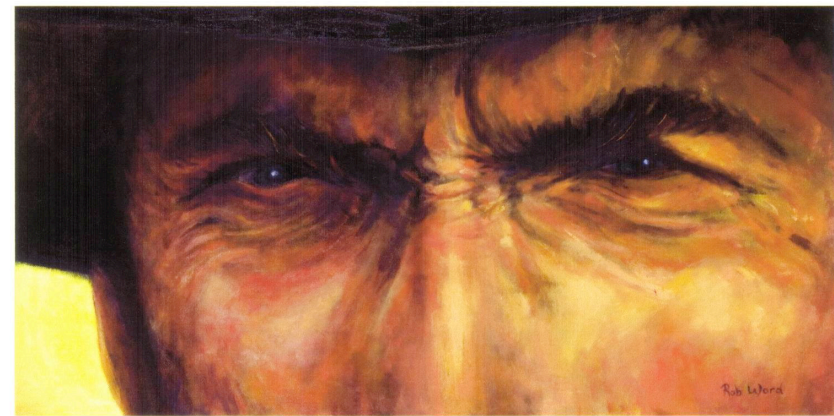


Corporate Social Responsibility: The Good, the Bad and the Ugly

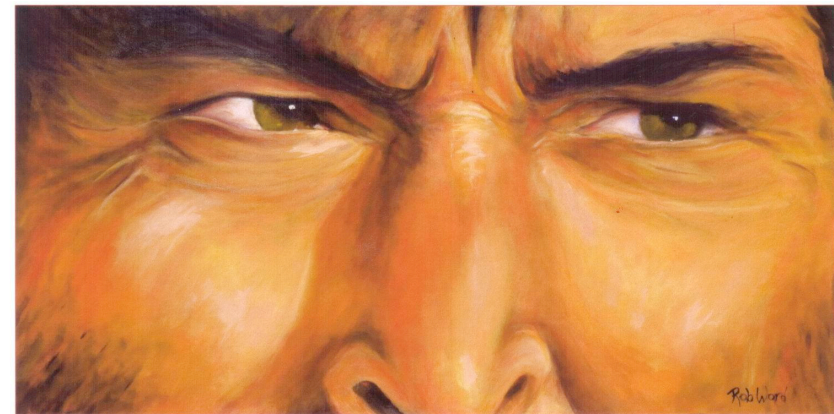
**Presentation on the Paper by
Subhabrata Bobby Banerjee**

Presented By

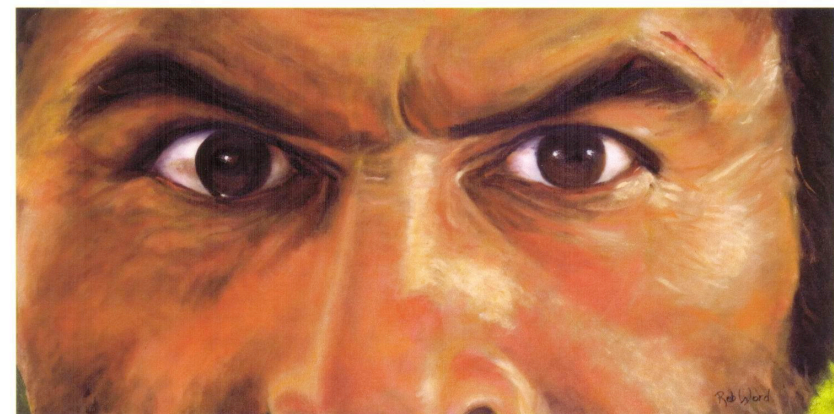
Samuel Ellis, Adrian Erlenbach, Alina
Grigore and Cindy Heeralal



