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Selected examinations of business social responsibility: Theory to practice

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SELECTED EXAMINATIONS OF BUSINESS SOCIAL RESPONSIBILITY: THEORY TO PRACTICE

by

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Foreword

If one of the (perhaps unintended) results of the process of researching and writing a professional paper is to expose the naivete of the writer as regards the subject matter, and to force him or her to take a more realistic and plausible approach to the topic, this project has performed admirably. Having increasingly come across references to "socially responsible" business and "socially responsible" companies in recent years, I determined that I would examine the material and try to extrapolate a definition for the term, "socially responsible business". I came to discover that scholars much better-versed than I have been struggling with the task, some for virtually their entire careers, and their best efforts have resulted in descriptions, rather than definitions; or quasi-definitions with which other scholars take issue.

Lacking both the confidence and the credentials to wade into that fray, as well as bowing to more of an interest in the practical application of theory, I altered my course to try to gather all the aspects of the discussion on the topic and "at-tempt to piece them together into a mosaic that, viewed in-toto, is recognizable as corporate social responsibility."[1] This implies that one could look at one business and say definitively that it is socially responsible, and look at another and say that it is not. But while it appears obvious to me now, it took my research to show me that there are no absolutes, no "universal truths"--no companies that are, or are not, socially responsible. Rather, there are practices which are considered to be socially responsible; degrees of social responsibility on a continuum.

Thus, I essentially backed into the present incarnation of this project, which is to identify and discuss those conventions, undertaken in the business realm, the practice of which is considered socially responsible. The endeavor of course requires a discussion of the development of the theory of corporate social responsibility (CSR), and lends itself to an examination of specific businesses as well.

Thanks are in order to many for their involvement in this project. Specifically, to my committee members, Dr. Richard Dailey and Dr. Bruce Budge, of the University of Montana School of Business Administration, and Dr. Thomas Power, of the University of Montana Department of Economics, for their patience and counsel and encouragement; to Dr. William C. Frederick, at the University of Pittsburgh; Dr. Kirk Hanson, President of the Business Enterprise Trust; Paul Hawken; Peter Barnes, at Working Assets; Judith Hlavenka, at Union Carbide; Mike Harrelson, at Patagonia; Rosalyn Will, at the Council on Economic Priorities; Eric Utne, at the Utne Reader; Holly Davenport, at Franklin Research and Development; and others who took time out of busy schedules to take my phone calls and/or answer my letters; and to my mother, to Sherry Loberg, to Michael, and all the others who prodded, coaxed, cajoled, supported, inquired, demanded, listened, and left me alone at the various times I approached critical overload or self-doubt or some other such real or imagined malady in the course of this endeavor.

Introduction

Issues of ethical business behavior and socially responsible business are now examined with relative regularity in even the most stoic of business publications, and amongst the largest and most powerful of companies. There is increasing acknowledgement, if not acceptance of the fact that businesses are powerful members of society, and that their philosophies, decisions, actions, and inactions have influence and impact on society. As such, they have a responsibility, just as other members of society, to minimize their deleterious actions and contribute positively to the betterment of the community. The knowledge of the general public about the operations of business has increased, and with it, the public's expectations of business. The community of stakeholders has expanded. Concurrently, these groups have demanded a higher level of engagement and responsibility by business towards the community.

There is a broad and relatively deep body of material available to tap into various aspects of socially responsible business. Still, it is a rather amorphous body, and largely disconnected internally. The goal of my research and this paper is to try to gain some focus on this conglomeration; to try to develop a portrait, covering theory through practice, which provides a fair representation of the broader picture. I have endeavored to provide a portrait which represents a consensus of theorists and practitioners, and which is based on credible sources and broadly established patterns.

I begin with an examination of theory of corporate social responsibility (CSR), including a discussion of the "corporations as persons" debate and an examination of the theoretical necessity and legitimacy of CSR. Also included is an examination of some themes which appear to be common across the board in the discussions of CSR theory.

Next is a discussion of specific criteria by which CSR is analyzed and judged--a transformation of theory into practice. Included in this discussion is an examination of some of the organizations which have developed these criteria, as well as the realm of socially responsible investing as a source for such criteria.

Following that is an examination of several specific companies, and how their philosophies, policies, and practices compare with the aforementioned criteria and theories.

The paper concludes with a personal assessment of corporate social responsibility, based on the research and information examined and documented in the paper.

My examination of CSR theory emanates mostly from the writings of established scholars in this field of study. William Frederick spent virtually his entire career developing a body of work on CSR. He is the chief author of a widely used textbook, now in its seventh printing, on business and society. Others, such as David Vogel and Archie B. Carroll were also referred to. It is both to my good fortune and a reflection of the significance of the issue that Business Horizons, the journal published by the Indiana University Graduate School of Business Administration, devoted the entire July/August 1991 issue to an examination of corporate ethics and corporate social responsibility. Several scholars contributed to the publication, which has been used extensively in my research. Business ethics textbooks and case readings were used as well.

The popular press was another significant source for my research. Some of the theoretical background came from this source. A considerable amount of the information I gathered regarding the specific socially responsible practices of individual companies came from newspapers and magazines as well. INC. Magazine and the Utne Reader were among those used. Company-produced printed material also provided a significant source of specific policies and practices.

And, personal correspondence and/or personal/telephone conversations with theoreticians and practitioners all provided unique insight into various theoretical and practical factors of CSR.

Finally, a short note about terms: unless otherwise noted, corporate social responsibility, CSR, ethical business behavior, and socially responsible business are all used interchangeably in this paper. Where used generically, these terms are meant to refer to businesses, regardless of their organization or structure.

CSR Theory

Historical Development

As background, I have chosen to use as primary reference the chapter entitled, "Theories of Corporate Social Performance," by William C. Frederick, in Business and Society: Dimensions of Conflict and Cooperation, edited by S. Prakash Sethi and Cecilia M. Falbe, and published by Lexington Books. Frederick discusses three distinct theories of CSR which follow one another in chronological development, each building on the last. Further, they overlap and exist independently in practice in the business world today.

The first of these theories is simply called "Corporate Social Responsibility," which Frederick labels "CSR1". Initially formulated in the first two decades of the century, and fleshed out in the 1950s and early 1960s, CSR1 was developed amongst corporate executives. It came as a reaction amongst industrialists to the increasing criticism of the power and excesses of early corporate giants. The two basic precepts upon which CSR1 rests are "the charity principle" and "the stewardship principle". (It is important to note that both of these precepts were "paternalistic expressions of established corporate power."[2])

The charity principle was that of noblesse oblige: an obligation of wealthy individuals to contribute to the welfare of the less-fortunate. By the mid-1920s, it was apparent that the social problems to which one ought to contribute were so monumental that the company replaced the individual industrialist as the source of charity. In both cases, however, the amount shared was "a self-determined portion of their riches...."[3]

The stewardship principle "allowed corporate executives to view themselves as stewards or fiduciary guardians of society's resources. As such, they held those resources in trust, to be used for whatever legitimate purposes might be implicit in private ownership of productive resources. Foremost among those purposes was profit making.... [Indeed,] a business firm's main responsibility to society was to invest its resources wisely and prudently. In that way, society's wealth (as well as the business firm's) would multiply."[4]

As expanded upon in the 1950s and 1960s, CSR1 continued to reflect corporate self-determination of what constituted corporate social responsibility, why it was necessary, and why it was preferable to any code of conduct imposed from the outside. And it was, in large measure, this self-determination that opened CSR1 to criticism, although the articulated shortcomings are not directly tied to corporate self-determination of CSR. Critics of CSR1 cite as problems the lack of a clear definition of what corporate social responsibility means; the absence of clear, practical guidelines for the content, substance, and scope of CSR actions; no consensus as to whether or not CSR referred only to acts other than those required by law; the absence of guidelines of how to balance economic requirements and social needs; and the lack of clearly articulated moral underpinnings.[5] But it was more a reaction to the social turmoil of the times than a reflection of the shortcomings of CSR1 that led to the development of the theory of "Corporate Social Responsiveness" (CSR2).

Evolving in the early 1970s, in reaction to the social upheaval and resultant social needs and demands generated in the 1960s, CSR2 was very "managerial" in nature. That is, its proponents and practitioners were practical, pragmatic, analytical, pro-active. They preferred to study and analyze trends, try to predict and anticipate social requirements, develop corporate responses to those needs, and measure the results. These attributes would eventually find a comfortable niche alongside the notion of the need for long-term corporate planning. And significantly, "CSR2 managers are not inclined to concern themselves with the underlying moral justification for their socially responsive efforts."[6]

CSR2 theory could be subdivided into two views of how corporate social responsibility might be established. One view was inward-looking, concentrating on examining and reforming each corporation individually. The other was more outward-looking, relying on the use of an overarching public policy to reform the entire business sector. But although CSR2, with its emphasis on practicality and tangibility, was a marked improvement over CSR1, it came under criticism because, like CSR1, it also provided no clear definition of CSR, and no guidelines for the substance and scope of CSR actions. In addition, CSR2 lacked clear moral underpinnings or justification.[7]

As the 1970s gave way to the 1980s, the search continued for moral justification, if you will, of socially responsible action by business. From this search evolved what Frederick refers to as "Corporate Social Rectitude" (CSR3). While retaining the normative focus of CSR2, CSR3 adds a value(s) and ethical component to the discussion.

