpose of business, as the creation of sustainable value for all stakeholders, is the best hope for forward movement to a sustainable future.”

How to Get There: “. . . the United Nations Global Compact (UNGC) [is] the most effective way to . . . establish global norms for multinational business.”

There you have it: the essence of this book. It is the outcome of Williams’ deep and continuing experiences in confronting social, ethical, and moral issues occurring along the boundaries that at times separate business and society. Here is the rest of Williams’ story.

The Basic Question. The primary CSR wake-up call for U.S. business firms came from opponents of South African apartheid practices, led by the American Reverend Leon Sullivan who was a member of the General Motors board of directors, joined later by the South African Bishop Desmond Tutu, a 1984 winner of the Nobel Peace Prize, and reinforced by a coalition of church groups under the guidance of the Interfaith Center for Corporate Responsibility. It was to take over 40 years to convince U.S. corporations to sit up, take notice, and do something about apartheid's evils. Today's CSR supporters in both business and academia may well wonder why this central issue of apartheid was so contentious for so long and why the business community initially opposed attempts to overturn it. Apartheid, meaning "apartness," was a system of racial segregation imposed on the native Bantu population by the South African (colonial) Dutch and British government. Non-whites were forced to live in separate areas, were forbidden to enter or travel in white areas without official passes issued by the government and were subject to curfew restrictions, could not vote, could not work outside defined areas, could not own property, and were banned from the most economically productive areas of the nation. Under immense public pressure, by the 1990s, over 150 U.S. companies had disinvested and withdrawn from doing business in South Africa, and the U.S. Congress enacted legislation, over President Ronald Reagan's veto, that banned new loans and investments there. By disinvesting and withdrawing from South Africa, those companies chose the protection of human rights – "doing good for others" – over single-minded profit-making – "doing well for themselves."

The Search for Answers. Although Williams makes "no claim that the South African struggle was the catalyst that hastened the arrival of a new paradigm in business decision-making," he does see it as the real beginning of putting human rights at the core of an evolving CSR paradigm. He is convinced – and wants readers to be convinced – (1) that *moral purpose* ("doing good") is the essential meaning of CSR, (2) that *the corporation*, not government, is the principal agent to deliver CSR, (3) that restoring the public's *trust* in business is "an essential dimension of capitalism", and (4) that "*creating sustainable value for all stakeholders*" encapsulates the instrumental and moral responsibilities of today's global corporations.

The Way Forward. Wherever you are in your own CSR thinking, pause for a moment and reflect on Williams' four CSR goals. They represent a half century's thoughts produced by numerous scholars, social activists, and business practitioners about the changing role and responsibilities of business in society. Then ask yourself: Are they enough? Are they achievable? *Morality*, not profit-making, at the center of corporate decision making? *Private initiative*, not government regulation, sufficient? *Trust*, not competition, the essence of capitalist enterprise? *Environmental sustainability*, not long-term economic survival, the driver of global business? As admirable as they are, you will have to admit it's a very big CSR order to fill. Well, Williams believes we're well on the way to making CSR an operational reality. His key is the United Nations Global Compact (UNGC), so let's see what its CSR promise is. As we do so, think about how your own CSR perspective fits in – or how it may differ. I'm betting on a substantial overlap of your ideas with his.

How to Get There. The United Nations Global Compact originated in the mind of United Nations Secretary General Kofi Annan at the very beginning of the 21st century, following the 1990s decade that saw a growing number of attempts to rein in irresponsible

business behavior: the Caux Roundtable Principles, the CERES Principles, the Apparel Industry (anti-sweatshop) Code of Conduct, plus several anti-corruption codes originating within the business sector. As Williams, a board member of the UNGC Foundation, says, “Slowly but surely, a global ethic was catching on . . . [and] was an idea whose time had come.”

The UNGC took one big leap beyond its 1990s predecessors by putting four areas of business behavior at the forefront: human rights, labor, environment, and corruption. Any business corporation who signed on to the UNGC:

- pledged to support and respect “internationally proclaimed **human rights**”
- accept collective bargaining, and eliminate slave labor, child labor, and all kinds of **workplace discrimination**
- act guardedly, take initiatives, and actively promote **environmental responsibility**
- and reject **corruption practices** such as extortion and bribery.