The Good

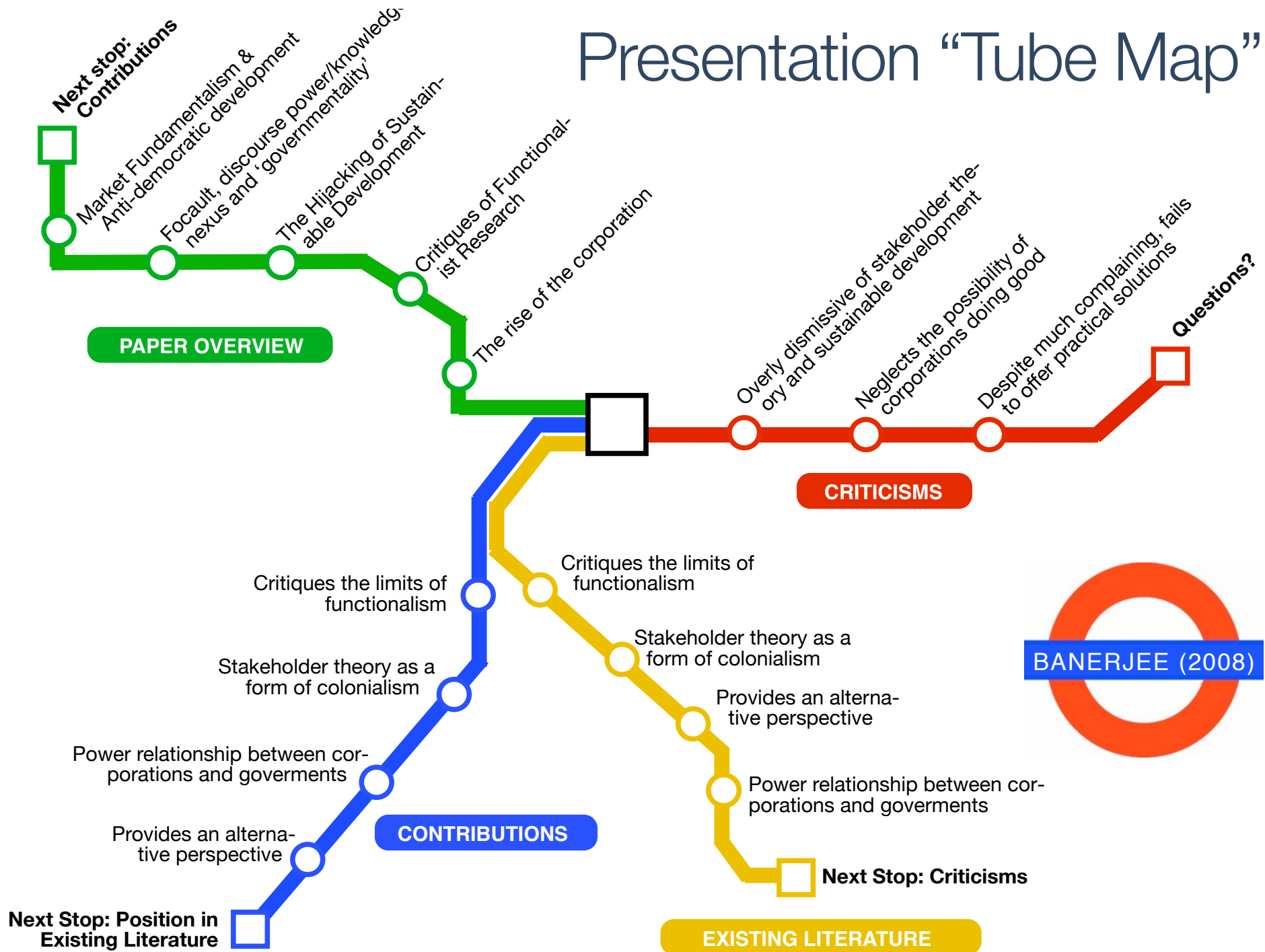


The Bad

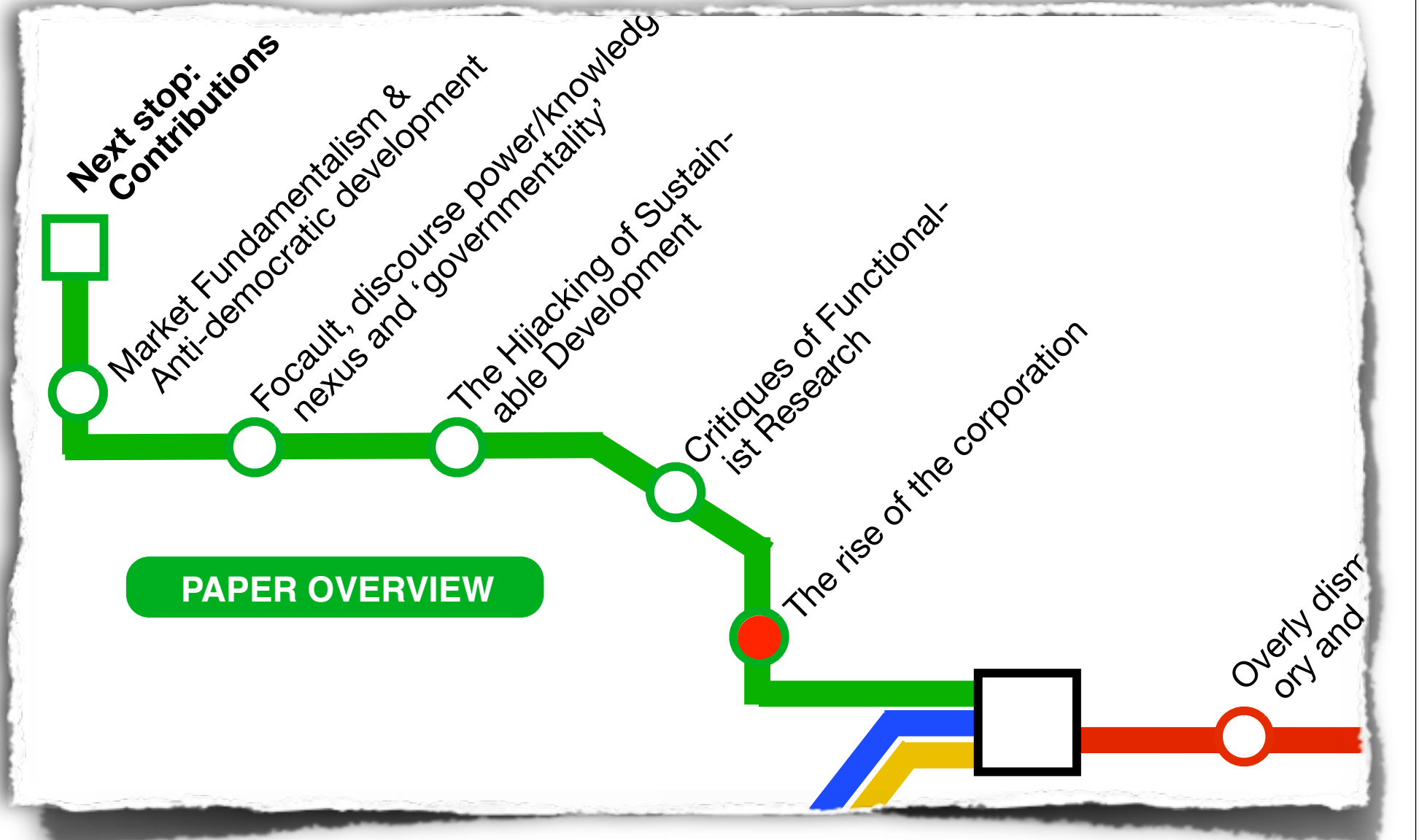


The Ugly

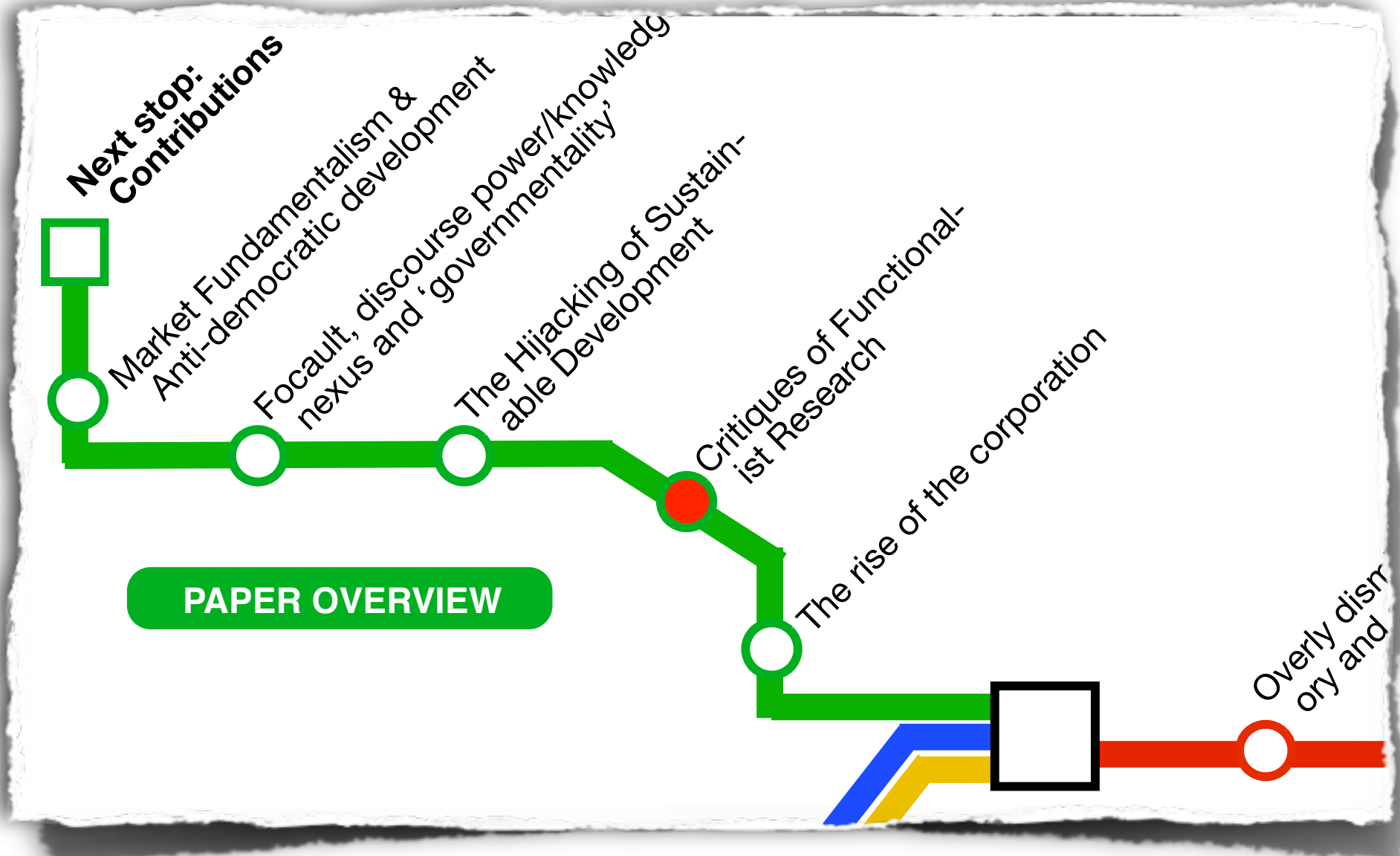
Presentation "Tube Map"



