PERSONAL VERSION

This is a so called personal version (authors's manuscript as accepted for publishing after the review process but prior to final layout and copyediting) of the article.

Fougère , M & Solitander , N 2009 , ' Against Corporate Responsibility : Critical Reflections on Thinking, Practice, Content and Consequences ' CORPORATE SOCIAL RESPONSIBILITY AND ENVIRONMENTAL MANAGEMENT , vol 16 , pp. 217-227

Readers are kindly asked to use the official publication in references.

Against Corporate Responsibility
Critical reflections on context, thinking, practice, content and consequences

Martin Fougère and Nikodemus Solitander

Introduction

Within business studies, Corporate Responsibility[1] (CR) is increasingly accepted as an uncontested broker between sustainable development and free market liberalism. CR, following the definition of the EU Commission (2006, 2) 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'. It has proven to be a flexible yet powerful concept that has established itself at the core of managerial discourses. In the words of Robert Strauss (2006), head of Employment and Social Affairs of European Commission, 'everybody is in favour of [CR]. Nobody can be against it. It's like motherhood and apple pie'.

The notion that 'social responsibility' should be a focal issue for business is by no means new. 50 years ago, as a response to proponents of the business social responsibility agenda published in *Harvard Business Review*, Theodore Levitt (1958), a thinker who by no stretch of imagination could be seen as opposed to the interests of business, argued the following:

> What started out as the sincere personal viewpoints of a few selfless businessmen became the prevailing vogue for them all. Today pronouncements about social responsibility issue forth so abundantly from corporations that it is hard for one to get a decent play in the press (42)...[The danger is that the] corporation would eventually invest itself with all-embracing duties, obligations and finally powers – ministering to the whole man and molding him and society in the image of the corporation's narrow ambitions and its essentially unsocial needs. (44)

Today, in the era of corporate citizenship, such a position could seem almost anti-corporate. Yet from a purely profit-minded perspective, arguments about the corporation's narrow ambitions and unsocial needs would seem to make sense. The question thus becomes: where is the flaw in this proposition according to today's advocates of CR? In this paper, we set out to examine what has and has not changed since Levitt's warning was formulated, in order to understand the proposed shift put forward by business-minded actors. The analysis is framed in terms of context; thinking; practice; content; and consequences.

In this theoretical paper, we examine general CR trends as articulated by influential proponents and as illustrated by: 1) the case of Botnia in Uruguay, which has recently generated much discussion and controversy in international media[2]; and

---

[1] Although the term corporate social responsibility (CSR) is more commonly used today than CR, there are indications that the latter may be becoming the preferred term, and it conveys better the responsibility for *both* social and environmental issues; thus we opt for using CR instead of CSR throughout the text.

[2] The case deals with the construction of a eucalyptus pulp mill by the Finnish company Botnia near the town of Fray Bentos, close to the Uruguayan-Argentinian border, and the crisis that this process led

2) other prominent examples of CR-practicing companies, in order to demonstrate that similar patterns to those seen in the Botnia case are visible in many other cases.

In the following section we further position our argument by reflecting on some existing critical perspectives and describing what type of critique we intend to deliver towards CR, before proceeding to describe our approach in some detail. We then introduce two definitions of what we see as the dominant articulation of CR today, and briefly discuss what we think they entail. Our analysis of CR context, thinking, practice, content and consequences follows, illustrated by our focal case and other examples. Finally, we attempt to open up our discussion in a constructive conclusion.

On criticising CR

In order for our discussion of CR to be as clear as possible, we differentiate between 1) CR as a signifier used by different actors (this is what we refer to as CR in this paper), 2) CR discourse as one that is in principle open to different articulations (henceforth CR_D) and 3) what we see as the overwhelmingly dominant articulation of CR discourse in today's world (henceforth CR_{HA})[3]. It is important to note that our endeavour here is 'critical', in a way that has been rather foreign to CR_{HA} and even CR_D as a whole so far: within it, there seem to be few opposing agendas because of an unproblematic adoption of 'best practice' as overarching principle, and critical perspectives are thus marginalized (Banerjee, 2006). But as ten Bos (2006, 30) reminds us, there is 'some strangeness in a world that generally does not manifest any doubt whatsoever about the goodness of its own endeavour. Contestation is thus all that matters here'. It is important to critically explore taken-for-granted assumptions that freeze the social order (Alvesson and Willmott, 2003). In contesting the non-conflictive nature of CR_{HA}, we adopt a critical perspective in the broad spirit of critical theory (*e.g.* Adorno, 1981; Marcuse, 1964), seeking to question taken-for-granted understandings and denaturalize what has been established in CR_{HA} as unproblematically good for nature and society.

However, we do not contend that there is no opposition to CR_{HA} within CR_D or that there are no alternative perspectives on sustainable development (SD). Opposing voices of ecofeminist (*e.g.* Shiva, 1988), ecomarxist (Peet and Watts, 1996), Foucauldian (Escobar, 1995) and/or postcolonial (Banerjee, 2003) inspirations have been vocal in the critique of SD as based on a modernist westernocentric ideology of 'developmentalism' wherein the word 'development' has been appropriated to further strengthen the domination of the economic over the social (Doane, 2005). While CR is a contested concept, 'a religion filled with priests' (Porter, 2003), it does not imply that there is no dominant view of what it entails. In fact, its loose definition can be seen as central to how it is 'used' (mostly discursively) by business: it is, by definition

---

to. It is outside the scope of this paper to describe the unfolding of the crisis in detail, but a summary of the main events can be found in Appendix 1.

[3] What we refer to as CR_{HA} is what we would call, drawing on discourse theory (Laclau and Mouffe, 1985), the 'hegemonic articulation' of CR_D, *i.e.* the business-driven view of CR that prevails today, and we focus on this articulation here for the following reasons: 1) we see it as overwhelmingly dominant in today's 'public' discourse on CR, in the mass media and corporate communication; 2) it is supported by an extensive body of positivist academic research on CR, providing legitimacy for its instrumental aims (see Scherer and Palazzo, 2007); and 3) it would be falling into a trap of this dominant articulation to accept that there are many different perspectives on CR which are all equally valuable – we see this posture as a trick to appropriate and neutralize all critique as *part* of CR_{HA}. This hegemonic articulation, however, does not completely prevent CR_D from remaining open to (hitherto marginalized) alternative articulations.

as it were, 'always being redefined to serve changing needs and times' (Holliday *et al.*, 2002, 103). As we will argue, what is the most significant characteristic of CR does not lie in its definition, but in whose 'needs' are being 'served' through CR.

