



**If we are the future of ‘corporate sustainability and responsibility’ (Visser 2011), what personal and professional behaviour will we need to demonstrate in global business?**

Caroline Johnson

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# Abstract

This report considers the need for personal values in professional conduct and the practice of corporate social responsibility (CSR). In alignment with Wayne Visser’s (2011) proposal that a new approach to CSR is required to successfully tackle global issues, the need for systemic CSR is supported. Responsibilities that are accepted by the core of the corporation and the individuals that create and operate them are a necessity and an emphasis is put on personal values and the impetus they have in shaping global business practice.

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# Introduction

An ever-growing pool of academic and professional research and advice surrounds the concept of what it means to behave responsibly within a global business environment. Corporate social responsibility (CSR), formally introduced by economist Howard Bowen (1953) who claimed that ultimately businesses exist to serve society not profit, now incorporates the scope of social, economic, environmental, stakeholder and voluntary activity; as is demonstrated by the European Commission (2001) definition of CSR classified as the most popular (Dahlsrud, 2008):

[CSR is] a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis (European Commission, 2001, p.6).

Organisations have been evolving, merging and adapting since the onset of the Industrial Revolution in the 1800’s and the capitalist system has propelled businesses to strive for growth and maximise productivity. The relationship between this success and an organisation’s ability to appreciate that its unique objectives and purpose must be managed in the context of the changing environment, in which it operates, is nothing new. However, it could be argued that the exigencies of contemporary society, within the context of the present changing environment, are demanding that organisations question and modify their business objectives and values to such an extent that the pressures and responsibilities that they now endure are more challenging than ever. Although a contested proposition (Friedman, 1962) the expectation for ethical behaviour of a company toward society is now a widely accepted and orthodox concept (Adeyeye, 2011; Cannon, 2012; Lee, 2008; Visser, 2011). However, the level at which CSR is integrated into business operations and stakeholder interaction varies greatly.

The UN Global Compact initiative steers corporations toward a universal global consciousness by promoting a CSR policy approach aligned with universal principles (UN Global Compact, 2013 [Online]). The global perspective is important as business is the primary driver of globalisation and operates within the context of a global community. International trade and investment has led to increasingly interdependent national economies and, in doing so, corporations have engaged in unprecedented cultural and institutional change (Buchholz, 2009). Business schools around the globe are also responding to the exponential change, perpetuated by business behaviour, by supporting the development of responsible, community-oriented leaders and encouraging responsible management education, research and thought leadership on a global scale (UNPRME, 2013 [Online]).

However, despite the ever-increasing number of CSR initiatives and the widespread adoption of a CSR agenda, success has not been achieved in resolving the social, environmental and economic problems faced by the human population to date. A disparity exists between the standards promoted by CSR initiatives and the behaviour demonstrated by corporations. The challenge of altering the mind-set of economically oriented companies focussed on short-term profits remains as challenging as tackling the proliferating culture of overconsumption. Anglo-American style capitalism dominates the global business environment but has failed to accommodate for the generations that follow on behind, or indeed, many that exist in the present (Buchholz, 2009; Fleming & Jones, 2013; Handy, 2003; Mackey & Sisodia, 2013; Visser, 2011; WCED, 1987). Short-termism and responsibility do not sit comfortably beside one another and, as such, values have become misplaced and morality detached from individuals, companies and market systems.

Critics argue that a new approach is needed if the aspirations of corporate sustainability and responsible business behaviour are to be realised sufficiently to confront existing global challenges with significant solutions (Buchholt, 2009; Fleming & Jones, 2013; Mackey & Sisodia, 2013; Visser, 2011). For Wayne Visser, this new approach comes in the form of CSR 2.0, where CSR denotes ‘corporate sustainability and responsibility’ (2011). Visser highlights the failures of the present approach to CSR as not significantly addressing the scale of the problems created and faced by corporations today, as well as the evidential lack of systemic change and the inappropriately placed economic profitability of the most irresponsible industries. The themes of responsibility and redefining value creation are key to embedding a new business model and systemic CSR 2.0 into business culture: “CSR is an integrated, systemic approach by business that builds, rather than erodes or destroys, economic, social, human and natural capital” (CSR International, 2013 [Online]). Such an approach would require businesses to place values and morality at the core and weave it into the purpose of the corporation. In practice, for systemic positive change to occur, it is the human element that must not only initiate the change but also engage with it on every level.