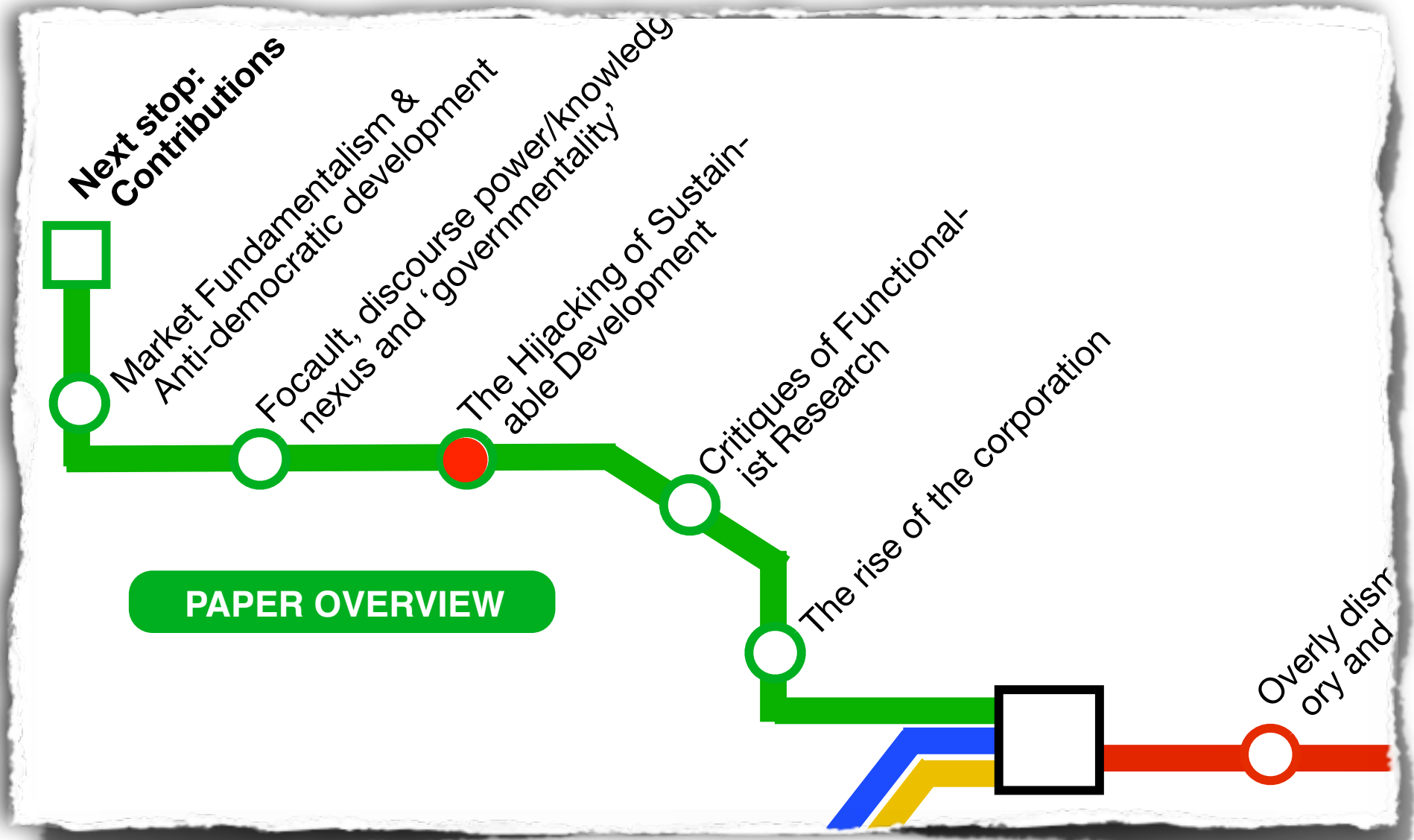
1. Paper overview



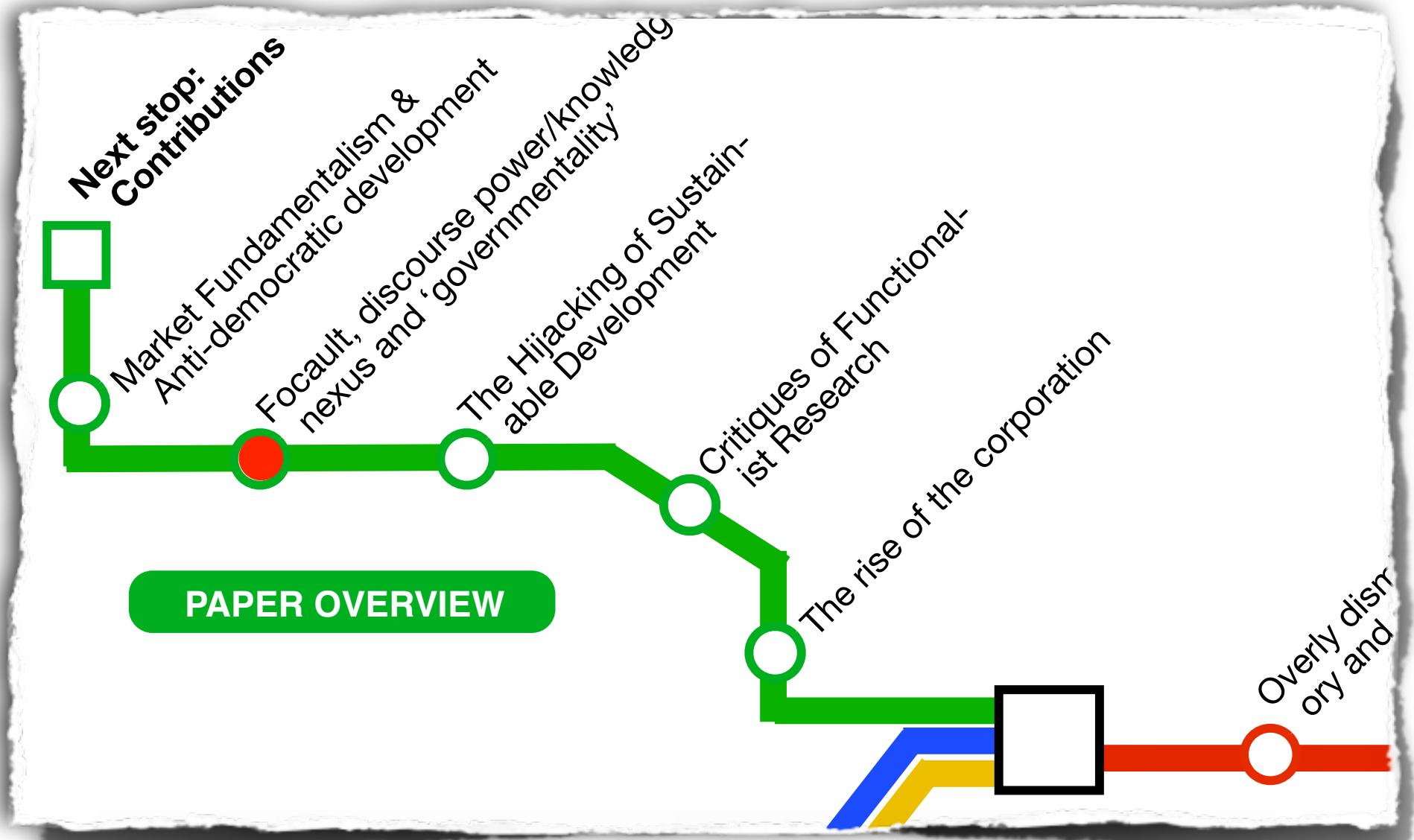
1. Paper overview



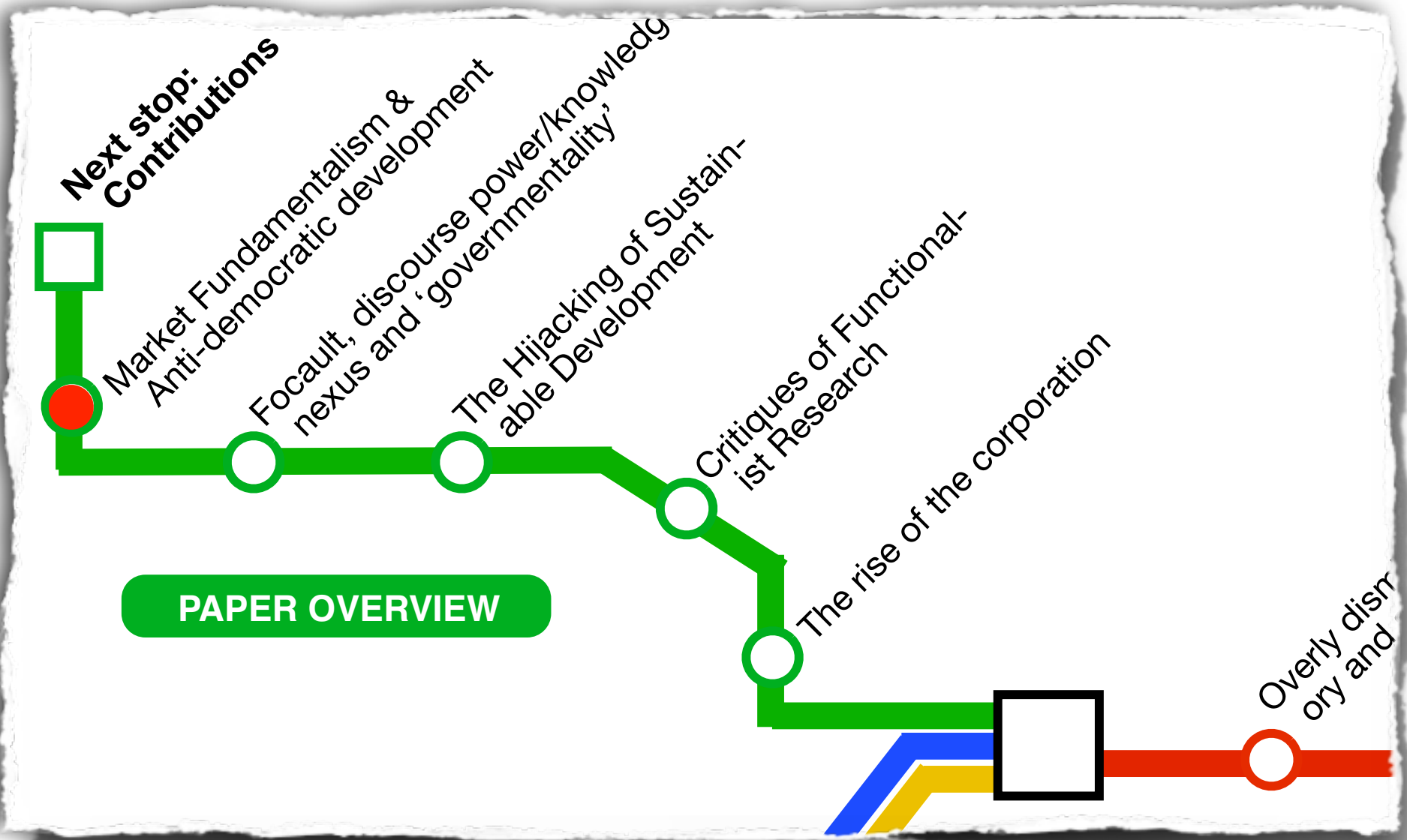
1. Paper overview



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US Corporate Law, CSR Rhetoric and Market Ideology

- ❖ Banerjee observes that the “legal revolution that gave birth to the modern corporation essentially removed all major restrictions around corporate activity and rules of incorporation” (2008, p.54). Led to a situation where “there was now no “official” requirement to serve the public interest except in the economic realm” (2008, p.54).
- ❖ Dartmouth College V Woodward 1819 where corporations received property rights as a defining step of “conferring private rights on corporations, rights normally held by individuals” (2008, p.55).
- ❖ “If the legal revolution that launched the modern corporation was one that served particular interests, the same could be said of the current rhetoric in corporate boardrooms about “CSR”” (2008, p.59).



Limitations of CSR

- ❖ Win Win scenarios of CSR are very limited.
- ❖ Normative Assumptions of Corporate Citizenship are “simplistic assumptions with little theoretical or empirical support” (2008, p.62).
- ❖ “Lack of critical examination in the literature” (2008, p.63)
- ❖ Greenwashing.