The approach to values has been two-fold. One is the contention that business is an integral part of society, and thus must be regarded in the context of societal values: "Value free-business (sic) decisions do not and cannot exist. Therefore, it becomes vitally important for the values on which business policies and actions are based to be made explicit."[8] A focus on profits, growth, efficiency, financial performance, markets, etc. alone is not sufficient because it fails to take into consideration (some of) the values of minorities and women, employees, consumers, people concerned about environmental issues, and a host of other significant populations within society. The second prong has been the clarification of "the values at work inside the corporation and particularly in the minds of corporate managers."[9]

According to CSR3 theory, efforts to incorporate an ethical component into CSR must acknowledge the validity of utilitarian ethics, which is the weighing of economic benefits against economic costs in formulating business actions. At the same time however, these efforts must include consideration of the rights of individuals and groups in society, "even if it becomes very costly to do so--even if the costs outweigh the benefits...;"[10] as well as the consideration of social justice: the distribution of societal benefits and burdens within the society.

CSR3 thinking, then, is values- and ethics-centered. The approach of a CSR3-based management to the bottom line comes from the opposite direction of more traditional business management. It is one which begins with an acknowledgement of and commitment to addressing the values and concerns of society, and then focusses on building sound business management policies and practices which reflect this acknowledgement and commitment.

For example, Dayton Hudson chairman William A. Andres argues that "corporate programs of corporate social responsibility cannot be afterthoughts. If business is to respond adequately to the public's increasing expectations, a sense of social concern must become 'a fully integral, fully committed, fully professional part of the corporation's operations.'"[11]

Corporations as Persons

I think it is important to comment upon a largely semantic, but nevertheless important debate which is on-going in the literature and amongst theoreticians:

Some maintain that although corporations have been granted personhood at law--that is, they enjoy many of the rights of individual persons--they are not in actuality persons, and are therefore amoral entities--incapable of actions which are either socially responsible or irresponsible. The following is a not-atypical expression of this sentiment: "Although the corporation has commonly been granted personhood status at law, it is not clear whether the corporation may be held morally responsible for 'its' actions. In what, after all, does corporate 'action' consist? Corporations are not able to act on their own; corporate 'action' is no more than a parody of managerial practice."[12]

Milton Friedman is one who, at least in 1970, continued to maintain that, as artificial persons, corporations could only have artificial responsibilities, social responsibilities not among them. In an oft-referenced article in the September 13, 1970 issue of The New York Times Magazine, Friedman argued that business' sole responsibility is to increase profits. His discussion seemed to presuppose that it is the CEO of an organization, acting alone and independently, who engages the company in CSR, against the best interests and desires of the stockholders. Once they find out, he contended, they'll fire the CEO.[13] In fact, many boards now have committees or advisory panels specifically charged with overseeing their companies' CSR activities. Stockholders, and often the general public, are usually well-aware of a company's social actions and contributions.

Friedman also argued that, for example, a company ought not do anything more to reduce pollution or improve the environment than that which is required by law. To do more, or to engage in other activities aimed at achieving social objectives, is to engage in "pure... socialism," he wrote. It is to spend money that is rightfully the stockholders, the customers, and/or the employees.[14] In the research for this paper, I found few, if any of the sources willing to agree completely with Friedman's sentiments. Indeed, even the most ardent of free-market defenders argued that Friedman's approach allows room for the consideration of social factors in the undertaking of business decisions and actions.

In fact, a preponderance of the sources encountered in my research, including those whose views would be considered mainstream or conventional, acknowledged that consideration of societal norms and values must be at least a part of the process of making business decisions. For that matter, evidence is accumulating that Friedman's ends are not necessarily incompatible with CSR's means. To wit: "Many believe that a company's social performance may be an indicator, perhaps even a leading indicator, of the quality of management and of future profitability."(Marlin)[15] Indeed, "[w]hat many people would call 'socially responsible' behavior on the part of business may turn out to be long-run profit seeking as well.... Qualitative factors such as image, public relations, good will, and popular opinion can have an impact on profitability that may be indirect and hard to quantify, but are nonetheless important. Hence, one should not assume that certain types of corporate behavior are invariably inimical to profitability.... [For example,] philanthropy may enhance qualitative factors of the community, which are in turn favorable to corporate profitability."[16] Friedman argues that such tactics, by the very fact that they enhance profitability, are a fraud put over on society, cloaked in the respectable mantle of social responsibility.[17]

From the point of view of semantics or theory, Friedman and the other "artificial person" theoreticians are at least partially correct. The corporation, per se, is not capable of any action, moral, immoral, or amoral. It is merely a skeleton, a structure into which actual persons are fit in order to facilitate the accomplishment of collective (corporate) commercial goals.

When a corporation does something laudable, it is not the corporation which hears the speeches we make, reads the columns we write, holds forth with the advice we seek, or graciously accepts our accolades and/or awards. Rather, it is the people, most often the CEO or top management, who populate and direct the corporation, who are the recipients of our attentions. In fact, in an indirect affirmation of Friedman, my research indicates that it is often the conscious philosophies and actions of companies' top management which is the driving force behind their firms' CSR policies and activities.

Why is it, then, when a corporation does something that is harmful to individuals or society, we often encounter no such readily accessible people to act as recipients of our scorn and calls for remediation on behalf of the corporation? Why does the corporate veil so often seem to take on the properties of an iron curtain? If the people of a corporation are willing to take direct responsibility for the corporation's positive actions, they ought to be willing to take direct responsibility for its negative actions as well. In what provides poignant counterpoint to Friedman's characterization of pollution and environmental controls, one critic writes, "If businesspeople are serious about being responsible for the environment, the first thing they can do is to remove the corporate veil that protects individuals from being held personally liable for death, disease, and suffering.... If individuals were personally liable for... the toxic chemicals and... organochlorines... produced by chemical companies..., would they still sell them? Would they market them with elan and panache? Would they ship them without foreign-language labels to Third World countries...?"(Hawken)[18]

It is my opinion that regardless of the semantics of the theoretical discussion, corporate action has real effect and consequence upon society. Thus, taken in a societal context, that effect and consequence can be positive or negative, ie. responsible or irresponsible. As one source puts it: "Scholars who are antagonistic to the notion of corporate social responsibility are eager to deny the corporation's status as a responsible agent.... What such scholars overlook is that these 'legal fictions' have an unavoidable reality. Corporations influence how we work, think, play, and relate to each other. [Consequently, they] can do good or evil. We should not pretend otherwise."(French, Nesteruck, Risser, and Abbarno)[19] Following from the foregoing discussion, therefore, for the purposes of this paper, corporations and other business entities will be assumed to be capable of actions which are socially responsible or irresponsible.

The Necessity and Legitimacy of CSR

I consider it not unreasonable to go so far as to argue that it takes some measure of CSR purely for the efficient function of markets. There are, perhaps, some rogue companies that can be completely unethical and still make money for a period of time. But if every company engaged in that kind of action, the end result(s) would be litigational gridlock, increased governmental regulation, growing mistrust between companies and amongst consumers, a diminishing of participation in the market, and ultimately, a virtual disintegration of commerce. "Bandit" markets are not known for their efficiency, predictability, or sustainability.

Perhaps, as business globalized and lost roots in any particular community, it lost sight of responsibility. It is, after all, more difficult to envision responsibility when one is adrift in global markets. And so, rather than discovering something new, perhaps companies are re-discovering and re-inventing the values of social responsibility, incorporated into ever-larger markets (communities) out of some conscious or unconscious or semi-conscious realization that socially responsible business is good business--that it ultimately preserves, even enhances the market system.[20]

Why is it necessary or even legitimate to talk about corporate social responsibility? From whence springs the ever-increasing interest, in academic journals and the popular press, within the investment community, amongst consumers and the general public, not only in companies' primary relationships with the market, but in their secondary relationships as well (or what one might call their primary relationships with entities other than the market)? "[C]orporate social responsibility arises out of the corporation's relation to and potential or actual effect on diverse groups in society"[21] and/or on society as a whole.

Economist, author, and successful entrepreneur Paul Hawken framed the discussion more bluntly when he made the following statements, both in the same speech: "I think we can say in no uncertain terms that business is destroying the world," and "... business can restore the planet on which we live.... Business is the only mechanism on the planet today powerful enough to produce the changes necessary to reverse global environmental and social degradation." And he quoted futurist Willis Harman: "'Business has become... the most powerful institution on the planet. The dominant institution in any society needs to take responsibility for the whole. Every decision that is made, every action taken has to be viewed in the light of, in the context of, that kind of responsibility.'"[22]

Regardless of the extent to which one might agree or disagree with Hawken's particular assertions, given the pervasive influence, good and bad, business exerts on every fiber of society, one would be hard-pressed to credibly argue that business' only considerations ought to be market-, financial-, or profit-based. Businesses are members of communities local to global, and as such, must consider societal factors in their decisions and actions. If not entirely responsible for the good of "the whole", businesses are at least as responsible as are other members of societies. "That there is a common good, and that corporations are able to affect it for both better or worse, creates responsibilities for corporations to operate in full cognizance of the general welfare of society and perhaps to subordinate profit to societal good."(Klonoski)[23]

In fact, it is not an uncommon sentiment to contend that ethical business conduct entails responsibilities above and beyond those merely required by law. Ethical business requires consideration of morals, values, norms, standards, and expectations of other members of society, regardless of whether they are codified into law. In what could perhaps be a reflection of CSR2 theory, described above, Carroll contends that "... ethical responsibilities may be seen as embracing newly emerging values and norms society expects business to meet, even though such values and norms may reflect a higher standard of performance than currently required by law."[24] Hawken would doubtless argue that business' experience and ability responding to (or creating) the market ought to be carried over to meet (or create) such higher standards.