Our approach

In this theoretical paper, our critical approach consists of two main steps: 1) a theoretical analysis of CR_{HA}, which draws on mainstream CR literature, with a specific focus on what we see as the most influential driving force behind CR_{HA} (see also Corporate Watch, 2006; Rutherford, 2006), the World Business Council of Sustainable Development (WBCSD); and 2) illustrations of our main theoretical points through a number of different cases, with a more systematic focus on the case of a WBCSD member, Botnia (as part of the Metsäliitto group). For this more focal case we rely on different types of secondary material, including documents made available by Botnia (Botnia, 2006; 2007; Faroppa and Annala, 2004), NGO and watchdog communication (Greenpeace Argentina, 2006; Pierri, 2006), more general printed, electronic and visual media accounts, as well as our own observations during two events: 1) the screening of a documentary film titled *La historia de dos orillas* ('The story of two shores') and the panel discussion that followed at the Helsinki Film Festival in September 2006; and 2) the OtaEco congress in November 2006 where the CR representative of Botnia spoke on the case of Fray Bentos (Annala, 2006). We complement our illustrations from the Botnia case with further examples illustrating similar patterns in order to show that the dynamics at hand are by no means unique to the Botnia case.

It is our contention that when dealing with CR_{HA}, the boundaries between text, discourse and practice are particularly blurred: we see the corporate texts and other corporate communication material as part of the very practice of the CR_{HA} version of CR – and to some extent as constituting the substantial core of this practice. That is why it makes full sense to us to use what would otherwise be considered as 'secondary data': CR communication, *i.e.* communication inherently aimed at stakeholders, explicitly is our main object of study. Research interviews would not provide manifestations of CR_{HA} *per se*: in the interview setting, what most importantly defines the researchers' function is not their being stakeholders.

It should be noted that the examples we use to illustrate our views should not be seen as extreme cases of bad corporate practice. Rather, we have selected examples in which corporations can be seen as acting in what CR_{HA} conceptualizes as a responsible way, in its guiding – however loose – principles of action. Thus, we see these cases as exemplary of the dangers that CR_{HA} represents: it is not that CR is 'wrongly' applied by corporations; CR_{HA} is the problem. What attracted our attention to the Botnia case was the way in which Botnia claimed to act in the most responsible way possible while denying responsibility for a political crisis largely caused by its actions: we thus found this case exemplary of the tensions in CR_{HA} between 'responsibility' and business rationality, and we felt that using it as a main illustration would be particularly insightful.

To guide our analysis we use the dimensions of context, thinking, practice, content and consequences of CR_{HA}[4]. There certainly are overlaps between these dimensions,

---

[4] This framework for our analysis was initially inspired by the formulation of a call for papers about critical reflections on CR, for a forthcoming special issue of the *Scandinavian Journal of Management*. While writing up a previous version of this paper, we felt that covering each of these five aspects in turn made it possible to address our main critiques of CR_{HA} in an insightful, fairly comprehensive way.

and thus some of our analysis is positioned fairly arbitrarily within one category rather than the other. For each of these five dimensions, we focus on one main feature of CR$_{HA}$ that displays at best 'false consciousness' (see *e.g.* Marcuse, 1964) and at worst a deliberate attempt at deception. But our aim is not to determine whether CR$_{HA}$ purposely misleads people; rather, we seek to expose how what CR is claimed to be about by its business proponents tends to be very different from what a great deal of evidence shows it to be. We thus engage in a type of deconstruction where the key signifiers asserted in CR$_{HA}$, such as the concern for 'sustainability', the 'proactive' nature of CR$_{HA}$, its 'responsible' ethos or its 'win-win' outcomes are contrasted with evidence that points to the opposite direction, like the focus on 'growth', how CR$_{HA}$ can be seen as 'reactive' and dealing with society and itself in a fundamentally 'irresponsible' manner, or how it may lead to 'lose-lose' situations.

To us CR$_{HA}$ is deeply problematic not only because it freezes reality (*e.g.* Adorno, 1981) through asserting its own hegemonic truth about stakeholders and nature, a truth in which potentially progressive institutions such as UNEP and the EU have seemingly come to have blind faith. It is problematic also because it represents a real threat for the sustainability, not only of livelihoods and nature, which have always been threatened by corporate practices, but also of the corporation itself: in our deconstruction we also seek to expose how CR$_{HA}$ is internally flawed.

Defining CR

Two established definitions of CR follow, from WBCSD and the EU respectively, representing the CR$_{HA}$ stance:

> [CR is] the commitment of business to contribute to *sustainable economic development*, working with employees, their families, the local community and society at large to improve their quality of life…[CR] is a fundamental concept – like liberty or equality – that is always being *redefined to serve changing needs and times*. (Holliday et al, 2002, 103, emphases added)

> [CR] 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. It is about enterprises deciding to go *beyond minimum legal requirements* and obligations stemming from collective agreements in order to address *societal needs*. (EU Commission, 2006, 2, emphases added)

The first definition shows that CR$_{HA}$ is connected to the broader notion of 'sustainable development'. Indeed, the whole CR$_{HA}$ endeavour can be viewed as an attempt by corporate actors, largely coordinated by WBCSD (initially called BCSD) since the 1992 Rio Earth summit, to appropriate the SD goal (Banerjee, 2003; Corporate Watch, 2006; Haque, 1999). Situating CR at the same level as liberty and equality gives an indication of the envisioned scope of the CR concept: it is meant to affect the whole of society. At the same time, it remains loosely defined, and can always be redefined in terms of 'changing needs'. This begs the question: 'whose needs should be served?' In CR$_{HA}$, the served needs are those of society, whose needs will be identified through stakeholder interaction. This stakeholder perspective essentially means, however, that as relevant stakeholders are identified and defined by the corporation, so are the societal needs. It provides no indication on how the

corporation could decide in specific situations of stakeholder conflict, whose need is more relevant or whose interest is stronger (Banerjee, 2006; Weiss, 1995). This vagueness regarding 'societal needs' can be seen as opening up an avenue for a corporate appropriation of the soci(et)al.