- ❖ Companies stop empowering their stakeholders when their profit interest diverges with that of the local community.



Corporate Hijack of Sustainable Development

- (Shiva, 1991 in Banerjee, 2008, p.65)
“Rather than reshaping the markets and production processes to fit the logic of nature, sustainable development uses the logic of markets and capitalist accumulation to determine the future of nature”.
- “The language of capital is quite apparent in discourses of sustainable development.” (Banerjee, 2008, p.65).
- No criticism of this fact and the failings of the market to be able to predict true costs.



Foucault's, "Discourse power/knowledge nexus" and "Governmentality"

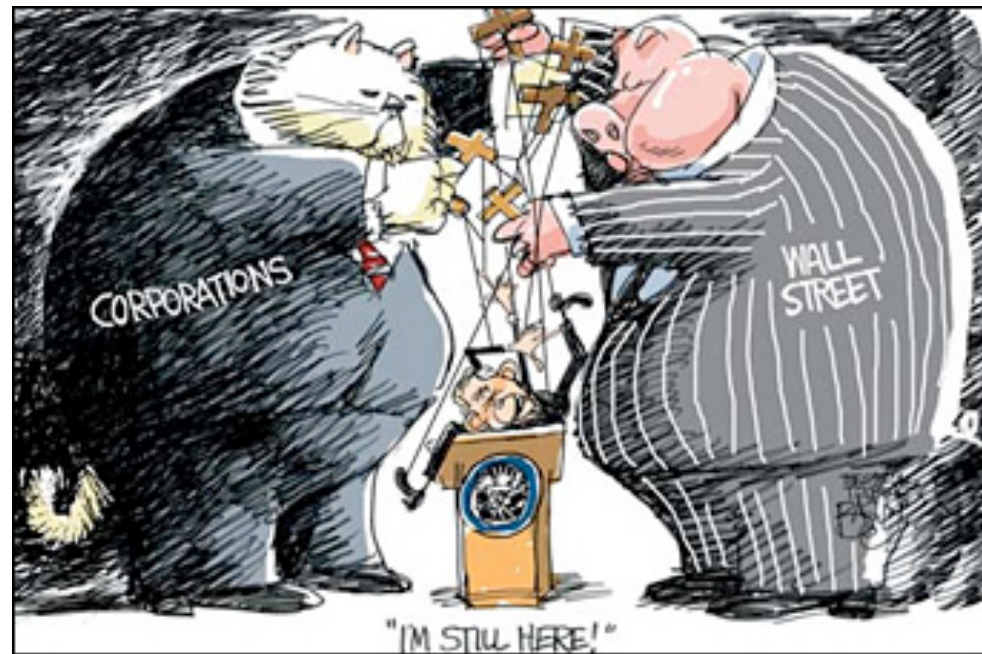
- ❖ "the circulation of power produces a power/knowledge nexus where the effect of power relations on society is dependent on the production of discourses of truth through the production of knowledge" (Clifford 2001 in Banerjee, 2008,p.67).
- ❖ E.g. The presence of science and scientific methods in our everyday discourse. How did it get there? Through a process of normalization via disciplinary power involving a complex system of institutions, regulations, texts, policies and practices.
- ❖ Could the same be said of capitalism?
- ❖ Governmentality = "what practices, mechanisms and institutions are needed for an individual and for societies to be governed" (2008, p.68)
- ❖ A way of doing this was using the economy.

