

Corporate Social Responsibility or a Philosophy of Business?

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Did you know that a “Marathon” is going on around Europe that will culminate in an “Olympics” in 2004? The “marathon” is a series of conferences in 15 major cities across Europe on the question of “Corporate Social Responsibility” (CSR), promoted by several business organisations and the European Union. The Italian government has announced that the promotion of CSR, and a further idea of “social commitment” (SC), will be among its top 5 priorities for its six months in the presidency of the European Council (one of the decision-making bodies of the EU) which being in June 2003. Much other evidence could be adduced to indicate that the CSR idea is “on the up and up”. Depending on your point of view, CSR is either a bandwagon that everyone is jumping onto because not to do so would be strategic folly, or else it represents a real opportunity to instil better business practices into, especially, the major multinationals after the scandals of Enron, Worldcom and Ahold. What cannot be denied is that international, national, non-governmental and business organisations at every level have some kind of interest in or commitment to CSR. Is it possible to say how much of this involves a genuine interest in rethinking the way business works, or how much is nothing more than opportunism? Instead of wondering whether we can judge the intentions of business people, perhaps we can take a different approach to answering this question.

As is usual in the business world, there is difficulty in defining what is meant by corporate social responsibility, despite a great deal of work going into devising “social audits” and into putting together systems of “social accountability”. A fundamental part of this is due to the way “knowledge” is treated by businesses. Except where it comes to technology and finance (and not always here, either), definitions of what constitutes something or not often become themselves products to be sold (by consultants, for instance), and thus definitions, like any other product or service, may need to be “differentiated” compared to those of the competitors in order to compete in the “marketplace”. While some of this can be helpful – sometimes competition of this kind can lead to better definitions and useful sub-definitions when the general concept is applied to a particular industry or activity – there is an underlying problem with this kind of “privatisation” of definitions. The definition of a term has to be shared for it to have any sense (or any “value” to use an over-worked word in the business vocabulary). Definitions ultimately belong to the “public good” of (shared) knowledge. The idea of a “private definition”, at least put in this way, is an oxymoron – either a definition is public and sharable, or it’s not a definition.

Taking this line of thought one step further, we arrive a position similar to that of David Lutz in his article in this issue of *OIKONOMIA*. In “Beyond Business Ethics” Lutz argues that the teaching of business ethics is largely ineffectual, if not counterproductive, either because economics and business disciplines have entirely colonised the subject of ethics, supplanting it with some version of economic or business theory, or because its methodological individualism makes it impossible to propose an ethical theory that can be held in common (and which would thus be a “useful” theory). In terms of the three models of engagement described in the book *Managing As If Faith Mattered* (see the February 2002 number of *OIKONOMIA*), Lutz is making primarily a “prophetic” engagement, pointing out how the present situation can go no further – there needs to be a radical overhaul of the basic approach before we can make any progress. He then begins to “make the engagement”, outlining some of the fundamentals of a more realistic and fruitful approach. What we need, he rightly argues, is a philosophy of management, one which describes what businesses are, what their aims are and what it means to be a “good” manager and to manage well. Not surprisingly, therefore, the question of what is corporate social responsibility (not a million miles away from the question of ethics in general) remains unclear unless it can be incorporated into some kind of underlying, accepted philosophy of

what business is about. Without this anchoring of definitions in a philosophical “worldview”, what the concept means is left undefended; it can be entirely colonised by the financial theory of the firm, for instance, or by radical ecologism, or by any other theory or “philosophy” out in the marketplace that takes a fancy to the idea and wants to see it incorporated into its own intellectual scheme. It is this, as much as the problems with the confused, misguided or downrightly manipulative intentions of managers and shareholders which makes it difficult to know whether the present vogue for CSR has any long term significance.

Lutz’ contention is timely and correct. His attempt at beginning to create the philosophy needed can be complemented by a more practical, heuristic approach, where we look at how one could try to move forward with an acceptable definition of corporate social responsibility, and an acceptable way of putting it into practice, despite the theoretical and practical issues that Lutz raises. Lutz’s courageous attempt to point out the errors in the dominant ideology can thus be backed up by those who, on a practical but nevertheless well-informed level, try to work out what could be a way out of this dilemma. The two approaches are not mutually exclusive, but rather reinforce each other.

The launch of a Masters programme in Management and Corporate Social Responsibility at the Pontifical University of St Thomas (PUST), Rome, is part of this attempt to try to change things starting from a more practical position (see avvenimenti/events in this number of *OIKONOMIA*). Through the Masters, we aim to start putting a more realist idea of corporate social responsibility forward. Some practical experience already indicates that managers interested in studying in the environment of a pontifical university would be open to this. In the Faculty of Social Sciences at the PUST we run a part-time programme where people can take the normal degree without needing to be present at lectures during the week (see our web site www.pust.edu for more information). A couple of years ago we ran a seminar for these students on the virtue-based approach to moral philosophy. It was a revelation to two high-ranking managers that one could think of moral behaviour not in terms of keeping rules (although rules may be a useful back-up) nor in terms of resolving a quandary, but that one could think of it in terms of realising the good, that is, of creating and sustaining goods which contribute to a good life. This inspired them with quite a different vision of what it means to manage well, and confirmed for us in the department how valuable this Thomistic approach is to managers. The language of the virtues is easily assimilated by managers who spend their lives trying to “realise” or “produce” goods and services effectively.

The Master will cover basic subjects like economic policy, but also look specifically at the development of the idea of Corporate Social Responsibility and its application and measurement. During a period of work experience, students will have the chance to gain practical knowledge with regard to the way CSR is approached in a particular business. All this will, of course, include the confused and often misleading use of the idea of CSR as it is found in business at present – no system of work experience could avoid this. In itself, however, an experience of this kind is not necessarily negative if it can be dealt with in the light of a more profound philosophy, where students have the chance to discuss and think over how they can deal with this non-ideal situation in a positive way, working towards gradual changes and being ready to take advantage of the chance of major changes should a crisis make that kind of step-change possible.

Our classic text in this number of *OIKONOMIA* is from the pen of Cardinal Pavan, a great expositor of the Church's social teaching. He points to two basic principles that need to underlie both a philosophy of management and a realistic approach to corporate social responsibility: all economic activity is a form of service and that service, whether given by an individual or by a business, needs to be guided by the spirit of solidarity. If we can convince managers and financiers of this, we have already made a big step forward.