In the traditional contract between business and society, business' primary obligation was economic: producing goods and services, providing jobs, improving the standard of living, increasing the GNP, etc. However, the contract has been altered as society has added to its expectations of business: stricter adherence to local, state, federal, and international law; equal employment opportunities for women and minorities; parity of compensation and participation in the workplace for employees; meaningful response to social and familial concerns of employees; sensitivity to environmental matters; support of education, the arts, and other community public assets and programs; safe, or at least fully and truthfully described products and manufacturing processes; sensitivity to calls and actions for political and/or social change; and many other issues--business is expected to make positive and proportional contributions to the societal whole in all these areas.

A number of these areas will be discussed in greater detail in a following portion of this paper. As a prelude to that, it is useful to survey some underlying themes of CSR that are common to a vast majority of the sources consulted.

Common Themes of CSR

There is virtually universal agreement that the single most powerful influence on a company's dedication to CSR is the attitude and the philosophy of the CEO, board of directors, and/or other top management personnel. "Many of these individuals have strongly held social convictions, and they are in a position to have their convictions reflected in the way in which the company they manage conducts its business."[25] Even as it is becoming increasingly common for companies to have formal, written codes of ethics, it is argued and repeatedly demonstrated that "the personal deportment of [company leadership] in the exercise of moral judgement is universally acknowledged to be more influential than written policy."[26] In fact, it is often this personal deportment and attitude of top management that is most visible, and thus, most influential on outside impressions of the company's

CSR philosophies and actions. "The degree to which [company leaders] are able to articulate [their] ethical beliefs as policy in their relationships with the whole community... will color to some degree all aspects of their operations."[27]

A second nearly universally held tenet is that CSR is most firmly grounded in a long-range view. Planning; slow, but steady development or growth; smaller profitability margins attained over longer time lines and/or even initial losses in exchange for long-term gains; stewardship; sustainability; product longevity; employee education; some philanthropic endeavors--any or all of these manifestations of a long-range-oriented business philosophy run counter to one which relies more heavily on maximizing economic efficiency and short-term profitability. Thus, "any ethically oriented proposal ... is a proposal to take a longer-range view.... Non-ethical practice is shortsighted almost by definition, if for no other reason than that it exposes the company to eventual reprisals. The longer range a realistic business projection is, the more likely it is to find a sound ethical footing.... [A]lmost anything an executive does, on whatever level, to extend the range of thinking... tends to effect an ethical advance."[28]

Another prevalent underlying theme of CSR theory and application is the concept of cooperation. A company which interacts with suppliers, distributors, customers, public agencies, employees, interest groups, communities and other stakeholders not only fosters significant goodwill through a policy of cooperation, but can enhance business operations by doing so as well. Examples abound; one is of a shift in attitude with a new president of a utility company in the southwest. Under his leadership, the company began cooperating with environmental groups and utilizing their input in investing significantly in pollution control equipment. Capital has since flowed much more readily to the company for new construction projects.[29]

One other broad concept of CSR which is widely discussed and bears some mention is that of community. The concept is contextual and often has more than one meaning even within a single discussion. It of course refers to the physical location of a business, and to the fostering of positive interactions with others in that location. It also refers to the fostering of a positive coalescence within a business--a sense of meaningful belonging, worth, and involvement amongst employees. It is a symbiotic relationship: the strength of a company's internal sense of community affects individual members of the larger community, and thus its relationship as a whole with that larger community. At the same time, the strength of a company's commitment to the community at large greatly influences its internal culture. The implications of both are significant. "Businesses that foster a good community within the workplace and respect the social community on the outside can make possible the moral development of both employees and sociey."(Klonoski)[30]

Of course, in some respects, the concept of corporate social responsibility itself is contextual. What is meant by "the 'common good' and corporate responsibility is constantly changing over time, in light of changing societal expectations, and in the given context of a specified set of stakeholders and others who would serve as evaluators."[31] This is aptly illustrated by Frederick, in his discussion of the evolution of CSR theory. It is perhaps an illustrative factor in the inability (thus far) of scholars, theorists, writers, and/or practitioners to articulate a clear definition of the term. It is, in essence, acknowledged by Peter Barnes, President of Working Assets, a socially responsible investment fund. When asked what CSR is, how he would define it, Barnes hesitates, fumbles for words. There is no hard and fast definition, he allows. He chuckles, concluding, "You know it when you see it."[32]

CSR Criteria

Nonetheless, in the context of recent years, there has been emerging, evolving, and developing, a widely accepted, if not absolutely defined set of criteria by which businesses and/or their actions are judged to be socially responsible. There is no denying that these criteria are based, in some measure, on the values and value judgements of the entities that have developed them. Indeed, all of these organizations are careful to point out that there are no absolutes and to acknowledge that differences of opinion exist. Still, it will be illustrated that significant consensus has been built as to what criteria are valid in the assessment of CSR. These criteria generally fall under the categories mentioned previously in the discussion of the altered and expanded contract between society and business.

Research/Rating Organizations

Of course, anyone who wishes to can characterize the social responsibility of companies based on any arbitrary set of criteria he or she chooses. But there are certain "keepers of the flame"--organizations with broad-based credibility that have researched and developed criteria widely acknowledged as harbingers of CSR. Among the oldest and most respected of these organizations are the Interfaith Center on Corporate Social Responsibility and the Council on Economic Priorities (CEP). Both had their beginnings in the 1960s as a result of several religious denominations and organizations looking for ways to shelter their investments from firms contributing to the Vietnam War effort.

CEP describes itself as "a non-profit organization established to disseminate unbiased and detailed information on the practices of U.S. corporations. These practices have a profound impact on the quality of American life. CEP was established so that the American public could become aware of this impact and work to ensure corporate social responsibility."[33] The organization has gained respect and credibility both outside and within the business community for its objectivity and balance. CEP principals routinely testify before Congress on a variety of consumer and business-oriented issues.

What is perhaps the Council on Economic Priorities' flagship publication is a pocket-sized book, issued annually, called Shopping for a Better World. The guide rates the CSR of manufacturers of foods, beverages, pet foods, consumer products, over-the-counter remedies, cosmetics, and gasoline and auto care products. (While CEP includes food products manufactured by tobacco companies in the guide, it does not list cigarettes. It "considers manufacturing and promoting cigarettes antithetical to social responsibility, because it is a direct and major threat to public health."[34] This is a consistent trend amongst the organizations that rate CSR. Many maintain a similar attitude about the manufacture and sale of alcoholic beverages.)

Made to accompany shoppers to the supermarket, the guide keys on products by brand name, and rates the manufacturers by the following criteria: charitable giving, advancement of women and minorities, community outreach, disclosure of information, animal testing, South Africa, the environment, family benefits, workplace issues, nuclear power, and military contracts. The rating covers a scale from outstanding performance in a given area through moderate or mixed record to poor performance or little evidence of a good record. A detailed explanation of each of CEP's criteria is found in Appendix C-1.

Using its rating system, CEP singles out the top companies in its guide. The most exemplary companies earn at least 7 top category ratings and are not involved in nuclear power, military contracting or South Africa; or earn at least 8 top category ratings and are involved in no more than one of nuclear power, military contracting, or South Africa. The top companies in the guide include: Alexandra Avery, Autumn-Harp, Aveda, Avon, Clientele, Body Love Natural Cosmetics (all cosmetic companies), Ben and Jerry's Homemade (ice cream), Church and Dwight (Arm and Hammer products), Colgate-Palmolive, Earth's Best (baby food), Earthrise (vitamins, supplements), Eden Foods, General Mills, Giant Food, Hershey Foods, Johnson and Johnson, S.C. Johnson and Son (household products), Kellogg, Newman's Own (foods), Procter and Gamble, Quaker Oats, Supermarkets General Holdings (Pathmark supermarkets, Rickel Home Centers), Tom's of Maine (toiletries), Upjohn. Even while lauding these companies, CEP reminds the reader that no companies have a perfect CSR record.[35]

CEP also singles out the poorest socially performing companies in its guide. These companies have 4 or more of the lowest category ratings, or 3 lowest category ratings and are involved in nuclear power, military contracting, or South Africa. These companies include: American Cyanamid (toiletries), Archer Daniels Midland (food products), Bayer USA, Chevron, ConAgra, General Electric, Kimberly-Clark, Mobil, Perdue Farms, Pfizer, Texaco, Tyson Foods, USX. CEP also points out that even these poor performers are not completely without merit in some areas.[36]

Other organizations which monitor, analyze, develop, and/or support the development of socially responsible business practices include Businesses for Social Responsibility, a coalition of large and small businesses formed to promote CSR through the media, the market, and by attempting to influence public policy--a sort-of alternative Chamber of Commerce; Ashoka: Innovators for the Public, a non-profit organization which seeks out and supports what it calls "public entrepreneurs," primarily in the Third World; and The Business Enterprise Trust, a national organization which annually honors courage, vision, and integrity demonstrated in specific exemplary actions, decisions, programs, or initiatives of business responsibility.[37]

Socially Responsible Investing

The idea of using one's money to influence CSR--socially responsible investing--has also gained considerable momentum in recent years. As a result, organizations such as Franklin Research and Development, in Boston, have grown to fill the niche of devising criteria to screen companies for social responsibility, and analyzing companies' CSR return as well as financial performance, and providing this information to investors.