Capitalism
Creates jobs and wealth

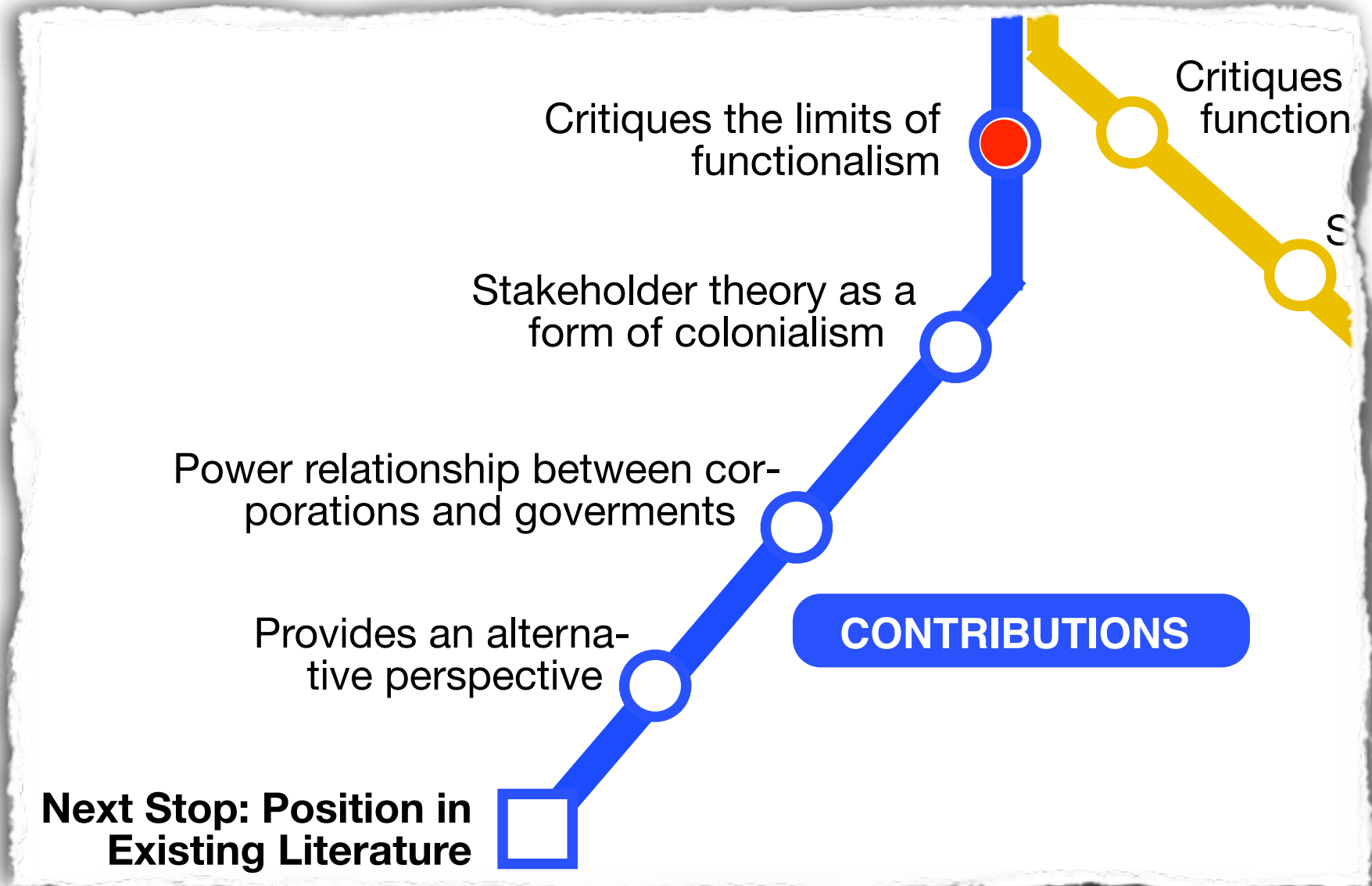
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Market Fundamentalism in governance and Anti- Democratic Development

- ❖ “Market fundamentalism defines the parameters of democracy” (2008, p.70).
- ❖ “Development sustainable or otherwise, in a globalizing world is inherently anti-democratic as several indigenous groups have found” (2008, p.70).
- ❖ “Despite all the strident rhetoric about the “stakeholder corporation”



2. Contributions to Management



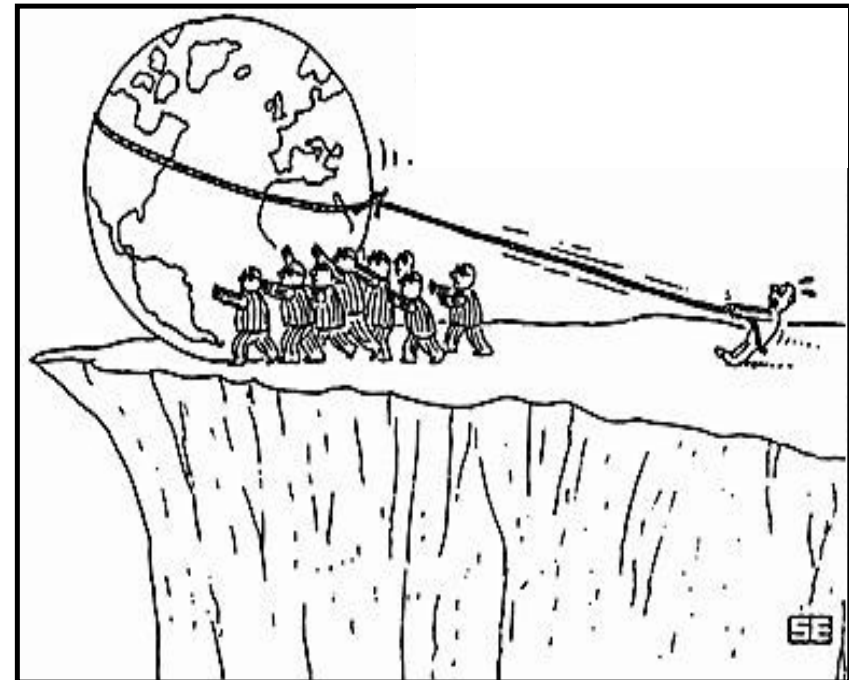
Contributions: the 4 Points for Managers

- ❖ Critiques the “limited” (2008, p.61) functionalism paradigm.
- ❖ Argues that stakeholder theory is a form of “stakeholder colonialism” (p. 51)
- ❖ Highlights the complex power relationship between corporations, governments and international institutions.
- ❖ Provides an alternative perspective: discourses of CSR as ideological movements that legitimize the power of large corporations.



The Lose-Lose Scenario

- ❖ CSR just serves “narrow business interests“ (p. 52) and discourses of CSR “legitimise and consolidate the power of large corporations” (p.51)
- ❖ The way CSR is used now doesn't benefit neither the society nor the companies (criticism of the win-win scenarios)
- ❖ Society: the social good is no longer a priority – it is now provided by the economic function
- ❖ Corporations: CSR neither offers competitive advantage nor improves the company's financial performance



Lost voices

- ❖ “Stakeholder relations are systematized and controlled by the imperatives of capital accumulation” (2008, p. 73)
- ❖ They create value only for certain people and institutions
- ❖ “Stakeholder colonialism” – “stakeholders who do not toe the corporate line are either co opted or marginalized” (2008, p.72)



“Free markets first and democracy would follow” (p. 69)

- ❖ There is a need to question the rhetoric of democratic values
- ❖ Democracy takes a back seat to corporate interests:
- ❖ Democracy conveniently forgotten:
 - ❖ “national governments are increasingly employing neoliberal agendas that have adverse impacts on their livelihoods” (p. 71)
 - ❖ Corporations don’t have the ability to take over the role of governments in contributing to social welfare.