The second definition provides insight in how CR_{HA} is about 'voluntary' action. The implicit expectation is that if corporations acknowledge social and environmental issues then governments will not have to regulate (Doane, 2005). As long as corporate action, however marginally, exceeds 'minimum legal requirements' to address the corporate-defined 'societal needs', then it is part of CR. The proposition of going beyond what the law requires also implies that there is little room for accountability: everything is to be 'voluntary' and not constrained by legal frameworks. Both definitions are loose enough for an increasing number of corporations to adopt CR.

Let us now turn to our critical analysis of CR_{HA}.

Context: the need for 'sustainability' or the need for 'growth'?

> There is nothing mysterious about the social responsibility syndrome. It does not reflect a change in businessmen's nature or the decay of self-interest. (Levitt, 1958, 43)

From a sustainability perspective the challenge for corporations is how to shift away from the modernist view considering nature as a resource that can be exploited forever, which implies questioning the belief in limitless economic growth. Central to CR_{HA}, however, is an understanding that it is possible to achieve both sustainable *and* limitless growth: what chiefly needs to be sustained is profit (Escobar, 1995). This view is manifested in the conceptualization of SD within CR. Business proponents of CR, such as the members of WBCSD, define SD through growth: 'not only was [SD] not anti-growth but it also called for serious economic growth to meet the needs of the current population' (Holliday *et al.*, 2002, 15). Meeting these needs will allegedly be possible through the CR concept of 'sustainable growth' coined by Paul Tebo, former CR director of DuPont (*ibid.*). The shift from growth to sustainable growth is exemplified through the development of DuPont's own stance on sustainable development. Implementing an aggressive 'first deny, then delay'-strategy (Doyle 1991) towards environmental issues at the end of the 1980s, DuPont changed course from being rabidly anti-CR to fervently pro-CR.

Today, DuPont's very active CR practice is manifested in its membership in WBCSD, the US Climate Action Partnership (USCAP), and the Green Power Market Development Group; its signing the Greenhouse Gas Protocol Initiative and the UN Global Compact; its several CR reports; its being listed on Dow Jones Sustainability Indexes and FTSE4Good; as well as its #1 ranking on Business Week's 2005 list of 'The Top Green Companies'. At the same time DuPont is still ranked first in the Toxic 100 list of the top corporate air polluters in the United States (PERI, 2008). The point is not that DuPont tops a list of polluters (the Toxic 100 features 17 other members of WBCSD) but that in the CR_{HA} perspective there is little or no paradox in a situation where a corporation is a champion of CR, all while being one of the worst polluters. This shows that within CR_{HA} there are few if any opposing agendas. From the perspective of sustainable growth, you can bake the cake, sell it, eat it, and keep it in store for future generations.

In our view, this apparent lack of paradox in concepts such as sustainable growth has to be contextualized in the broader neoliberal context, in which it is natural to put all faith in the market. The latter has seemingly been naturalized as the one truth: a ubiquitous reference point for whoever is serious about discussing not only business issues, but also politics and society. The overarching neoliberal thinking also entails a rejection of government regulation, and here we touch upon a central feature of CR_{HA}: it provides fertile ground for a lobbying movement designed to help in the corporate struggle against regulation (*e.g.* Corporate Watch, 2006). This does not mean that government should be excluded, but that it should be co-opted and join in the promotion of voluntary action over regulation. Although it has the guise of both neutrality through its reliance on technological and technocratic expertise and philanthropy through its claimed aims of making the world better, CR_{HA}, we contend, should be seen as furthering the interests of an ideological movement chiefly designed to help large corporations in their quest for a better image, risk mitigation, license to operate in a given community, less demanding regulation – and, ultimately, power (see *e.g.* Banerjee, 2006).

The case of Botnia illuminates these contextual issues in two ways. Both relate to how Botnia contextualize their own investment in Uruguay. First, this contextualization reveals a view of the market as only horizon: during a presentation made by a Botnia CR representative (Annala, 2006), the legitimization for the Uruguayan plant was established by drawing on a Greenpeace article (Greenpeace Argentina, 2006), which was claimed to show how the paper market is growing so fast that in order to meet the demand, two plants like Botnia would be needed every year. This displays a belief in market demand as something that is objectively, inevitably and 'naturally' growing and that as such cannot be questioned, as if the demand was not growing as a result of other processes favouring increased consumption for purposes of 'wealth creation' and 'growth'. Second, the legitimization was made by appropriating NGO discourse. This is a CR trick to connect the 'need for sustainability' context to their own actions and present these as though they contribute to sustainability - even when it is clear that what they contribute to is more resource depletion in the name of ('sustainable') growth. It is notable that only a small part of the Greenpeace article was referred to, the part commenting the evolution of demand, while the full message was not revealed. In particular, this very article problematized the growth of demand as unsustainable, and pointed out the detrimental effects it had on developing regions as paper companies are expanding their production.

Sustainability arguments were thus turned on their heads as they were used to legitimize a 'sustainable' behaviour while hiding dimensions of environmental decay. This reflects a typical way in which corporate actors attempt to make CR convincing: by presenting themselves as on the same side as influential NGOs – for instance when ExxonMobil is cooperating with the National Fish and Wildlife Foundation to 'save the tiger' (NFWF, 2008) – they raise the legitimacy of their environmental claims.

As a conclusion regarding how context has changed compared to when Levitt (1958) formulated his critique towards 'social responsibility', today the neoliberal view has become so hegemonic that, in the circles that deliberate on important governance questions, it is virtually impossible to challenge the notion that 'the market' and 'growth' should be placed above everything else, thereby making it possible to appropriate concern for sustainability and instead transform it into a need for 'sustainable growth'. In addition, nowadays it is possible to deem all regulation as by definition counterproductive because it is considered to 'distort the market'. In this

context, CR$_{HA}$ is useful to corporations as a discursive resource to promote the oxymoronic notion of 'sustainable growth' and lobby against regulation in face of the sustainability challenge.