Akin to the way companies are urged to adopt the systemic practice of CSR 2.0 (Visser, 2011), individuals must endeavour to realise the personal values, by which an identity is defined, into professional behaviour and decision-making (Parkes & Blewitt, 2011). For, if ‘to have responsibility toward’ may be defined as having ‘a moral obligation to behave correctly to’ (Oxford University Press, 2013a [Online]), then understanding one’s own value base is critical in determining morality, respecting moral differences and acting and leading with integrity within both the personal and professional spheres.

Miller and Pruzan (2005) suggest that when values are placed at the core of a company’s management philosophy “leaders and organisations (…) naturally behave responsibly on behalf of themselves, their communities, society, the environment and all of creation” (p.2). Defined as ‘spiritual-based leadership’ the authors argue that it is inherent in human nature to realise our individual and collective spiritual nature and purpose (ibid.). There is evidence that where spiritual values are applied to business practice, a more ethical organisation may exist (Elkington & Hartigan, 2008). It is the redefinition of value creation, to include social and environmental value, and from the value of matter and money to the value of morality and ethics that is reliant on the confidence of individual purpose. From that perspective that leaders can tackle the complex global challenges presented by the need to align personal values with those of the diverse range of stakeholders that exist (Maak & Pless, 2006).

From the perspective of individuals wishing to accelerate the path toward global social equality and sustainable development, this report will discuss the practicalities of doing so in a global business environment. Focussing on the principles of circularity and glocality (Visser, 2011), and highlighting the importance and effectiveness of fulfilling personal values through professional behaviour, this report uses contemporary business examples and academic debate to argue that tackling global issues and driving remarkable change is not an incalculable task, achievable by only the most powerful individuals, governments and organisations. Indeed, if this were the case, failure would surely preside. For the responsible individual, despite the complexity of the global community in which one operates, change is realistic, achievable and purposeful where values are placed at the core of both personal and professional behaviour.

# The Principle of Circularity

*The Chief Executive Officer* (CEO) of *a global consumer goods company*, successfully propelled the company toward a path of social responsibility through innovation and risk taking built on values (Ignatius, 2012). Under his leadership *the global consumer goods company* has set out to double revenue by 2020 while reducing environmental impact by 50 per cent and increasing the positive social impact of the company. In pinpointing his inspiration, *the Chief Executive Officer* suggests that far from being profit driven, it was triggered by “looking into his children’s eyes and recognising he would be failing them if he did not do all he could to ensure their future wellbeing” (Confino, 2012 [Online]). Such an experience is extremely personal to *the Chief Executive Officer* but it is the foundation from which he successfully drives the company forward in such an innovative and positive direction.

A distinct similarity can be found here between *the Chief Executive Officer’s* values and the concept of sustainable development, which is defined as ‘(…) development that meets the needs of the present without compromising the ability of future generations to meet their own needs’ (WCED, 1987, p.43). Given that inspiration has been drawn from values associated with ensuring the future wellbeing of his children, it is not surprising that, since becoming CEO, *the Chief Executive Officer* has integrated sustainable development principles into corporate strategy. The overall company purpose is now defined as ‘to make sustainable living commonplace’ (*the global consumer goods company*, 2012). *The global consumer goods company’* principles also state that only suppliers who share similar values, and work to the same standards will be considered as business partners (*the global consumer goods company*, 2013 [Online]). The knock-on effects are huge as *the global consumer goods company* company ‘makes and sells products under more than 400 brand names worldwide [and] two billion people use them on any given day’ (ibid.).

Founded on personal values not solely focussed on the demands of shareholders, the approach is radical for a large corporation to adopt but perhaps not revolutionary. Systemic change is evident and of global significance but arguably let down by the economic growth model to which the targets are linked (Jackson, 2009). The argument here is one that challenges the moral justification of economic growth through production and consumption that is inherent in the capitalist system. Jackson argues that economic stabilisation, not growth, is the only way for sustainability to be achieved and for the ecological limits to be adhered to that will prevent irreversible damage to the planet. Accordingly, although *the Chief Executive Officer* is promoting a reduction in the environmental impact of *the global consumer goods company*, as well as a positive social impact, he is still encouraging production and consumption through the doubling of revenue. However, the strategy proposed must be viable to be successful and it could be argued that profit is a healthy business outcome where purpose and strategy are focussed on creating shared value (Kramer & Porter, 2011; Mackey & Sisodia, 2013).