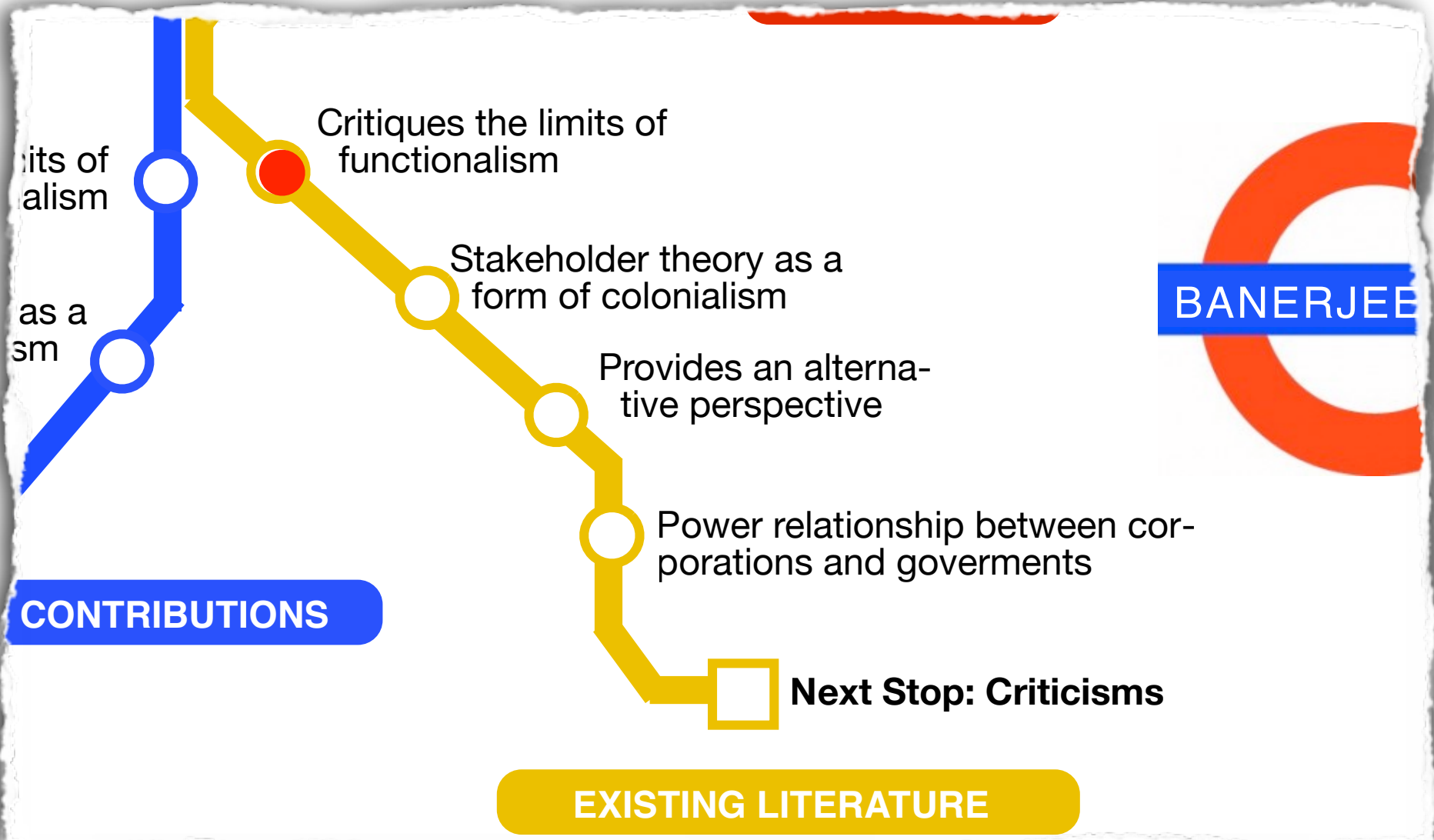


Starting point for a solution

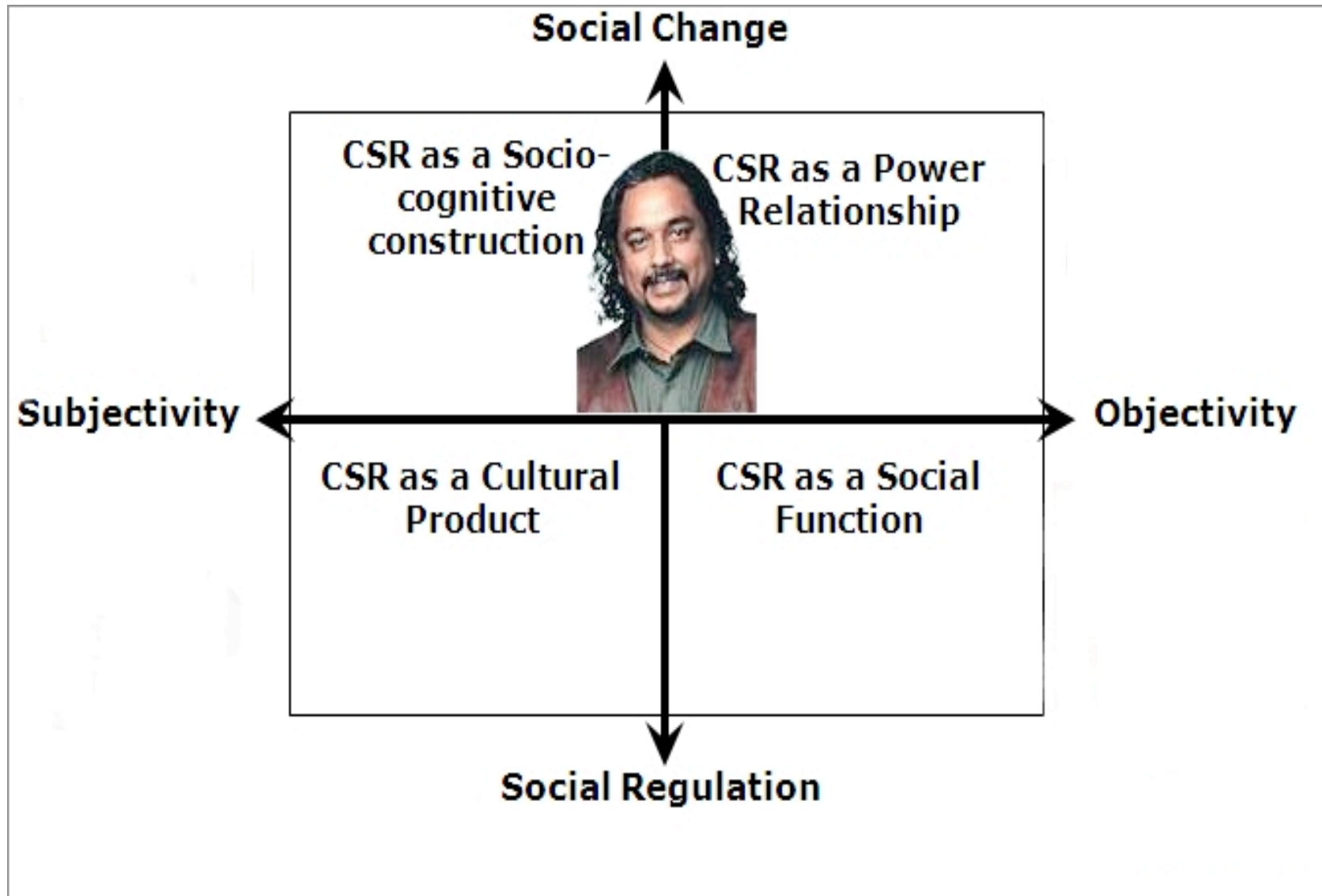
- ❖ “Some kind of universal charter that corporations are accountable to rather than voluntary codes of conduct” (p. 74)
- ❖ Genuine change (p. 75)
- ❖ Scholars need to subvert the managerial thinking
- ❖ Restoring a sense of social justice and equity
- ❖ New questions need to be asked – from a different, often oppositional perspective (p. 74)



3. Position within existing literature



Position within existing literature



Position within existing literature

- ❖ Radical and critical of functionalist approach - Banerjee critiques the interplay between Business and Society which follows a business centric approach
- ❖ Similarly, Gond & Matten (2007 p5) state “CSR literature has never overcome a narrow, business-centric perspective”
- ❖ A reorientation of current management practice towards a more critical approach based on ideology critique
- ❖ “...the inclusion of more diverse values within decision practices to benefit the wider public...” (Kuhn & Deetz 2008 p174)
- ❖ CSR seen as a power relationship “...CSR becomes an ideological movement designed to consolidate the power of large corporations” (2008 p. 59)



Position in relation to existing debates

- * Constructivist view of CSR
 - * CSR as a “negotiated order” (Gond & Matten cite) between business and society and a process of social construction where content is defined by all actors (Latour 2005 in Gond & Matten cite)
- * CSR as a power relationship
 - * Stakeholder colonialism - unequal power relations.
 - * Tatz (1982, in Banerjee 2008) describes the process as communities “talked to” about decisions “arrived at”.
 - * The nature and type of profit seeking organizations determines the societal costs borne and the power and freedom organizations will possess (Perrow 2002 in Banerjee2008)

...as opposed to...