Thinking: 'proactive' or 'reactive'?

> Self-conscious dedication to social responsibility may have started as a purely defensive maneuver against strident attacks on big corporations and on the moral efficacy of the profit system. But defence alone no longer explains the motive. (Levitt, 1958, 41)

A central component of CR$_{HA}$ is the emphasis on its voluntary nature, *i.e.* on voluntarily going beyond legal frameworks. This implies little or no possibility of accountability: CR$_{HA}$ does not imply 'owing' anything to anyone, what is deemed ultimately relevant societal responsibilities is defined by the company itself. As a result, CR often becomes purely a matter of PR (see *e.g.* Frankenthal, 2001). A related issue is that historically, CR$_{HA}$ was not born out of the 'proactive' concern for society and/or the environment. When it emerged in the 1990s it was largely due to major crises for big corporations, such as Bhopal for Union Carbide, sweatshops for Nike, or Brent Spar and the execution of Ken Saro-Wiwa for Shell. Thus, this revival of CR, and its real historical take-off as a hegemonizing discourse within business, came as a result of reactive action, desperate attempts to manage crises that jeopardized the profits and possibly the very existence of some of the mammoths of world business.

In our focal case, an analysis of Botnia's web site shows how reactive CR communication tends to be: the site used to be rather low-profile, conveying the image of a no-nonsense, business-minded company. But when events in Uruguay escalated, a new site was launched. Similar to those of many 'CR-believing' companies, the site looked like that of a green NGO, laden with images of nature (water on both sides of the frame, plants and trees corresponding to two of the three main links on the homepage, 'the environment' and 'the Uruguay project') and just one technological picture of 'the modern pulp mill' (by 'modern', read 'socially responsible' of course). In addition, Spanish was added as optional language as further evidence of the company's new stakeholders. The web site has since changed several times, to a more minimalistic design, but one that displays appropriate concern for all stakeholders.

It cannot be claimed that Botnia became aware of CR only as a result of the Fray Bentos crisis, because Metsäliitto (Botnia's parent company) has been a member of WBCSD for years. However, to us it is the crisis that has changed how Botnia attempts to integrate CR into its image and identity. In a sense this illustration marks a failure of CR implementation on the part of Botnia; the (CR) reaction of Botnia came too late. Relying mainly on the fact that Uruguay was considered politically stable, Botnia did not assess the political and social risks related to the factory location properly, perhaps due to its relative lack of internationalization experience (Lehtinen, 2007). However, this is not to say that good CR practitioners would have necessarily been more proactive in their concern for society or nature. We see CR$_{HA}$'s alleged proactive stance as a matter of anticipating *financial* risks. For example, on the question of employing low-cost suppliers from developing countries, and the risk of bad work conditions there, a truly proactive stance would be to pay such rates that could help improve health and safety conditions. We can relate such a stance to Aragón-Correa and Sharma's (2003, 73) definition of 'proactive postures' – limited

by the authors to corporate environmental strategy, but we believe it could also be used to describe 'proactive thinking' on social issues – as involving '[1] anticipating future regulations and social trends and [2] designing or altering operations, processes, and products to prevent (rather than merely ameliorate) negative environmental [and social] impacts'. In our view, the stance described above would correspond to the latter part of this definition (marked as [2] above). Even though this part suggests an unconditional interest in preventing negative impacts on society, within CR_{HA} literature the examined benefits of proactiveness are exclusively from the company's viewpoint, in terms of potential competitive advantages and the anticipation of risks to the economic bottomline. This reveals the misleading nature of proactiveness conceived as unconditional corporate action for the better good of society: even 'exemplary responsible corporations' like Nokia outsource to East Asia in the hunt for cheap labour (see Balmes, 2004). In our view, and in line with the former part of Aragón-Correa and Sharma's (2003) definition, anticipating and managing risks that may affect profits is what proactiveness is about: hiring an auditing agency is sufficient proactive action because as long as corporations subject their suppliers to the auditing ritual (with visits announced in advance), they are less likely to be held responsible for sweatshop scandals.

So what has changed in terms of thinking since Levitt's (1958) critique? We contend that there has been no real shift to 'proactive' thinking for the great majority of CR-promoting corporations; rather, what CR_{HA} tends to do is to disguise its fundamentally reactive, crisis-addressing - or at best risk-mitigating- function into a proactive care for the social and the environment.

Practice: 'responsibility' or 'irresponsibility' – or 'aresponsibility'?

> If it does not pay, there is no game...when it comes to choosing between the small Arkansas supplier whose town would be ruined and the Minneapolis supplier who can make it cheaper, there is no doubt that even the most socially responsible corporation will take the latter. (Levitt, 1958, 43)

CR_{HA} signifies a shift from a rationality of accountability to a rationality of responsibility. This is connected to the notion of 'voluntary' action discussed previously. But to us, the very idea that corporations can be 'responsible' towards society and the environment is itself an irresponsible posture, because it causes demands from society that are never to be met given the current narrow definition of corporations as above all having to maximize value for the shareholders. The Dodge vs. Ford Motor Company case in 1919 established that 'a business organization is organized and carried on primarily for the profit of the stockholders' and that 'directors cannot shape and conduct the affairs of a corporation for the mere incidental benefit of shareholders and for the primary purpose of benefiting others' (as cited by Regan, 1998). This implies that all corporate promises regarding environmental and social issues can only be delivered if there is a clear 'business case', *i.e.* if it will create value for the shareholders. This represents a fundamental limit on what CR, consisting of voluntary corporate action as it does, can deliver.

Corporations may not be 'irresponsible' but they should be expected to be by definition 'aresponsible' towards society and nature. This does not mean that they should not be expected to be responsible towards their legal and basic societal obligations, *i.e.* following legislation, paying taxes, etc. This is the minimum expectation, but beyond that not much more should be expected. This is also for the

good of the corporation, as its legal definition makes wide-ranging promises undeliverable: when faced with a situation where profits stand at odds with *e.g.* conservation of nature, fighting poverty or protecting the rights of indigenous populations, the corporation has to choose profits. A corporation can only engage in 'ethical duties' when this engagement provides a bottomline payoff. Tobacco companies will not voluntarily stop selling tobacco to the poor even if they know that the health hazards are even greater in regions with no functioning healthcare system, and oil companies will not stop lobbying for drilling permits in natural reserves even if they know that it will alter and deteriorate nature. What is irresponsible is not only to (pretend to) believe that corporations can be the main actors in addressing social and environmental challenges only through voluntary action; what is most irresponsible is corporations making undeliverable promises, which will continue to deteriorate their image and make them be seen as increasingly untrustworthy, thereby fuelling public cynicism, anti-corporate movements, and thus further polarizing society.