Franklin Research and Development Corporation (FRDC) develops business, financial, and social profiles of publicly traded companies, and communicates them to investors via a monthly newsletter. It also develops in-depth examinations of current social issues as they pertain to business, such as gay and lesbian rights, CSR mutual funds, and the effect of environmentalism on Wall Street. In the prologue to a recent company publication, FRDC points out the balance that must be struck, in developing social screens for assessing companies' social performance, between simplicity and detail. It admits that the numerical scale it has developed sometimes does not capture the complexity of a company's social profile, and often tries to make up for this shortcoming in profiles in its monthly newsletter.

FRDC also admits that its ratings are based on certain assumptions, and that not all investors agree with these assumptions. It reminds investors that the assessment of social factors ultimately lies with them, and that the company views its role as providing factual bases upon which to base those assessments and from which a dialogue might emerge between individual investors, and within the entire investment community, about CSR.[38]

As of May, 1989, the latest period for which information is available, FRDC formulated its social assessments by developing criteria in the following areas: corporate citizenship, employee relations, energy, environment, peace, product/-consumer, and South Africa. In each, FRDC has established a general statement of philosophy, and a series of questions it asks about each company's activities in these areas. Companies are then rated on a numerical scale of 1-5, with 1 being the highest, indicating that the company is positively proactive and excels in its initiatives, 3 indicating a mixed record in that particular assessment area, and 5 indicating poor or negative performance. A detailed explanation of each of FRDC's criteria is found in Appendix C-2.

Companies recently assessed and profiled by FRDC in its monthly newsletters included Agridyne, a Utah-based company which develops environmentally safe botanical insecticides, given an overall social assessment rating of 2, and recommended as a high-growth-potential stock under $8 per share; Lydall, a Connecticut company whose products include highly effective air and water filters, thermal barriers, and pencils manufactured from recycled newspaper and cardboard, received an overall social assessment rating of 2, and recommended to buy at under $33 per share; Procter and Gamble, lauded for excellent employee relations and innovative environmental and recycling programs, panned for its response to a call for a boycott of El Salvadoran coffee and its obsessive pursuit of secrecy, given an overall social assessment rating of 3, with no investment recommendation made; RJR Nabisco, given mixed reviews for employment relations and considered generous in the area of charitable giving, but criticized for continued manufacture of cigarettes and questionable marketing practices thereof, given an overall social assessment rating of 4, no investment recommendation being made.[39]

The Social Investment Forum, based in Minneapolis, is a national nonprofit organization whose members include institutional and individual investors, mutual fund managers, technical analysts, and foundation investors. Through newsletters, quarterly meetings, a comprehensive guide, bibliographies, and other media, the organization acts as a focal point, clearinghouse, and educational resource for socially responsible investment. Working Assets, the Calvert Group, and Pax World Fund are amongst the CSR mutual funds belonging to the Social Investment Forum, as do such organizations as Franklin Research and Development, the South Shore Bank of Chicago, and the Investor Responsibility Resource Center.[40]

Other mutual funds, comprised strictly of what are considered to be socially responsible companies, include: Dreyfus Third Century, Parnassus, Domini Social Index Trust, and New Alternatives, Covenant Investment Management, and Green Century Balanced Fund.

Socially responsible mutual funds routinely make investment determinations from two directions: negative social screens, which result in precluding or limiting investment in a company under consideration; and positive social screens, which predispose investment, assuming no extenuating negative circumstances. A representative group of negative social screens includes: South Africa, weapons, nuclear power, pollution and/or environmental violations, alcohol, tobacco, gambling, equal opportunity or labor violations, sexual orientation discrimination, participation in the Arab-orchestrated boycott of Israel, export of US-banned agricultural chemicals, animal testing or inhumane treatment, and companies boycotted by the AFL-CIO.

Typical positive social screens include: environmentally sound operations and/or products, resource recovery, sensitivity to wetlands and wildlife, support of human rights, involvement in health care, life-support products and/or services, advancement of women and minorities, some international development, involvement in revitalization of underinvested urban and rural communities, small business lending to minorities and women, affordable housing, education, and sustainable agriculture.[41]

This brief description and list not only illustrates the general consensus within the socially responsible investment community, but it also clearly indicates substantial agreement with other organizations that rate CSR as to what factors or practices determine whether or not a company is socially responsible. (An interesting aside: while there is variation between and within various individual funds, as a group, they consistently outperform more conventional groupings of stocks such as the Dow Jones or Standard and Poor's index.) To a large extent, these factors and practices are substantiated by other theorists and practitioners of CSR.

Given the previously mentioned contextual nature of CSR, they are, of course, subject to variation and change. The situation in South Africa is certainly in a state of flux. Political changes there may result in investment there being considered a positive social action. The problems associated with nuclear power may one day be alleviated to the extent that it is no longer considered a social danger.

CSR in Specific Companies

It is also evident from the research for this paper that companies have a wide latitude of methods and actions by which to act upon their social consciousness; a pool of issues and/or philosophy in which they can dabble at the edge, or immerse themselves completely. And while this research revealed neither a company with absolutely no social conscience nor one that exists solely for the social good it does, the continuum or depth of social commitment varies widely, as do the methods by which individual companies manifest and maintain that commitment.

What follows is an examination of several companies, and the extent and some of the details of their socially responsible philosophies and activities. Some of the information has been gleaned from secondary sources; much of it was obtained from the companies themselves.

Five companies were contacted specifically because they are frequently referenced in the literature as being practitioners, innovators, and leaders in business practices which are considered to be socially responsible. These companies are The Body Shop International, Ben and Jerry's Premium Ice Cream, Patagonia, Smith and Hawken, and W.L. Gore and Associates. Although not contacted directly, Control Data was later added to this list because of the extensive references to the company in some of the literature and because of some of that company's specific CSR practices.

Five other companies were contacted specifically because they had come under public criticism for specific perceived attitudes, decisions, actions, or interactions. At one time or another, they have been singled out for being, in effect, socially irresponsible. These companies are Caterpillar, Exxon, George A. Hormel and Co., J.P. Stevens, and Union Carbide.

While I would have preferred to contact each company's CEO directly, I bowed to the reality of a company leader's schedule and responsibilities, and instead wrote letters to the public relations or information officer at each company. Each was asked whether or not the company had an articulated philosophy of CSR, and what specific initiatives and actions had it taken to reflect and/or carry out its philosophy.

In the letters to the latter group, specific mention was made of the target of criticism in each company (eg. Caterpillar, Hormel, and Stevens' labor difficulties; Exxon and Union Carbide's environmental records), and the question was asked how these squared with the company's view of CSR. None of these companies responded directly to the question. Caterpillar's response was the most cryptic. No letter from anyone in the company was included. What was sent was its "Code of Worldwide Business Conduct and Operating Principles," a copy of a speech on global competition by Chairman and CEO Donald Fites, and reprints of a series of print media ads the company apparently ran during the early-1992 strike and contract negotiations with the United Auto Workers. Exxon and Union Carbide both included brief letters acknowledging the request for information, and identifying the enclosed publications documenting the companies' policies and activities in certain areas. J.P. Stevens and Hormel did not respond to the inquiries at all. It is interesting to note that the Council on Economic Priorities gives Hormel low ratings or finds that it provides insufficient information in nearly all of CEP's categories. In fact, CEP gave Hormel its lowest rating for disclosure of information.

Follow-up phone calls needed to be made in several cases to prod the companies into responding to my written inquiries. In the cases of Patagonia and Union Carbide, this also resulted in extended conversations with the respective company spokespersons about CSR at their company. J.P. Stevens and Hormel are not discussed in the paper, due to the lack of their response to my inquiries. Smith and Hawken and W.L. Gore and Associates are also not included, as their replies were not complete enough to provide a thorough analysis of the company.

The responses and interpretations of the various companies to my inquiries varied somewhat, although there are common threads in all of them. In most cases, the materials sent were quite voluminous, and it was somewhat challenging to distill them into usable, yet cohesive and illustrative summaries. Each company displayed philosophies and/or characteristics which more or less corresponded to factors in Frederick's breakdown of CSR theory. Using his breakdown as a continuum, the following is a brief discussion of each of the companies analyzed, ranging roughly from the company which most exhibits CSR1 characteristics to the company which most exhibits CSR3 characteristics.

Caterpillar

If one applies Frederick's characterizations to Caterpillar's Code of Worldwide Business Conduct and Operating Principles, one would probably label the company's standing as being either CSR1 or CSR2, depending on the issues involved. The first sentence in the document is: "The overall purpose of Caterpillar is to enhance the long-term interests of those who own the business--the shareholders."[42] The document is very professional or managerial in tone, and quite detailed. It is indicative of a long-term view of operations and planning. Several policies appear to emanate from a company effort to anticipate and respond to social needs.

Early on, the document states that "[t]he law is a floor. Ethical business conduct should normally exist at a level well above the minimum required by law."[43] It approaches its investment/operation philosophy from the standpoint of "mutual benefit," and specifically affirms the importance of local customs, traditions, and sovereignty, as well as social and economic priorities.[44] In the area of the environment, the code calls for re-using or recycling by-products of the company's manufacturing process, "when practical", or else disposing of wastes "in a manner consistent with the public interest."[45]

Much of the code is devoted to Caterpillar's interactions with its employees. It includes a statement of non-discrimination (sans any reference to sexual orientation), practicable commitment to worker safety, the gathering of only that individually identifiable employee information which is necessary for the operation of business or compliance with the law--and the maintenance of the confidentiality of that information, disallowance of nepotism, provision of company-related information in which employees would "logically have an interest," and development of training and an environment conducive to employee support of and work for company objectives.