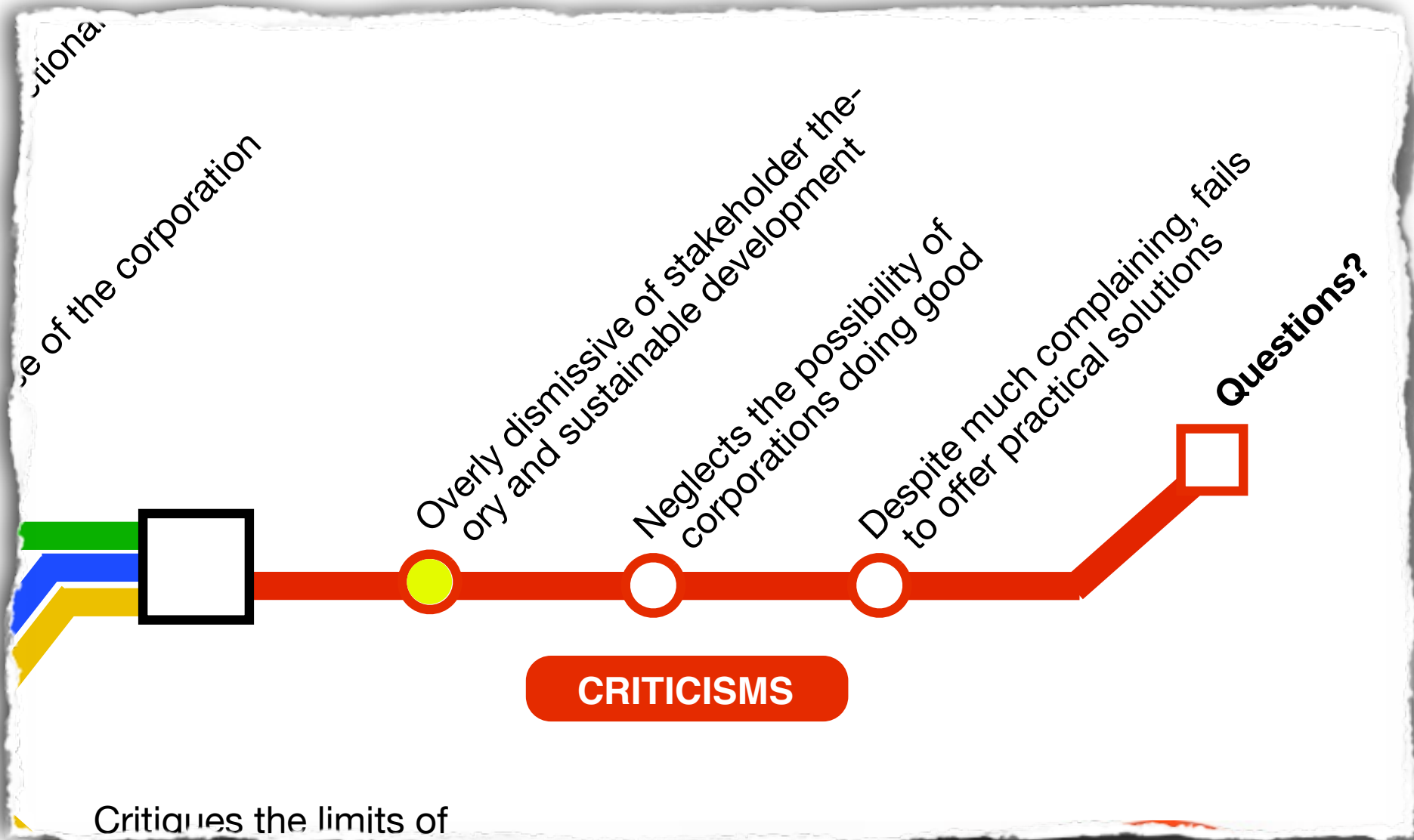
- * Functionalist CSR/ CMS
 - * Management theory teaches that the corporation is capable of resolving all social conflict “fairly and justly” within its walls (Frank 2001:143 in Banerjee 2008)

Contributions to Future Research

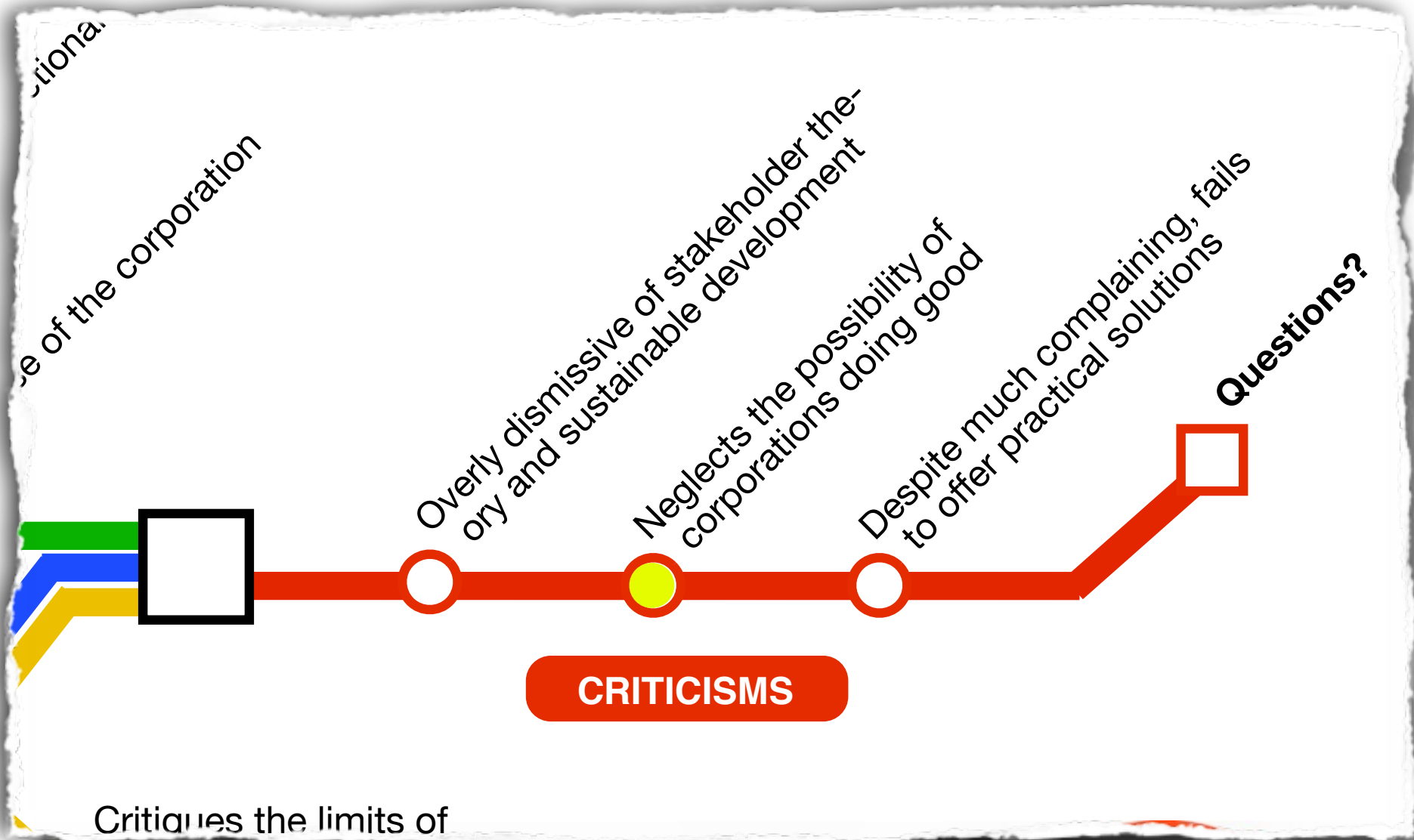
- ❖ Banerjee's book 'The Good, The Bad and The Ugly' 2008 reviewed by Calton (2010 p363) as 'an antidote to sloppy thinking and overreaching claims about a new, brave CSR world'.
- ❖ Re-framing of CSR and the role of the Corporation in society and its existing business practices: Banerjee's focus on the bad and ugly CSR illustrates that good CSR is often inhibited in the present practices of organizations for social change
- ❖ Critical model of Stakeholder inclusion and communication
- ❖ "The logic is not one of containing stakeholder interests but trying to accomplish them through corporate activity" Kuhn & Deetz (2000)
- ❖ Non-managerial/ functionalist approach to CSR contributing to critical approach to management studies