The notion of 'responsibility' in CR practice can be questioned in several ways in Botnia's case. First, regarding the free trade zones, is it 'responsible' social behaviour, let alone progressive action, not to pay taxes and thus not to contribute to public wealth in the local social context one is based in? Consider the following citation from Botnia's 'CSR in Uruguay' report:

> [Botnia participates in] many programmes to enhance the well-being and employment opportunities… these include: Traffic safety campaign; Courses for entrepreneurs in business management; IT literacy courses and "Basketball for everyone"-campaign to support sport activities for children (Botnia, 2007)

Instead of only 'supporting causes that it finds important' (Botnia, 2006, 27), and thus being 'proactive' as promoted by CR_{HA}, a socially responsible company should be expected to pay taxes in full, and let the population decide through its elected government (especially in a well-working democracy like Uruguay) where the money should be spent in order to enhance the social well-being in the community. By not paying taxes the corporation can use money for other purposes that may seem proactively philanthropic but that may still be less beneficial for society than the basic principle of contributing to public 'wealth creation'.

Second, the notion of 'best available technology' (BAT) which is central in the discussions regarding Botnia's mill in Uruguay does not guarantee as such that the level of pollution will be bearable for the local ecosystem to be preserved. CR_{HA} is fundamentally based on the notion of 'best practice': the idea is that if a practice is the best that has been established, it is as such responsible. But can the best practice in conducting an activity that is *per se* generally detrimental to the environment be deemed 'responsible'? Does that not deprive the term 'responsible' of all meaning?

Third, local livelihoods will definitely be affected adversely: tourism – particularly in the Argentinian town of Gualeguaychú – will be harmed by the worry for pollution; the fishing industry in the region is jeopardized (Donovan, 2007); and the introduction of eucalyptus monoculture will negatively impact local agriculture (Pierri, 2006).

Fourth, Botnia's 'irresponsibility' is most emphatically demonstrated in terms of the consequences that the building of its pulp mill has caused in terms of social and political turmoil in the region. Interestingly, when asked about their opinion regarding the political crisis between Uruguay and Argentina, Botnia representatives revert to their role as a business whose business is to mean business: if there are growing

tensions between Uruguay and Argentina, it is 'none of their business'. The stakeholder approach is then turned on its head:

> Botnia is not a party to the dispute between the Uruguayan and Argentine governments, but works in the background to help resolve the conflict as far as it can. (Botnia, 2006, 28)

This can be seen as sound behaviour from a business-minded viewpoint but from an alleged 'socially responsible' one, it leaves much to be desired. Being 'responsible for' in CR_{HA} can only be a positive notion; when it comes to determining who is 'responsible for' social or political crises caused at least partly by business, denying responsibility becomes the name of the game, as *e.g.* when child labour in the garment industry is blamed on 'unscrupulous subcontractors' alone.

As a conclusion regarding CR practice, we do not see the potential for corporations to be more 'responsible' today than 50 years ago. To us corporations tend to be 'aresponsible', needing to prioritize the business bottomline. For instance, protecting the natural resources only makes sense for a corporation as long as there are other, preferably cheaper, resources available. When the corporation sees no such opportunity, it will revert to a narrow financial rationale. It should be obvious that corporations cannot have it both ways, appropriating social and environmental responsibilities when it suits them and then abandoning them when there is a crisis or perceived lack of business opportunities.

Content: substantial or empty, neutral or biased?

> What we have, then, is the frightening spectacle of a powerful functional economic group whose future and perception are shaped in a tight materialistic context of money and things but which imposes its narrow ideas about a broad spectrum of unrelated noneconomic subjects on...society. (Levitt, 1958, 44)

What do companies do when they marginally go 'beyond minimum legal requirements' – *i.e.* when they do CR, according to the EU definition? 'Reporting' is certainly the main CR activity there is. What is the content of this reporting? According to Banerjee (2006) most of the information that is included in CR reporting tends to be about legal requirements. What goes beyond the minimum legal requirements tends to be the reporting itself. In that sense, the content of CR very often is misleadingly substantial: the reports are thick and seemingly contain much information, but the actual extent of what is done beyond legal requirements remains limited. Reports usually consist of 'feel-good' cases and anecdotes as well as nice visuals showing happy people and pristine natural landscapes that are presumably assumed to contribute to a pleasant feeling for the reader. This is problematic since, not only are success stories 'not sufficient evidence' (Cerin, 2004, 312), they are also diverting the attention from the more general impact(s) that corporations have on society and nature.

Standards for reporting have admittedly been developed. The Global Reporting Initiative (GRI) is increasingly accepted as the standard but with a mechanism for accountability missing it does not ensure a truthful account. There is an ongoing debate whether CR reports need to be truthful and whether they are commercial or non-commercial speech (cf. Ki, 2004), since in the absence of accountability the reports can include untruthful elements. Just as CR allegedly needs to be 'redefined to

serve changing needs and times' (see WBCSD definition quoted previously), it is claimed by companies that the way their reporting is designed needs to be extensively adapted to their particular needs. As a result, companies themselves define what should and should not be reported upon.

That GRI is presented as one of the greatest achievements of CR and a step towards more accountability is revealing of the central importance of reporting in the CR activity of companies; we use reports as a proxy for content because their very function is to *report* on the most important content of a company's CR. These reports tend to be thick documents that give the impression of very rigorous, objective reporting, masquerading for accountability.