Several of the references appear to support the empowerment of employees--involving them in the improvement of their own work methods and products, encouraging self-development and the broadening of job skills, placing operating decisions "at the lowest level in the organization at which they can be competently resolved,"--"intend[ing] that participative styles be the cornerstone of [Caterpillar's] management philosophy." In the case where employees fall under union representation, the code pledges that "Caterpillar will endeavor to build a company-union relationship based upon mutual respect and trust."[46]

Under the heading of "Public Responsibility," the code lists three general areas in which a company makes social impacts. The first is simply the act of conducting business, with all of its concurrent activities. The second is the way in which the company undertakes business--how it interacts with its various stakeholders. And the third is what the company does outside of the operation of its business--to what extent it participates in problem-solving or enhancement of the community. The code acknowledges the company's "citizen responsibilities" to support such social activities, pledging "[t]o the extent [its] resources permit... [to] participate selectively in such matters."[47]

Recall that one of the identifiers of Frederick's CSR1 theory is that the extent of a company's social responsibility is self-determined. An underlying theme of Caterpillar's code of conduct seems to be one of self-determination, as illustrated by the statement reprinted at the end of the previous paragraph. And, it seems the company was/is willing to risk the alienation of one of its primary stakeholders--the UAW--by taking the hard line it did in negotiations, in protection of interests of its own which it deemed to be paramount.

Further, while the code clearly voices an acknowledgement of the company's social responsibilities, there is little, if any evidence of a commitment, philosophical, if not de facto, to these responsibilities. The commitment(s) are made in a very clinical, very managerial voice. There is no indication, in reading the document, that Caterpillar's sense of CSR is ethics--and/or value-centered. Rather, it appears to be one of many components of doing business in today's world, one which needs to be built in to the overall corporate strategy.

Exxon

One of the publications included in Exxon's response to my inquiries is a background paper, entitled "Social Responsibility," prepared by the company's public affairs department. It is somewhat dated, having been published in 1973. Nevertheless, Mr. James B. Davis, Chief Editor for Communications, assured in an accompanying letter that the broad philosophies and policies expressed in the document are still applicable within the company today.

The document serves a different purpose than Caterpillar's code of conduct: it truly is a background paper, written in a journalistic style which discusses the history and development of CSR, rarely even making direct reference to Exxon, and is thus couched in a different style. Still, it is difficult not to note the contrast to the Caterpillar document when, early in the opening paragraph, the Exxon paper states: "While answerable to its shareholders, a corporation's ultimate constituency is the public at large, and it cannot serve the former successfully unless it is responsive to the latter."[48]

Much of the document could very nearly have been lifted directly out of Frederick's discussion of CSR2. It clearly reflects a managerial approach to CSR: monitor, measure, predict, respond, etc. Early on is an identification of public expectations of business: to operate efficiently, sensitivity to the social and environmental effects of business activities, and social service outside of its business activities. What should govern business' response? According to the document, a recognition that business has an obligation to actively participate in the health and well-being of the physical and social environment; and that doing so (being a good corporate citizen) is also good business.

Polls of public attitude(s) towards business are cited. The "impact of the conservation lobby" and "the mushrooming of Nader-oriented professionals" and other trends are referred to as "signs of the times," foretelling tougher, more detailed, and more rigorously enforced standards, and increasing calls for greater accountability. Amongst its conclusions, it states Exxon's philosophy as recognizing the interrelationship between business and society, both economically and socially, adding: "Such a corporation responds to basic shifts in public attitudes, is sensitive to human values and is alert to expectations of openness and accountability. In sum, it pursues its business interests while taking into account the interests of others."[49]

Exxon's approach to environmental and safety issues also reflects a similar managerial mindset to its corporate responsibilities, at least as indicated by its progress report entitled "Environment, Health and Safety," apparently published in late-1990 or early-1991. Addressed to the shareholders, the report outlines Exxon's activities in a number of areas, including workplace safety, air emissions, water resource protection, land protection and damage mitigation, conservation, waste reduction, risk reduction, response to incidents, and work with other entities.

Several of the sections make reference to national environmental legislation, such as the National Environmental Policy Act, the Clean Air Act of 1963 and the Amendments of 1970 and 1990, the Superfund Amendment and Reauthorization Act, and others, and to Exxon's actions either in advance of or in reaction to them. The report makes no reference to the company's lobbying activities or official corporate stance on the adoption of these laws, but where specific policies are stated for a given area, each contains a provision to work with the government and industry groups to develop "appropriate" laws and regulations, and to provide the company's assessment of the effects of such laws on the environment as well as on business operations.

The report touts a myriad of technological developments and achievements by the company, some of which have been required by law in order for the company to engage in resource extraction, such as the methods used to keep the Alaska Pipeline from damaging the permafrost, and open-pit mine site reclamation techniques. Others increase operating efficiency, while reducing environmental damage, such as the use of floating roofs on petroleum storage tanks, reducing evaporation and the release of volatile compounds into the air; or the reclamation of sulfur-contaminated soil in the Netherlands by processing it in a sulfuric acid manufacturing plant. Other interesting examples cited include: the development of wet gas scrubbers, which reduce particulates and sulfur dioxide emissions from catalytic cracking units, recently named the Best Demonstrated Control Technology by the US Environmental Protection Agency; the transformation of discarded offshore drilling platforms into man-made marine-life reefs; the development of a sleeve exploder, which replaced dynamite with acoustic pulses in underwater seismic exploration, reducing the risks to marine life; and developments in recycling technology, such as a process for converting polypropolene waste into sealant and caulking material.

Alongside the descriptions of Exxon's involvement in projects to protect wetlands in areas in which it operates, the report also documents the company's receipt of an Excellence in Surface Mining Reclamation award from the US Department of the Interior; recognition by the Institute of Mining Engineers of Chile of the company's Chilean copper company as the outstanding mining company in that nation; and the World Environment Center's Gold medal for International Environmental Achievement for the operation of a Columbian coal mine. It lauds its work with such organizations as the Chemical Industry Institute of Toxicology as well as the World Wildlife Fund and the Nature Conservancy.

Exxon seems to have been consistently ahead of the curve in the area of occupational safety and health. The company first established a medical service organization for employees in 1918. It employs toxicologists, industrial hygienists, and epidemiologists, along with physicians, to evaluate effects related to work assignments, in an effort to assure safe technologies and operating procedures. Its stated policy on toxic substances, adopted in 1977, is that Exxon will not manufacture, use, or sell any material if it is not possible to adequately control the risk. It claims an occupational injury/illness rate well-below industry averages.

There are several references to the Exxon Valdez oil spill in Alaska in 1989, as a catalyst to re-examine and redouble the company's commitment to environmentally responsible operation, as an example of the company's ability to respond quickly and effectively to an environmental incident, and as an obscurer of Exxon's long commitment and leadership in the industry to environmentally sound practices and technologies.[50]

Exxon also supplied a report on its 1991 philanthropic activities. The company contributed significant amounts of money in a number of program areas: environment, public information and policy research, education, united appeals and federated drives, health, civic and community service organizations, minority and women-oriented service organizations, the arts, and museums and historical associations. Education, at all levels, received more-than half of the $42 million-plus of Exxon's US contributions. The company also made over $17 million in contributions in these same categories in areas outside the US.[51]

For all its emphasis on its environmental stewardship, Exxon still comes under considerable outside criticism for its interaction with the physical environment. Criticism was widespread as to the timeliness, commitment, and effectiveness of the company's response(s) to the Valdez oil spill. In fact, the company is still embroiled in litigation to force it to do more than it already has to mitigate the impacts of the spill. The Council on Economic Priorities gives the company its lowest rating for corporate environmental practices, and specifically singles out the spill and what it terms, "a trail of broken... promises for improved accident prevention and quick emergency response."[52] CEP also gives Exxon its lowest marks for workplace issues, indicating a less-than amicable relationship between the company and its employees.

On the other hand, CEP gives the company its middle rating in the following categories: philanthropy, indicating that the company gives a total of .7% to 1.2% of its pre-tax earnings to charitable causes; women's advancement, meaning that there are at least two women on the board or amongst the top company officers; and community outreach, indicating a moderate level of positive company involvement in local community issues. CEP gives Exxon its highest ratings in the areas of information disclosure, minority advancement, and family benefits. It also specifically lauds the company's provision of on-site day care services for employees' children.[53]

Union Carbide

Union Carbide (UC) is a much-changed company from the giant conglomerate of only a decade ago. At its peak in 1979, the company was an $11 billion concern, with 117,000 employees. It included the Eveready, STP, and Glad companies. Today, after the 1984 fatal release of poison gas from one of its plants in Bhopal, India, and fending off a hostile takeover attempt by GAS in 1985-86, the company is currently a $5 billion concern, with a workforce of approximately 15,000, sticking to its core business of producing commodities-chemicals.[54]

Judging by the material provided by the company, Union Carbide could also be labelled a CSR2 company, using Frederick's determinations. Its sense of CSR seems to be managerial in nature, studying, predicting, anticipating trends; trying to respond and react, and plan ahead.

The Bhopal "tragedy" is mentioned little in the written material provided by UC, only that it catalyzed the company to "develop a health, safety, and management system that would be second to none."[55] The resultant management system brought all of these areas together into the company's Health, Safety and Environmental Protection Department, which "sets standards, tracks performance and promotes continuous improvement throughout the corporation."[56] The department is headed by a corporate vice president, who answers to the CEO, and reports to a special committee of the Board of Directors, chaired by former World Wildlife Fund Chairman and former EPA Administrator Russell B. Train, who was named to the Board after the Bhopal incident.