*The global consumer goods company* aims to achieve its environmental impact reduction targets by looking at the entire life cycle of products throughout the supply chain and by setting out to decouple growth from environmental impact (*the global consumer goods company*, 2013 [Online]). However, *the Chief Executive Officer* is not proposing to adopt the conventional response to the growth dilemma, ‘relative decoupling’. Such a response fails to decline resource impacts in real terms but does so only relative to gross domestic product (GDP) (Jackson, 2009). Typically, this is achieved by reconfiguring production processes and redesigning goods and services so that ‘economic output is progressively less dependent on material throughput’ (Jackson, 2009, p. 67). *The Chief Executive Officer* is proposing a decline in absolute terms, *absolute decoupling*, and in relation to climate change, this is the only successful approach for the Intergovernmental Panel on Climate Change’s (IPCC’s) stabilisation target, for the reduction of global carbon emissions by 2050, to be met (Jackson, 2009).

The theoretical concept of CSR 2.0 (Visser, 2011) endorses the idea of *absolute decoupling* through the principle of circularity; characterised by a closed loop process consisting of a continual cycle of products and waste becoming inputs for new products. Michael Braungart and William McDonough (2009) present this *cradle to cradle* approach, whereby nature inspires design through biomimicry, as a new industrial revolution and economic system. Evidence of the successful implementation of biomimetic product design can be seen in a range of products, from building materials and office furniture to child play areas and laundry detergent (MBDC, 2013 [Online]). *The global consumer goods company* is yet to implement biomimetic product design but acknowledges that, as an innovative approach and emerging technology, it is an area in need of further development and one toward which targets are set. This highlights that CSR 2.0 will not be a rapid transition where it is reliant on new technologies that are yet to become practical realities.

Visser (2011) likens ‘getting to sustainability’ for such large corporations as ‘like turning around an oil tanker’ (p.303). So, while *the global consumer goods company* may not be sustainable yet, it is certainly implementing a change in company culture that is systemic and long lasting. Due to the application of personal values to professional conduct, *the Chief Executive Officer* is committing not just *the global consumer goods company* to this change but also those that choose to be part of *the global consumer goods company* supply chain. Furthermore, the simplicity of a value relating to the future wellbeing of one’s children through sustainable development resonates in many different contexts (Fisher, Lovell & Valero-Silva, 2013), enabling *the global consumer goods company* to take a deontological approach to moral behaviour by applying a far-reaching strategy that has a universal goal and purpose.

# The Principle of Glocality

The sustainable development concept spurred the UN General Assembly to work towards the drafting of Agenda 21 as well as holding the Conference of Environment and Development (UNCED) in Rio de Janeiro in 1992. Non-governmental organisations (NGOs) and 172 participatory governments from around the world acknowledged the need to create an enabling environment that encouraged responsible management practice within private enterprise (UN, 1992, [Online]). This exemplifies how sustainable development principles can be a global driver of CSR with an international origin (Visser, 2011). The size and scope of interest for the Rio conference from nation states was unprecedented and future markers were set that required local solutions, initiatives and regulations to be implemented for global results to ensue.

Nevertheless, unsustainable trends have continued to worsen and, as such, the proposal that only governments, not business managers, can successfully be accountable for society through fiscal measures and legislation (Friedman, 1970) no longer holds up. The global community now consists of corporations whose combined power can exceed the power possessed by nation states (Cannon, 2012) and the geographical mobility of global businesses makes it potentially harmful for national tax bases where regulations are enforced (OECD, 1988). However, the conversations have begun and corporations are now talking of responsibilities toward society, even if there is still much action to be implemented.

Global CSR drivers, such as sustainable development principles, have also provided the opportunity for industries to unite in action. Chouinard and Stanley (2012) document the beginnings of the unlikely coalition between Patagonia and Wal-Mart to establish the Sustainable Apparel Coalition. ‘Working to reduce the environmental and social impacts of apparel and footwear products around the world’ (Apparel Coalition, 2013 [Online]) the trade organisation now represents more than a third of the industry and comprises of brands, retailers, manufacturers, government, NGOs and academic experts (Apparel Coalition, 2013 [Online]). The values of Patagonia and those of Wal-Mart are distinctly different, as while the CSR drivers for Patagonia may derive from concern for the natural environment, and the drivers for Wal-Mart derive from public reputation, the two organisations could communicate and develop an initiative that has had a positive global impact in real terms.

Although universal principles may be applied globally, essentialism dictates that the divergent CSR priorities of the local context in which a global business operates demands a flexible approach to finding local solutions (Tolhurst & Visser, 2010). Accordingly, while the UN can promote the benefits of sustainable development, universal legislation may not provide solutions when cultural priorities differ. Operating within a global business community therefore also requires the ability to look beyond one’s own value system and to understand and accommodate the values of others to promote positive change.