In the case of Botnia's environmental impact assessment (EIA) regarding the pulp mill in Fray Bentos, even the summary (Faroppa and Annala, 2004) is about 100 pages long. The assessment draws on insights from different sciences (such as biology, geology, hydrogeology, social sciences and economics) making it hard even for individual scientists to fully understand all implications. As a result, reviewing the assessment requires close examination by several experts. For this type of documents companies rely on advanced scientific and technological knowledge, and as Marcuse (1964) has shown, this 'technological rationality can sidetrack ethical concerns in favour of technical, formulaic analysis of problems' – which may 'lead [people] who are otherwise capable of political and moral reflection to defer to technical experts who 'depoliticize' the process' (Jermier and Forbes, 2003, 165). The dominant view that science and technology are as such 'neutral' certainly contributes to this 'depoliticization', that is, the removal of the ideological bias guiding the findings of these assessments; this characteristic of 'scientific' research has made it possible for Exxon to contribute to delay a consensus in the public awareness of climate change, for instance. In Botnia's case, the Argentinian government and stakeholders strongly contested the assessment. A later assessment made by the International Finance Corporation (IFC, 2006) confirmed Botnia's results and gave them more 'neutral' legitimacy – even though the Argentinian environment secretary noted that some of the same people had been involved in both assessments and that the new report contained a number of factual errors contributing to minimizing the pollution threat.

As a conclusion, the content of CR is not as 'neutral' as its use of seemingly rigorous scientific approaches suggests. Neither is it as substantial as the thickness of CR reports would indicate. Not much seems to have changed since Levitt's (1958) claims that social responsibility should not be left to companies: the 'happy new orthodoxy' (Levitt, 1958, 42), whether 50 years ago or today, is mostly a matter of communicating feel-good cases celebrating highly anecdotal corporate action that is meant to conceal the emptiness of CR, or at least its considerably limited nature.

Consequences: 'win-win' or 'lose-lose'?

> At the rate that we are going there is more than a contingent probability that, with all its resounding good intentions, business statesmanship will create the corporate equivalent of the unitary state. (Levitt, 1958, 44)

CR is claimed to be about the search for 'win-win' situations: about 'doing well by doing good'. That win-win outcomes are the goal makes full sense: it is good for business if they can combine actions that are financially profitable with positive societal impacts. The problem is, since companies have to think of their shareholders above all other stakeholders, they will foremost guarantee the business part of the

win-win. We have already discussed how this puts limits on the extent of good they can provide to society: typically CR initiatives rely foremost on communication efforts for PR purposes (Frankenthal, 2001). As a result, 'win-lose' cases, although they are almost never reported in CR_HA literature, let alone CR reports, are more common than win-win outcomes[5]. The discrepancy between the promised beneficial action for society and the actual outcome present very real dangers for corporations that engage in mostly cosmetic, PR-intensive CR – which we contend is the case for most big transnational corporations. In face of what is perceived as deliberate deception orchestrated by powerful corporate actors, anti-corporate movements will grow, threatening the business status quo. We see it as likely that the near future will witness more and more calls for dismantling some of these big 'machines', and as a result it seems to us that a number of situations could become 'lose-lose'. A recent example of such lose-lose outcomes is the 'water war' that opposed the inhabitants of El Alto, Bolivia to the French corporation Suez, which eventually was kicked out – a case that had previously been publicized as exemplary of best practice by WBCSD (Holliday *et al.*, 2002, 164-165).

In the case of Botnia, history will tell what the long-term financial, societal and environmental consequences will be. But what people who read international news are aware of today is the political tensions between Uruguay and Argentina resulting from the building of the pulp mill: the polarization of opinion between the two countries, the activism (Valente, 2005), the brief episodes of militarization around the mill (Zibechi, 2007), the legal dispute with several cases at the International Court of Justice and the Uruguayan threat to leave Mercosur. As corporations claim further responsibilities towards environment and society, they are often mentioned in the society pages of newspapers rather than the business section, and mostly in a negative light. This bad press on the corporate intrusion into broader societal affairs is likely to affect public opinion more than a blind belief in genuine win-win scenarios.

Is the Botnia case becoming a lose-lose one? At the very least, Botnia's image has been tarnished by the negative publicity. Could this case become exemplary of corporate irresponsibility? As stated previously, our intent is not to present Botnia as a particularly 'bad' company. On the contrary, what we find highly interesting in this case is how the company, a member of WBCSD, has acted in a supposedly responsible manner in terms of what has been established as 'best practice' within CR_HA. We believe it is telling that it is possible to lead to such wide-ranging adverse consequences while doing 'responsibly' what CR_HA promotes.

In the table below, we recapitulate our critical reflections on CR_HA.

---

[5] In our view, win-win situations do exist but tend to be anecdotal: when big corporations are involved in them, it is mostly for very local cases that can be publicized in CR reports but cannot be reproduced throughout their global practices, and even in cases where there would be a systematic search for blended value, the *financial* win would have to take precedence; those smaller companies (*e.g.* Interface or Patagonia) that manage to systematize highly responsible practices can afford to do so because their visionary leaders are also their owners.

Table 1. Characteristics of CR$_{HA}$ and their related problematic aspects

	Characteristics	Problematic aspects
Context	Sustainable development challenges	'Sustainable growth': an oxymoron
	Dominant neoliberal ideology	Active lobbying against regulation
Thinking	Made of 'voluntary' action	Lack of accountability since no legal basis, most often PR motive
	Supposed to be 'proactive'	Historically reactive; at best *financial* risk anticipation and mitigation
Practice	'Best practice'	Possibility of serious crisis even with best practice
	Ostensibly claiming social and environmental 'responsibilities'	Denying responsibility when crisis; ultimately 'aresponsibility' of business
Content	An abundance of thick reports	Most often not much substance beyond the act of reporting itself
	A heavy reliance on complex, 'neutral' scientific evidence	Bias often hidden by guise of scientific neutrality
Consequences	Business-society 'win-win' posited as generalizable	Society 'win' always second, even when 'blended value' sought: often 'win-lose'
	Systematic 'win-win' promises	Risk of 'lose-lose' with rise of social anger in face of undelivered promises

Conclusion: *for* corporate responsibility?