Through this department, UC now emphasizes the prevention of pollution in its operations, using new technology and techniques to eliminate pollution at its source(s); recycling or reusing products or by-products whenever possible; and treatment (usually through incineration or biological processes) to minimize the hazards of disposal either on- or off-site.

UC has also greatly increased its communication with and involvement of the public in its operations. It has created advisory councils in communities where it operates, to deal with such issues as accident prevention, right-to-know, emergency procedures, groundwater testing, and other health and quality-of-life issues. It conducts plant tours and open houses, and publishes newsletters sent to plant neighbors, which inform them about such things as the products produced and the pollutants emitted (required by Superfund toxic waste legislation), household hazardous waste cleanup projects, and emergency response programs.

UC employees participate in community clean-up and improvement projects. The company works with medical emergency response teams to make them more effective in emergency response, participates in wildlife conservation and environmental education efforts in areas in which it operates, and makes UC expertise available, free-of-charge, to other companies facing hazardous waste clean-up and disposal problems.[57]

UC Chairman Robert Kennedy has likened working in the chemical industry to "[l]iving below a giant dam holding back the force of public outrage."[58] Much of UC's new-found public openness is a result of Kennedy's concern of the ramifications of that dammed-up outrage. To that end, as Chairman of the Chemical Manufacturers Association (CMA), he has also charged his industry-as-a-whole to go on the information offensive. (The results have included the influx of the yellow-highlighted CMA ads, with catch-lines like "You're driving by that chemical plant, just like you do every day, when one of your kids asks you what they make in there and you answer that you're not really sure and it occurs to you that you probably should be,"[59] in magazines like the National Geographic.) Kennedy has called upon the industry to improve its performance record as well.

Under Kennedy's chairmanship, CMA members pledged to sign a Responsible Care Initiative that publicly declared their "stewardship responsibility for chemicals through their life cycle (from development through disposal)," as he argued that "[c]hemistry isn't the issue, responsibility is."[60] Among the provisions of the Initiative are pledges to minimize the creation of waste, especially hazardous waste; develop, produce, transport, use, and dispose of chemicals in a safe manner; minimize health and safety risks to employees and communities through safe technologies and operating procedures, and emergency preparedness; and to prioritize health, safety, and environmental considerations in existing and future processes and products.[61] Whether or not Union Carbide or the chemical industry has lived up to these pledges is a matter of ever-ongoing discussion.

Judging by other materials provided by the company, Union Carbide places a great deal of emphasis on its employees. Realizing that demographic changes are dramatically altering its workforce, UC formed a Work Force Diversity Task Force to study the issues surrounding these demographic shifts, and make recommendations for company responses. The task force visited Du Pont, Kodak, 3M, and other companies to determine how they were responding to workplace issues.

Among the commonalities they found were a management philosophy which emphasizes employees' individual needs; well-articulated and specific management goals and initiatives geared specifically to changing personnel needs; strong senior and middle management commitment to future-oriented human resource initiatives; and initiatives designed specifically to attract, retain, and develop women and minority employees.

Among the task force's findings at UC were a lack of consistency in company recognition of the accomplishments of managers whose actions support the positive development of their employees; the need for annual performance appraisal and compensation reviews to recognize and reward initiatives which foster the positive development of excellence, diversity, and upward mobility in the workforce; a too-high turnover rate, especially amongst young professionals, and even higher amongst women; insufficient recruitment of minority employees, particularly black males; too few women and minority employees in high-level, decision-making positions; and a charge that UC must respond to lifestyle changes such as working couples and single-parent families. As a result, the company has begun implementing specific policies based on the following guiding principles: realize the workforce potential, maximize individual performance, include all people and value their differences, meet employees' changing needs, recognize and reward the contributions of all employees, and support individuals' personal growth. Again illustrating a managerial mindset, among the results of these initiatives are predicted to be improved profitability and profits, enhanced shareholder value, and leadership in UC's industry.[62]

The company has opened up its operations to employee participation, believing that doing so will enhance overall corporate goals. It has begun a pilot program for employee flex-time, and works in concert with local community resources to provide resources and referrals to employees for the provision of day care services.[63]

UC also has a very specific, very comprehensive harassment policy which states that "all employment relationships shall be conducted in an environment that is not hostile or offensive and does not condone intimidation or harassment of any person for any reason, including race, color, religion, gender, national origin, age, sexual orientation, veteran status or disability. It is the responsibility of management and all employees to maintain a work environment free of intimidation, harassment or insult of any form. Corrective action will be used to redress and eliminate these actions."[64] The policy is augmented by a pamphlet which clearly lays out standards, definitions, employee and management responsibilities, what constitutes harassment, examples of harassment, prevention techniques, complaint procedures and expectations, and commonly asked questions about harassment.[65]

There is no indication in Union Carbide's 1991 Annual Report the extent to which, if any, it engages in philanthropic activities. Conversation with a public affairs officer indicates that the company is a "strong" United Way supporter, and that it gives in the communities in which it operates. The state of the US education system has also recently become a corporate focus at UC, with a corporate task force appointed by Chairman Kennedy to study the system, and a resultant 10-year company commitment to promote and participate in the revamping and improvement of education in the US.[66]

Control Data

I have encountered several references to this Minneapolis-based high-tech company in CSR literature, particularly those of academic origin. The references all illustrate Control Data's (CD) clearly demonstrated commitment to community and social betterment. As with all of the companies herein discussed, CD's philosoph(ies) begin at the top, with Chairman and CEO William C. Norris. He "argues that business must take the initiative in planning and managing the implementation of programs designed to meet society's current needs but cautions that 'a major barrier to the widespread adoption of a strategy of seeking business opportunities from meeting major social needs is the relentless pressure by the investment community for short-term earnings improvement.[67]

Indeed, "[o]ne of the most ambitious corporate efforts to combine long-term growth with a commitment to increasing economic and educational opportunities for inner-city residents has been undertaken by Control Data."[68] CD has an inner-city plant program which constructs and operates plants in the inner city which are state-of-the-art. These plants all manufacture important components of CD's products, thus heightening the company's dependence on the plant and its employees. A company-sponsored day care center was established in the vicinity of one plant, and provisions have been made at each of them to accommodate part-time employees. After determining that a significant decrease in Monday production at these plants was due in large measure to employees being in jail from weekend troubles, CD began sending a company attorney around on Monday morning to bail out employees. The company also enhanced its counseling and legal assistance to employees. CD views its inner-city plant program as a business venture, with start-up costs viewed similarly to research and development costs.

CD has also used its computer technology expertise in several socially beneficial ventures. It has established high-tech learning centers and accessible computer-based teaching facilities which provide personalized low-cost education in areas from basic skills to advanced technology. It set up a computer system which helped to expand available health care on the Rosebud Indian Reservation in South Dakota. And it has established an accessible worldwide computer-based communications system for gathering, storing, and disseminating data in such areas as solar energy, agriculture, food processing, urban technology, low-cost energy, and energy-efficient construction.

The company has also set up a series of business and technology centers which help facilitate the formation and operation of small businesses in inner cities.[69]

The company takes social stock of business decisions, and publishes a report of its CSR activities just as it does on its economic performance. One recent report indicated that CD had determined that "it would not sell or lease a computer that would be used for the abridgement of human rights. This guideline has led Control Data to refuse business possibilities in South Africa when it has ascertained that its products would assist in repression rather than in humanization."[70]

Ben and Jerry's Homemade, Inc.

If people know about just one company associated with "socially responsible business," it's usually Ben and Jerry's, the Waterbury, Vermont manufacturer of premium ice cream. Started in 1978 in a converted gas station by childhood-pal, children-of-the-sixties Ben Cohen and Jerry Greenfield, the company now has three modern manufacturing plants, nationwide distribution, and a 1991 net income of $3,739,383 on sales of $96,997,339, an increase of 25 per cent in sales and 43 per cent in net income over the previous year.[71]

Ben and Jerry's company credo, "Turning Values into Value," is underscored by its statement of mission: "Ben and Jerry's is dedicated to the creation and demonstration of a new corporate concept of linked prosperity. Our mission consists of three interrelated parts: Product Mission: To make, distribute and sell the finest quality all-natural ice cream... from Vermont dairy products. Social Mission: To operate the company in a way that actively recognizes the central role that business plays in the structure of society by initiating innovative ways to improve the quality of life of a broad community: local, national and international. Economic mission: To operate the company on a sound financial basis of profitable growth, increasing value for our shareholders and creating career opportunities and financial rewards for our employees."[72] Overseeing this dedication is the Director of Social Mission Development. This person ranks on par with the company's chief financial officer, and is the only employee, other than the co-founders and company President Chuck Lacy to hold a seat on the board of directors.[73]

CEO and co-founder Ben Cohen defines business as organized human energy, plus power that equals money. "The question is how to harness the power of business to improve the quality of life," he says, "....business should be an entity to provide service to the community."[74] But he maintains that such a philosophy is not at the expense of profitability. Company chief operating officer Fred Lager describes Cohen as "looking to show other people that you can run a business differently from the way most businesses are run, that you can share your prosperity with your employees, rewrite the book on executive salaries, rewrite the book in terms of how a company interacts with the community--and you can <u>still</u> play the game according to the rules of Wall Street. You can still raise money, still go to the banks, still have shareholders who are getting a good return on their investment."[75]

Indeed, the company's initial stock offering in 1984, against the advice of brokers and other conventional financial advisors, was sold only in Vermont, only to Vermonters, at a minimum-buy price set deliberately low by Cohen. Thus the commitment to community was made more tangible, more identifiable. "We wanted to make it available to all economic classes," Cohen says, "We were seeking somewhat to redistribute the wealth."[76] The offering quickly sold out, raising sufficient capital to build a new plant.