Visser exemplified the conflicting priorities by redefining Carroll’s western-oriented ‘CSR Pyramid’ (1991) per the CSR priorities of significance in African cultures (Visser, 2006). This was later broadened to offer a CSR priority pyramid for developing countries (Visser, 2008). The point that Visser is trying to convey is that Carroll’s original pyramid (1991) was significant only to developed nations, perhaps also in the West, but that developing countries having differing concerns, cultures and responsibilities due to the environment in which they are based. The differences are also the drivers for CSR and, as such, the pyramid and order of priorities is different also. For example, legal responsibilities are priority number two for Carroll’s version but are less of a priority in Visser’s version. Developing countries often have less stable legal systems, a poorly developed legal infrastructure and are more likely to be affected by corruption. This reduces the likelihood that CSR will be driven by legislation (Visser, 2011).

Whether it is a universal value driving a local or global response, ultimately, it is the collaboration of individuals that initiate change. Where conscious decision-making, centred on a purpose of benefit to society is delivered diverse values are accommodated for and solutions found rather than difficulties ignored. For to be responsible is to respond to those values and issues of others and so increase one’s own sense of purpose and existence.

# Conclusions

Corporate sustainability and responsibility is certainly a future aspiration and one that does not exist in the present, not fully anyhow. Visser (2011) presents an interesting perspective of how CSR 2.0 may be approached and what form it will take, and some might find the guidance useful, informative and perhaps enlightening. As we have seen, the principle of circularity is not a new concept but it is certainly one that will need to be implemented for environmental degradation to be addressed on a global scale. The principle of glocality is also an inescapable topic for global business given the extent of contemporary communications, transport and trade. However, as has been previously discussed, others too have presented equally as interesting and legitimate proposals of how best to move forward responsibly.

Buchholz (2009) proposes that the answers lie in a capitalist culture based on responsibility and community, fitting with the individual self that thrives on community and social ties. Mackey and Sisodia (2013) defend capitalism in a spiritual and conscious form and promote economic gain where it is not part of an organisation’s purpose. Fleming and Jones (2013) claim that where money is at the core of the ontological approach it is not possible to solve the global environmental and social problems of contemporary society. Far from conflicting, the proposed frameworks offer a consistent message. CSR, in a glossy brochure and in a separate company department is no longer acceptable. The wool has been pulled, and continues to be pulled from the eyes of the global population and it is up to those who can now see the potential for responsible management, to act. The global problems that are now faced, and that will affect generations to come, are the responsibility of all, but particularly concern those who have a conscience developed enough to recognise the many contentious issues, and that have a professional platform to be able to affect in practice, real demonstrable differences.

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**APPENDIX ONE**

**BS7916 Principles of Responsible Management**

 **Semester One - Module Handbook**

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| **Assessment Two**

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| --- | --- |
| Assessment Title | Critical report |
| Assessment Type | Essay |
| Restrictions | 3500 words +/-10% |
| Individual/Group | Individual |
| Assessment Weighting | 70% |
| Issue Date | Week 1 |
| Hand in Date | Thursday 12 December 2013  |
| Feedback Date | 20 working days after submission |
| Mode of Submission | Electronic copy via LN and Turnitin |
| Number of copies to be submitted | 1 |

**Critical report:** **If we are the future of ‘corporate sustainability and responsibility’ (Visser 2011), what personal and professional behaviour will we need to demonstrate in global business?****Guidance for the report:*** **Reflect on** major theories and concepts relating to global social responsibility arising from the module that you feel are important. These should include some of the following: sustainable development, corporate social responsibility, stakeholder theory, business ethics, workplace ethics and current sustainability concerns.
* **Substantiate** why you feel these are important for you personally and professionally, and how you came to identify with them.
* **Evaluate and critically reflect on** notes you made during seminars of independent study and use these to discuss how your thinking has developed in relation to your personal and professional responsibility for contributing to global social responsibility.
* **Engage critically** with the management literature, and any appropriate contemporary business examples.
* **Accurate** use of Harvard referencing required. On-line references are acceptable as long as they are from academic and /or reputable sources. The type should be 12 font with 1.5 spacing. The word count should be clearly shown at the beginning of the essay and all pages should be numbered.
* See guidelines at end of handbook for marking criteria
* Marking process will be in accordance with the University’s Moderation of Assessed Work Policy
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