Accepting these principles meant that a corporate signer would consider these goals at least equal to, or perhaps even above, its own profit-seeking and profit-taking operations. It did not require them to do so, inasmuch as signing on was a voluntary act, but it did insert into corporate decisions and policies a promise and a commitment to observe these new standards of operational normativity.

Is the UNGC perfect? No, and Williams says so: “To be sure, there is no final answer. . . . It is a good answer until we find a better one. At this stage, the goal is to gain consensus on the moral purpose of business and to include . . . the principles as a part of business strategy and operations. The unique mission of the compact is to foster the growth of humane values in the *global society*” There it is again – an evolving CSR paradigm, though not yet the journey’s end.

Well, is Williams right about all of this? Do his ideas fit with yours? Has he omitted or overlooked factors that might doom his rather optimistic view of CSR’s possibilities? He does identify the UNGC’s critics who believe such a voluntary plan, as compared with a global legal edict, allows business firms to compromise or “bluewash” their CSR efforts under the blue banner of the UN, plus other critics who say a firm’s self-reporting compliance with the Compact’s principles makes a mockery of their actual commitment. Another problem is the slow rate of signups to the UNGC: Of a potential 80,000+ multinational firms, around 8,000+ (11.4%) had signed on by 2013, with a target of 20,000 by 2020, which if reached would be only about 25% of the world’s MNC population. Moreover, one-third of the original signers were dropped from the Compact for failing to report their firm’s progress. One experienced Chinese observer has been skeptical of Williams’ claim that the UNGC principles are “widely accepted in Asia”, saying that “China is a tough place with a lot of corruption and ruthless competition. The idea that the CSR agenda has taken hold [there] is laughable to me.” In spite of such doubts, all of these qualifications may well turn out to be rather minor in the long-run future of global CSR.

Williams himself has had on-the-ground experience in Asia, serving as a visiting professor at Kyung Hee University in Seoul, South Korea, and directly encountering corporations there who adhere to and promote UNGC principles, including the retailing giant, Homeplus, declared Korea’s Most Admired company in 2011.

Equally important is the C.S.C philosophic background he brings to these issues. Listen carefully to his linkage of values and business: “. . . there is a broadening of the values of many business people and, hence, a broadening of the values of capitalism: . . . a growing number of business people . . . are asking about ultimate purpose, about what most deeply matters in life, and they want to chart a life plan that draws on the full range of resources of the human spirit. This new focus is what many describe as a focus on spiritual values.” Then if you go to the C.S.C. website, there you will find what Williams means by spirituality: “development of mind, cultivating the heart, a zeal for service, encouraging hope, and uniting with others as family.” That’s about as pragmatic and down-to-earth as you can get: “spirituality” and “spiritual values” refer to cognitive/organic development, emotional/organic expressions, supportive outreach to others, and building human community. If these factors define “ultimate purpose,” “what most deeply matters in life,” and “a focus on spiritual values”, many who are not C.S.C. members will agree wholeheartedly with Williams who puts these values at the center of the large-scale paradigm shift toward global CSR. His values pathway begins with the individual, expands into human culture, and slowly spreads throughout human communities everywhere.

There is one more intriguing hint that nature itself is part of this transition, as revealed, though not fully developed, by Williams. The clues are found in three of his nature-relevant language usages: (1) the CSR issue is “deeply rooted in the *human species*”, which of course would be today’s naturally-evolved *Homo sapiens*; (2) “CSR logic” he believes to be equivalent to “*the business ecology model*”; and (3) *sustainability* includes concern about “climate change, an expanding carbon footprint, and widespread dire poverty” among various other sociocultural concepts. In contrasting “the traditional business logic” with “the business ecology model,” Williams comes close to my own distinction between “economizing” and “ecologizing” as two core value systems found in the modern business corporation, along with the need to integrate both into corporate decisions, policies, and goals. And sustainability advocates surely will cheer Williams’ naturalistic linkage of CSR and sustainability: “CSR refers to the contribution of business to advancing sustainable development.”

Bringing this naturological perspective more fully into the dynamic shift toward a new CSR paradigm would enrich, while not denying, the essential components of Williams’ analysis. Given his religious background and personal commitments, for Williams values originate within the maturing individual and then over time they flow into and become a central shared part of the business firm and of human culture generally. Building outward from this individualistic and culturally-determined behavior in the general direction of nature-based explanations – which Williams has already begun – would enrich and expand his insightful views of corporate social responsibility.