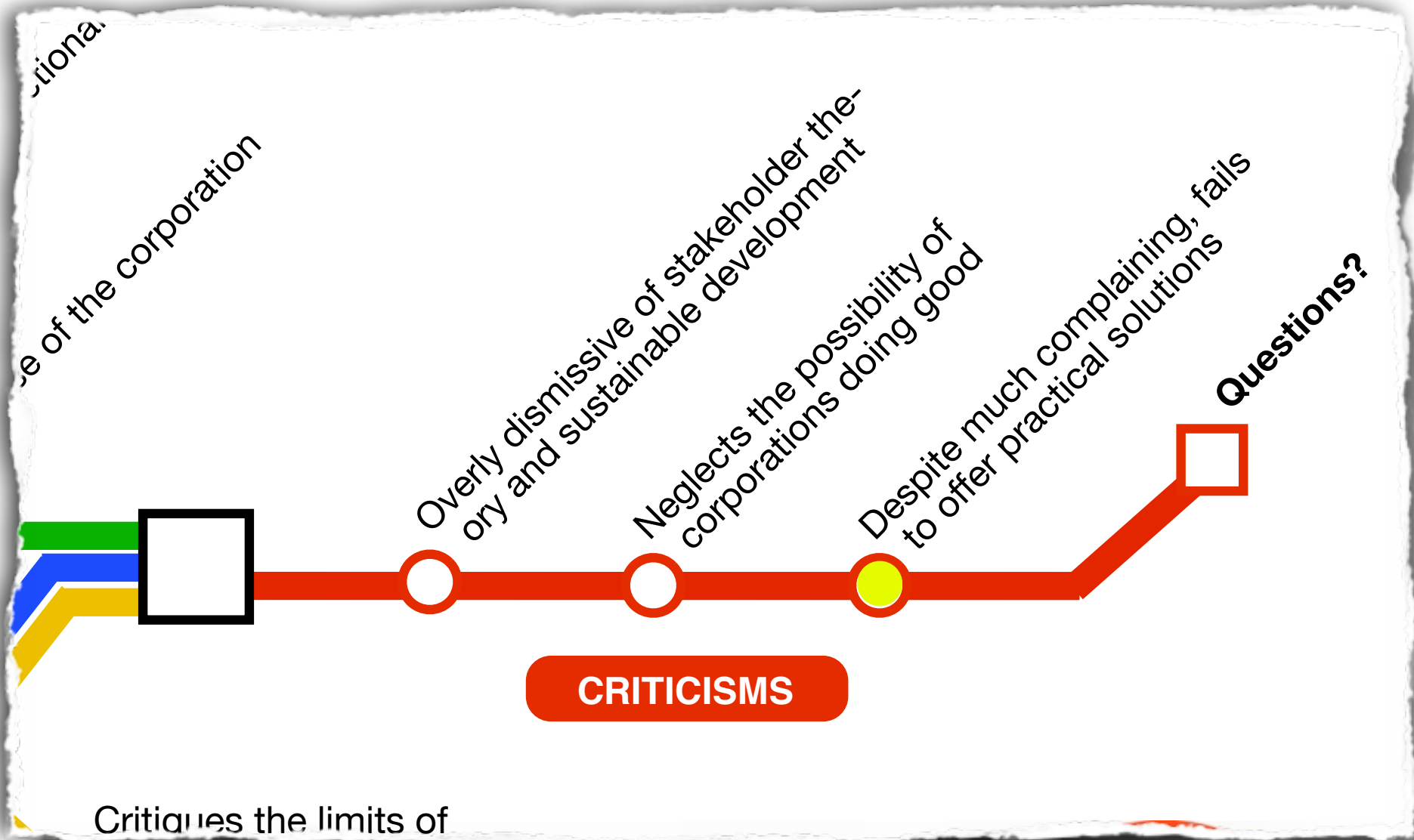
4. Criticisms of Banerjee (2008)



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Criticism 1: Too Quick to Dismiss Valid CSR Theories

- ❖ Stakeholder theory
 - ❖ Banerjee critiques the stakeholder view of the firm as a form of colonialism “that serves to regulate the behavior of stakeholders” (p. 72)
- ❖ However, Banerjee's critique fails to acknowledge that:
 - ❖ Stakeholder empowerment is a two-way street.
 - ❖ Business and stakeholder interests are increasingly aligned
 - ❖ Positive examples of stakeholder influence exist (ex. Shell, media



Criticism 1: Too Quick to Dismiss Valid CSR Theories

- ❖ Sustainable Development
 - ❖ Banerjee critiques Sustainable Development for its emphasis on traditional capitalistic notions (i.e. triple bottom line), and for its history of being ‘hijacked’ by corporate interests.
- ❖ However, we find SD’s capitalistic perspective to be among its strengths
 - ❖ Provides a business case for sustainability that is compatible with the corporate mindset
 - ❖ Incorporating externalities (i.e. carbon emissions) into the current economic system
- ❖ Misuse of SD by corporations does not justify dismissing the theory altogether
 - ❖ Companies frequently latch onto and manipulate ‘trendy’ movements (ex. ‘diversity’, ‘innovation’). This does not mean the ideas being manipulated are without merit and should be discarded.

Criticism 2: Bad and Ugly, but what about Good?

- ❖ Banerjee denies the possibility that corporations can contribute to social welfare. However, we find this assumption counterproductive for the following reasons:
 - ❖ Despite lacking suitability, corporations increasingly have to adopt roles traditionally reserved for governments that create social value, so totally dismissing their ability to create social good is not helpful for improving the status quo
 - ❖ Ex: shell quote- govt in the oil business
 - ❖ Even though they are largely to blame for the current social, environmental and economic crises, corporations are a necessary mechanism for bringing about positive change.
 - ❖ Ex: Walmart

Criticism 3: heavy on complaining, light on solutions

- ❖ Banerjee's highly negative critique of the current state of CSR fails to focus adequately on solutions, providing just a few paragraphs, mainly focusing on academic research at the expense of actual prescriptions for action for managers.
- ❖ Banerjee's solution: critical view of companies' ability to address CSR-->places the brunt of responsibility for implementing CSR into the hands of regulators
- ❖ This is unlikely to work:
- ❖ As Banerjee has emphasized, gov'ts are notoriously pro-business
- ❖ typical reasons that governments can't effectively enforce CSR (MNCs, less efficient than the marketplace, etc.)
- ❖ "Substituting one narrative for its total opposite does not enhance our

References

- ❖ Banerjee, S. B. (2008). 'Corporate Social Responsibility: The Good, the Bad and the Ugly', *Critical Sociology*, Vol. 34(1): 51-79.