> …a pluralistic society – where there is division, not centralization, of power; variety, not unanimity, of opinion; and separation, not unification, of workaday economic, political, social and spiritual functions. (Levitt, 1958, 44)

Through our critical reflections, we have shown that little has changed since Levitt's critique of social responsibility 50 years ago. The two main contextual changes have been the threat posed by sustainability questions and the more systematic ideological rejection of regulation under neoliberalism. Thus, if CR has become so embraced in business circles, it is chiefly because powerful business interest groups (especially WBCSD) have articulated a version of CR (here labelled CR$_{HA}$) that can be misleadingly claimed to address the SD challenge while

contributing to reduce regulatory pressures. We have discussed why in our view CR_{HA} is deeply problematic by showing its inner contradictions through a theoretical discussion, a focal case and other illustrations attempting to demonstrate both how limited the CR action of even the 'most responsible' corporations is (*e.g.* Nokia and its suppliers) and how easy it is for the 'least responsible' corporations to buy themselves a good image through CR tricks (*e.g.* Exxon 'saving the tiger').

It is not for us to say whether the misleading nature of CR_{HA} is a matter of false consciousness or deliberate deception; we see it as likely that some CR proponents are characterized by the former and some by the latter. Those engaging in deliberate deception probably do so because of their perceived need for lobbying against regulation in order to favour corporate interests. To us there is hope in those who can 'wake up' from their 'false consciousness'. We believe that for this change to occur, there is a need to expose how CR_{HA} freezes reality in ways that are likely to make its 'stakeholders' become increasingly anti-corporate in face of extravagant promises not delivered (and undeliverable).

It is certainly one of the merits of CR_D that it provides a forum for discussion of global social and environmental challenges: even though CR_{HA} has led to hijacking SD for business interests, CR_D remains open for new articulations that can become highly influential… especially if they are at least partly driven by big corporations. How to engage these corporations on the way to an accountability that goes beyond selective transparency and self-reporting? Some recent normative academic articulations look promising, relying on a more transparent political role for corporations (see especially Scherer and Palazzo, 2007), but the conditions of possibility for such changes to occur remain unclear at this stage. This proposed 'politicization of the corporation' (*ibid.*, 1115) would probably result in *less* political power for business interest groups who hitherto have preferred to exert their overwhelming political influence through (far from transparent) lobbying at the highest levels of national, regional and global governance; it is highly unlikely that corporations would proactively accept this relative loss of power. However, if a consensus develops in civil society seeing the self-regulation paradigm as largely part of the problem rather than the solution, it will be harder for CR to remain a matter of 'responsibility' rather than more extensive accountability. The good news is, there are indications that '[such a] consensus is currently forming' (Rowe, 2005, 166) and that partly as a result of this shift, powerful business movements lobbying for *more* legislation are appearing (*e.g.* USCAP). We see these trends as encouraging, as we firmly believe that a certain amount of (international) regulation will be needed to mitigate the overwhelming potential for social and environmental nuisance of the global free market.

References

Adorno T. 1981. *Prisms*. MIT Press: Cambridge, MA.

Alvesson M, Willmott, H. (eds.). 2003. *Studying Management Critically*. Sage: London.

Annala K. 2006. Metsäteollisuus Etelä-Amerikassa. Presentation given at OtaEco'06 conference. Espoo, Finland, 7-8.11.2006.

Aragón-Correa J, Sharma S. 2003. A Contingent Resource-Based View of Proactive Corporate Environmental Strategy. *Academy of Management Review* **28**(1): 71-89.

Balmes T. 2004. *A Decent Factory*. Documentary film, Making Movies Oy.

Banerjee SB. 2003. Who Sustains Whose Development? Sustainable Development and the Reinvention of Nature. *Organization Studies* **24**(1): 143-180.

Banerjee SB. 2006. The Ethics of Corporate Social Responsibility, in *Management Ethics: Contemporary Contexts*, S. Clegg, C. Rhodes, (eds.). Routledge: London.

Botnia. 2006. *Botnia Annual Report 2006*

Botnia. 2007. Corporate Social Responsibility in Uruguay. http://www.botnia.com/en/default.asp?path=204,1490,1496,1526

Cerin P. 2004. Where is corporate social responsibility actually heading? *Progress in Industrial Ecology: An International Journal* **1**(1/2/3): 307-330.

Corporate Watch. 2006. *What's wrong with Corporate Social Responsibility?* Online report, http://www.corporatewatch.org

Doane D. 2005. Beyond corporate social responsibility: minnows, mammoths and markets. *Futures* **37**(2/3): 215-229.

Doyle J. 1991. DuPont's Disgraceful Deeds – The Environmental Record of E.I. DuPont de Nemours. *Multinational Monitor* **12**(10).

Donovan K. 2007. A Beneficial Uruguyan Paper Mill: Pulp Fiction? *Council of Hemispheric Affairs*. http://www.coha.org/2007/01/30/a-beneficial-uruguayan-paper-mill-pulp-fiction/

Escobar A. 1995. *Encountering Development: The Making And Unmaking Of The Third World*. Princeton University Press: Princeton.

EU Commission. 2006. *Implementing the Partnership for Growth and Jobs: Making Europe a Pole of Excellence on Corporate Social Responsibility*. Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee.

Faroppa C, Annala K. 2004. *EIA Summary*. Botnia.
http://www.metsabotnia.com/default.asp?path=1;1521;485;1103

Frankenthal P. 2001. Corporate social responsibility: a PR invention? *Corporate Communications: An International Journal*, **6**(1): 18-23.

Greenpeace Argentina. 2006. Para sostener el mercado del papel se necesitan dos "Botnia" por año: La escalada de la celulosa en la región. [in Spanish]
 http://www.greenpeace.org/argentina/contaminaci-n/para-sostener-el-mercado-del-p

Haque SM. 1999. The Fate of Sustainable Development under Neo-liberal Regimes in Developing Countries. *International Political Science Review* **20**(2): 197–218.

Holliday CO, Schmidheiny S, Watts P. 2002. *Walking the Talk: The Business Case for Sustainable Development*. Greenleaf Publishing: Sheffield.

IFC (2006) *Cumulative Impact Study – CIS Uruguay Pulp Mills*.
http://www.ifc.org/ifcext/lac.nsf/content/Uruguay_Pulp_Mills

Jermier J, Forbes LC. 2003. Greening Organizations: Critical Issues. In *Studying Management Critically*, Alvesson M, Willmott H (eds.). Sage: London.