The company's commitment to community and social responsibility is also manifested in its selection and relationships with its suppliers. It gets wild blueberries from a Maine Native American tribe, peaches and pecans from a group of black farmers in Georgia, and Brazilian nuts from indigenous peoples in Brazil's tropical rain forest. The company made arrangements for brownies for some of its products to be made at the Greyston Bakery, of Yonkers, New York, a community project which employs previously unemployed or underskilled individuals. Profits from each of these ventures are reinvested in projects which further revitalize these communities. And, "in 1991, after federal support programs for dairy farmers were cut, resulting in a 25 percent decline in milk prices, Ben and Jerry's announced it would not take advantage of this market price. Instead, it agreed to pay its supplier, the St. Albans Cooperative Creamery, a premium price equivalent to what it had paid between 1986 and 1990.... Cohen explained that the company elected to pay this higher price to support family dairy farmers in Vermont, who he said were being asked to sell their milk below their cost of production."[77]

The well-being of members of the community within the company are also of considerable importance at Ben and Jerry's. Employee benefits include medical/dental insurance, paid 100% by the company for singles, 90% for families and domestic partners; long- and short-term disability insurance; paid maternity, paternity, and/or adoption leave; adoption cost subsidization; on-site day care centers with sliding fees and subsidies; free health club memberships; company-paid confidential counseling for substance abuse, family difficulties, or other emotional needs; periodic cholesterol screenings, hearing exams, massage therapy and other wellness services; profit-sharing; below-market-price employee stock purchase; company-provided financial counseling and planning, emergency rental assistance, emergency funds, and guarantees on bank loans for home purchase down payments; career planning, tuition assistance, and internships; company-paid employee outings; and free cookies and ice cream.

The company has a 7-to-1 salary ratio, meaning that wages and benefits for the company's highest officers cannot exceed seven times that of the lowest-level full-time employee. There is also an absolute cap on executive salaries of $100,000, until the lowest full-time wage reaches $8.25 per hour.[78] "In the summer and fall of 1991 the second shift production line at [one of the plants] was shut down for three and one-half months, but no one was laid off. Instead, some 35 employees were kept on the payroll to do odd jobs around the plant and community work. They painted... fire hydrants..., did yard work and winterized homes for the elderly,... helped staff area food shelves, and helped stage a Halloween benefit... for local children's causes." The company also showed free Saturday night movies at the plant, often treating 300-400 people to movies and ice cream during summer months.[79]

Co-founder Jerry Greenfield, among other responsibilities, is the self-proclaimed Minister of Joy, head of the Joy Gang. In keeping with the Minister of Joy's paramount operative, "If it's not fun, why do it?", the Joy Gang is constantly engaging in high-jinks around the plant, and staging events like an Elvis look-alike contest, a toy car race down a stairwell, and an all-night dinner and dance party. The result is less stress and better morale amongst the hard-driving workforce.[80]

Another of Greenfield's duties is to oversee, as president, the operation of the Ben and Jerry's Foundation, through which the company funnels 7.5 per cent of its pre-tax earnings to a variety of projects, primarily those related to children and families, the disadvantaged, and the environment. Recent grant recipients include a New York City group working for more care for crack-addicted women and their infants and young children; a San Diego group working to reduce pesticides in and around schools; a Lake Andes, South Dakota program which provides health education and services to reservation-based Native American women; a grassroots volunteer organization working on disaster evacuation planning for the disabled; a New York City program which educates tenants at risk of eviction and the homeless about their rights and options; a San Francisco project which educates Latino immigrants about their rights and strategies for survival; and a Kentucky group working with victims of racism and other forms of injustice and repression.[81]

Ben and Jerry's environmental programs include recycling; making product spillage available to a nearby pig farm; energy conservation through efficient motors, low-watt light bulbs, solar power; and experimental methods of re-using or benign disposal of plant waste.[82]

Ben and Jerry's does little, if any, conventional marketing. Its marketing efforts are often geared towards raising awareness on various social issues. Two of its most well-known products, Peace Pops and Rainforest Crunch, are used to educate about and contribute to efforts to convert US government defense spending to peaceful purposes, and to stop the destruction of Central and South American rainforests, respectively. In 1991, the company sponsored four outdoor festivals devoted to raising money and awareness for family farms, peace conversion, and pushing Congress to require increased fuel efficiency in cars. Plant offices are festooned with political and social-cause literature, and voter registration is available at many Ben and Jerry's operations.[83]

Patagonia

This Ventura, California outdoor clothing company seems nearly as well-known for its environmental activism as it is for its recreational and casual clothing. The company donates ten per cent of its pre-tax profits, or one per cent of gross sales, whichever is greater, to environmental activist organizations. The privately held company had $92 million in revenues in 1990. That translates to a considerable amount of support for environmentalism.

The focus of Patagonia, both as a successful company and as a social catalyst, revolves around the vision of company founder and president, Yvon Chouinard. A world-renowned rock and ice climber, Chouinard started making his own climbing hardware as far back as the fifties, because of his dissatisfaction with the quality of what was then available. He also sold his wares to other climbers out of the trunk of his car. In the mid-seventies, he branched into clothing, and the company, and its sales have been growing ever since.

In fact, by the mid-eighties, the company had grown big and successful enough that Chouinard, never comfortable in the role of businessman, was ready to sell. He decided against it when he realized that he could use the company as a tool.[84] "We are a tool for social change," he once told a gathering of his top employees.[85] And the highest order of business on that social change agenda is to address environmental degradation, in spite of Chouinard's confessed pessimism about the prospects. Thus, the giving continues, and not just to mainstream environmental establishment groups, but to groups on the more activist fringes as well. Patagonia's environmental affairs coordinator reviews the requests for funding from the various groups. The company routinely supports Greenpeace with donations and clothing. This type of activism has not always bode well for Patagonia's sales. "[S]upport of controversial groups like Earth First!... has so angered some longtime customers that they have stopped buying from Patagonia. That doesn't bother Chouinard. 'I don't care how many people I tick off,' he says. 'I want to use this company as a tool for social change. I want to take a stand, and I want people to notice.'"[86]

Recently, Chouinard has been taking notice and taking a stand within his company. On the opening page of the Fall/Winter 1992 Patagonia catalog, he wrote, "Last fall, we underwent an environmental audit to investigate the impact of the clothing we make. The results are still preliminary, but-- to no one's surprise-- the news is bad. Everything we make pollutes.... During the eighties, most of us managed to exceed our limits. Patagonia, as a company, was no exception.... We... very nearly outgr[ew] our natural niche, the specialty outdoor market, and were on our way to becoming much larger than we wanted to be.... growth has always been assumed to be good in American culture; bigger is better. But those days are over.... [So,] we are limiting Patagonia's growth in the United States with the eventual goal of halting growth altogether. We dropped 30% of our clothing line.... The fewer styles we make, the more we can focus on quality. We think that the future of clothing will be less is more, a few good clothes that will last a long time.... Last year, when we decided to limit our growth, we also committed ourselves to a life-span of a hundred years. A company that intends to be around that long will live within its resources, care for its people, and do everything it can to satisfy its community of customers."[87]

The company is paying more attention to its materials and vendors, through an in-house environmental resource manager, working with a Portuguese dye house that reclaims its dyes, looking for sources of organically grown cotton, wool from areas where sheep grazing does not irretrievably denude the land, using buttons made from Ecuadoran tagua palm (employing Ecuadoran peasants without having to raze tropical rainforests), making the best, most innovative use(s) it can of its synthetic fabrics, and simply using fewer materials. It is also trying to build a pragmatic, timeless design and uncompromising quality into its products, asking customers to question their own consumer ethics, perhaps paying more for something that will last and be in use for much longer than something that reflects the latest fashion statements.[88] The company also practices in-house recycling and keeps the workplace as toxic-free as possible, including the janitorial chemicals used in the bathrooms.[89]

Patagonia has always been employee-friendly, having established one of the first fifty on-site daycare centers in the US. It was recently rated, for the second year in a row, one of the ten best companies in the country for working mothers. The company routinely sponsors events for employees and their families, offers paid maternity and paternity leave, flextime, and part-time opportunities.[90] Employees are allowed, even encouraged to go biking, running, surfing, or otherwise fun-seeking, on company time, provided they keep up with their work schedule.

The Body Shop International

Of all the companies researched for this paper, this British-based cosmetics giant exemplifies most thoroughly a values- and ethics-centered business. As such, it is difficult to summarize, to condense a description of the company to a few lines, a few paragraphs, even a few pages, and still give an accurate sense of it. As one attempts to break it down into its component parts, one finds that everything is tied to everything else. Body Shop International (BSI) is a dynamic, organic, fluid whole much greater than the sum of its parts. And the common thread that runs through it all, energizes it, enlivens it, and propels it is the energy, the vision, and the unconventionality of its founder and president, Anita Roddick.

From a single shop started in England in 1976, with a bank loan of $6400, the company has grown to 754 shops in 41 countries. Worldwide sales in 1991 amounted to over half a billion dollars, with increases over 1990 of 25-plus per cent in both profits and total revenues. But the growth from one-woman shop to multi-national enterprise has, if anything, strengthened and broadened, rather than dimmed or narrowed Roddick's vision: "The Body Shop is determined to be a force for social change. We are working on using our success and profits to bring pleasure to the workplace, humanity to the marketplace, and values to the business community."[91] "I believe quite passionately that there is a better way.... I think you can rewrite the book on business. I think you can trade ethically; be committed to social responsibility, global responsibility; empower your employees without being afraid of them. I think you can really rewrite the book. That is the vision, and the vision is absolutely clear."[92]

The foundation for Roddick's vision is education. Education underlies everything BSI does. It starts, once again, with Roddick, a former teacher. Much of her time is spent on the road, personally researching new ingredients and methods for BSI products in the far-flung reaches of the globe. She will not engage the company in a social issue until she is comfortable with her own command of the salient factors involved.