Ki E-J. 2004. Nike v. Kasky: reconsideration of non-commercial v. commercial speech. *Public Relations Review* **30**(2004): 419–430.

Laclau E, Mouffe C. 1985. *Hegemony and Socialist Strategy: Towards a Radical Democratic Politics*. Verso: London.

Lehtinen A. 2007. Kuinka kansainvälisestä kiistakapulasta tehdään metsäyhteistyön malliesimerkki [in Finnish]. *Terra* **119**(2): 141-142.

Levitt T. 1958. The Dangers of Social Responsibility. *Harvard Business Review*, **36**(5): 41-50.

Marcuse H. 1964. *One-dimensional Man: Studies in the Ideology of Advanced Industrial Society*. Beacon Press: Boston.

NFWF. 2008. Securing the Future: Save the Tiger Fund.
http://www.nfwf.org/AM/Template.cfm?Section=Search&template=/CM/ContentDisplay.cfm&ContentFileID=2367

Peet R, Watts M (eds.). 1996. *Liberation Ecologies: Environment, Development, Social Movements*. Routledge: London.

PERI. 2008. Toxic 100 Index.
http://www.peri.umass.edu/toxic100_index/ [19 August 2008]

Pierri R. 2006. Pulp Factions: Uruguay's Environmentalists v. Big Paper. CorpWatch.
http://www.corpwatch.org/article.php?id=13111

Porter ME. 2003. CSR – a religion with too many priests? *EBF* **15**(Autumn).

Regan MC. 1998. Corporate speech and civic virtue. In *Debating democracy's discontent: Essays on American politics, law and public philosophy*, Allen AL, Regan MC (eds.). Oxford University Press: Oxford.

Rowe, JK. 2005. Corporate social responsibility as business strategy. In *Globalization, Governmentality and Global Politics*, Lipschutz RD. Routledge: London.

Rutherford P. 2006. How Have International Business Discourses on the Environment Changed over the Last Decade? *Global Social Policy* **6**(1): 79-105.

Scherer AG, Palazzo G. 2007. Toward a Political Conception of Corporate Responsibility: Business and Society Seen from a Habermasian Perspective. *Academy of Management Review* **32**(4): 1096-1120.

Shiva V. 1997. *Biopiracy: The Plunder of Nature and Knowledge*. South End Press: Cambridge, MA.

Strauss R. 2006. The strategies for Corporate Social Responsibility in the European Union. Speech given at OtaEco'06 conference, Espoo, Finland, 7-8.11.2006.

ten Bos R. 2006. The ethics of business communities. In *Management Ethics: Contemporary Contexts*, Clegg SR, Rhodes C (eds.). Routledge: London.

Valente M. 2005. Christmas at the Roadblock. Inter Press Service News Agency. http://ipsnews.net/print.asp?idnews=35890

Weiss, A. 1995. Cracks in the Foundation of Stakeholder Theory. *Electronic Journal of Radical Organization Theory*, **1**(1). http://www.mngt.waikato.ac.nz/ejrot/Vol1_1/weiss.pdf

Wikipedia. 2008. Cellulose plant conflict between Argentina and Uruguay. http://en.wikipedia.org/wiki/Cellulose_plant_conflict_between_Argentina_and_Uruguay [12 December 2008]

Zibechi, R. 2007. Argentina-Uruguay: The Militarization of the Pulp Mill Conflict. Americas Program, International Relations Center. http://americas.irc-online.org/am/3871

Appendix 1: Description of the Botnia case in Fray Bentos

The case of the 'cellulose plant conflict between Argentina and Uruguay' (Wikipedia, 2008) is presented as an 'diplomatic, economic and public relations conflict, which has affected tourism and transportation, as well as the otherwise amicable relations between the two countries', in an unprecedented feud between two countries that share 'the same accent, same culture, and now similar centre-left governments' (Wikipedia, 2008). Its starting point can be traced to 2002, when Spanish company ENCE received permission from the Uruguayan government to build a cellulose pulp mill in the small Uruguayan town of Fray Bentos, situated by the Uruguay-river which is the natural border between Uruguay and Argentina (Valente, 2005). The plans met opposition in Argentina, particularly in the neighbouring town of Gualeguaychú. The initial opposition did not lead to strong protests, and Finnish company Metsä-Botnia (international name Botnia) was granted permission to build its own pulp mill in early 2005. In April 2005, around 35,000 protestors blocked the international bridge linking Gualeguaychú and Fray Bentos (Pierri, 2005). As protest grew several important bridges were blocked, preventing movements between the two countries at the high point of tourist season. Uruguay accused Argentina of violating Mercosur principles while Argentina formally asked to suspend the factories' construction. In January 2006 Argentina took the issue to the International Court of Justice, accusing Uruguay of violating the bilateral Treaty of Uruguay River, which requires the countries to inform each other of any undertaking that would affect the river. Uruguay retaliated claiming that the blockades are clear breaches of the principles of general international law and the Mercosur rules. In March 2006, Botnia agreed to suspend the construction of its mill for a maximum of 90 days in order to favour dialogue between Uruguay and Argentina on this issue, in line with presidential requests from both countries. A week later Botnia revised its statement saying that it would suspend the construction only for 10 days. On April 18 constructions resumed, leading to further blockades and tension in the area which resulted in Uruguay threatening to file a WTO complaint. In May, Argentina's complaint at the International Court of Justice was formally presented. In June the Mercosur tribunal examined Uruguay's complaints. No clear 'winner' emerged. In September, ENCE decided to cancel its project, citing the impossibility to build two plants in Fray Bentos as the reason. In October a World Bank study (through the International Finance Corporation; IFC, 2006) concluded that the mill would not cause environmental harm while generating economic benefits for Uruguay. The Argentine Environment Secretary rejected the study claiming that it 'did not provide any new data' but rather employed results of previous studies conducted for Botnia and ENCE, while also claiming '"substantial errors" in the study (Wikipedia, 2008). Later developments were described as a 'militarization of the pulp mill conflict' (Zibechi, 2007), as by the end of November, the Uruguayan government sent armed forces to guard the Botnia mill. Uruguay also threatened to leave Mercosur, thus questioning years of peaceful integration with its neighbours. The mill started operating in November 2007.