BSI eschews advertising and conventional marketing. It relies almost exclusively on word-of-mouth and high traffic count to get people into its shops. But rather than beauty-hype, photo-graphs of beautiful models, and pushy salespeople, which typify much of the conventional cosmetics industry, it is straightforward, factual information that is presented, on the individual product labels, in extensive reference books and in-store videos, and through accommodating salespeople, trained for advice and knowledge, rather than for sales. The information usually includes the ingredients of a product, the sources of those ingredients, and the uses for the product.

While more conventional cosmetic companies develop many of their products in laboratories, BSI develops its products exclusively from ingredients found naturally occurring in the world, often as not which have been used for cosmetic purposes by humans for hundreds of years. Nor does the company use animal testing on any of its products, nor allow any of its ingredients to be animal tested, and all vendors must sign a periodic pledge that it is not supplying BSI with animal-tested products. Anti-animal-testing is one of the many issues that is incorporated into the education of BSI employees and customers, through labelling, in-store displays, and other methods.[93]

In fact, virtually any available space or surface, from shop windows to in-store displays to carry-out bags to the sides of delivery trucks, are appropriated to pass on the message in any of several social issues in which Roddick and BSI are involved: recycling, rainforest destruction, acid rain, and other environmental degradation, education, the preservation of native and indigenous peoples and cultures, political repression, animal testing, etc. The company often teams up with advocacy organizations such as Friends of the Earth or Amnesty International, and others in presenting its messages.[94]

But the printed message is not the only way in which Roddick and BSI get involved in social issues. For instance, when she became educated and concerned about the destruction, through burning, of the Brazilian rainforests, Roddick went on the offensive. Mobilizing employees and shops in petition drives; producing posters, videos, brochures, and t-shirts; Roddick eventually led 250 BSI employees on a demonstration march on the Brazilian Embassy in London, delivering in company trucks nearly one million letters addressed to the Brazilian president, imploring him to stop the rainforest destruction, while making sure that the demonstration was broadcast live, via satellite, to Brazil.[95]

Roddick had previously been to Brazil, for a gathering of rainforest peoples, anthropologists, ecologists, and others bent on stopping development and destruction of the rainforests. Now she returned, this time to the wilds, to a Kayapo Indian village. She spent several days there, learning about tribal customs and their knowledge of local plant taxonomy and uses. She returned several times, eventually making arrangements with the tribe to gather and process Brazil nuts into oil and gather pods from a native shrub, both for use in BSI products. She also made arrangements for the company to sell the tribal women's beadcraft in company shops. Her goal was to "set up a perfect example of honest trading with a fragile community and make it a benchmark of how we should conduct such trade in the future."[96]

This project is part of a larger BSI program, called Trade Not Aid. Usually with the consultation of the company's in-house anthropologist, efforts are made to establish culturally appropriate trade with people in economically depressed areas, for product ingredients or finished goods. BSI's policy is to pay "First World prices" for these goods, and to act as a conduit and facilitator for local efforts and products, rather than as some sort of benevolent, but nonetheless outside, benefactor. To date, in addition to the products from the Brazilian tribes, the Trade Not Aid program has resulted in the production of textiles and wooden goods in India and Bangladesh, paper and textile goods from Nepal; and in the US, a group of farmers in Georgia is growing gourds, which are used as gift baskets; and a group of homeless people in New York City is producing hand-rolled natural beeswax candles. Other potential projects which have been identified include: blue corn body scrub from Arizona, pumice stone from Nicaragua, natural dyes from Kenya, seaweed from Ireland, amphora pots from the Philippines, and wild rice from Canadian Native peoples.[97]

BSI is active in economic development in its own backyard as well. In 1988 the company was in need of a manufacturing facility for its soap. Rather than expand its plant in Sussex, where it is headquartered, the company chose to locate its factory in Easterhouse, near Glasgow, Scotland. Easterhouse is a bleak post-war community built to replace the Glasgow slums, suffering much of the post-industrial disintegration as inner cities everywhere. BSI invested one million pounds in a new manufacturing facility there, called Soapworks, eventually employing 100 of the previously unemployed residents, constructing a children's playground along the way, and plowing 25 per cent of the Soapworks profits back into the community to support various projects.[98]

BSI also practices its environmental activism in-house. Besides an annual environmental audit, the company has an Environmental Research Department which undertakes on-going monitoring and evaluation of all company practices.

Three separate groups, from management to front-line level, advise the board on internal company environmental policies and practices.

Plastic bottles are the containers-of-choice for the company, being compatible with its products, sturdy, reusable, and recyclable. Customers are urged to bring bottles in for refilling, at a discount, or can return them to any Body Shop for recycling. The company operates its own plastics recycling plant in England, and contracts for the service in the US. Additional packaging is kept to an absolute minimum. All company literature, stationery, carry-out bags, etc. are manufactured/printed on recycled paper. Waste paper is shredded for use in packing mail orders. The company also recycles film, cardboard, newspaper, aluminum, and glass bottles.

Raw ingredients and wood products must come from documented sustainable sources, paper is recycled and non-chlorine-bleached, whenever possible, and any dyes used are vegetable-based or approved chemical-sourced. Reusable shipping containers are used in lieu of cardboard whenever possible. No tropical timbers are used in constructing store display cases-- any hardwoods used come from sustainable sources. Energy-efficient lighting systems are preferred, and any air conditioning refrigerants are removed and disposed of or recycled properly by qualified engineers or technicians. Cleaning agents used are the least environmentally damaging products available.

In the UK, an ultra-filtration plant is being constructed to make BSI's effluent comply with the strictest of water authority standards. In addition, a team of effluent scientists has been retained to examine all BSI products in the UK to determine their impact on sewage treatment plants and to help develop a biological treatment system to minimize the company effluent's impact on local treatment plants and the natural environment. The company has also entered into an agreement with three companies to determine a suitable site for a company-owned wind farm; the ultimate goal being to produce electricity from a sustainable source equivalent to that consumed by the company.

BSI recently conducted a transportation survey at its Littlehampton headquarters, with the aim of encouraging employees to use non-polluting and/or public transportation to work. As a result, 352 staffers ordered bicycles, through a company-assisted program, and 91 per cent of the headquarters staff who live within a 15-mile radius now walk, ride bikes, or use public transport to work.[99]

Roddick has fought to keep management lean, unstructured, spontaneous, and creative, in spite of the requisites that naturally attend a multi-million-dollar, multi-national operation. Management/staff meetings have a casual, family-room feeling about them. Indeed, family is the operative word at BSI, in fact as well as in feeling. Roddick's husband, Gordon, is in charge of the operational side of the business. Both of their daughters have been involved in the business, as has Roddick's brother. In fact, several families have more than one member working for the company. On-site day care is offered at company facilities, at subsidized rates, and in some cases, the facilities are opened to the children of employees of other businesses in the local communities.

In addition to wages, the company offers employees equity participation and incentive programs. But Roddick also strives to keep business exciting and personally fulfilling for BSI employees. She endeavors to stay in as close touch as she can with as many of them as possible. She is on the road a great deal, visiting shops and other facilities, talking with employees, regaling them with stories about her travels abroad, and seeking their input on making the company better. She writes, edits, and does lay-out on much of the material in the company newsletter. A new production arm of the company produces videos and slide presentations which carry her message of being daring and different in business; that things like customer service, courtesy, and shop cleanliness matter in their own right; and other positive extollations and efforts to keep the company, in spite of its size, above all, a human enterprise.[100]

The bottom line for Anita Roddick and Body Shop International "is creating a community, a global community. The common bond... is a belief that business should do more than make money, create decent jobs, or sell good products. The members of this community believe that companies should actually help solve major social problems--not by contributing a percentage of their profits to charity, but by using all their resources to come up with real answers."[101]

Conclusions

After working with this project for nearly a year, I have found that that which I thought would be amongst the easiest and most clearcut of the requirements has turned out to be the most difficult. I had thought that my conclusion was drawn before I really began the project, and that my primary concern would be to document and support my foregone conclusion. Having now compiled and digested my documentation, a definitive conclusion eludes me.

I am personally biased towards a politically progressive social agenda--environmental protection, child care, education, employee empowerment, etc. Thus, I am drawn towards companies like Patagonia or Ben and Jerry's, for example, and assumed I could use this paper to hold them up as the vanguards of corporate social responsibility, which all companies ought to try to emulate, if they wish to be regarded as socially responsible. But as in the search for God or Enlightenment or Truth or Right or Wrong or any other "Universal Truths", I have found Corporate Social Responsibility to be, in large measure, contextual and personal. I hail Patagonia as being socially responsible because it contributes money to environmental organizations. Someone else may laud Union Carbide's contributions to the Chemical Manufacturers' Association. The basis upon which we judge these companies stems from our own individual and personal vision(s) of society.

And yet, discussion of social responsibility assumes a certain level of reconciliation of these and countless other individual visions into some sort of collective (societal) vision--a task of questionable possibility.

And what of motive? Certainly, neither Patagonia nor Union Carbide are secretive about their respective contributions and/or associations. And both draw significant portions of their markets from consumers who are members and/or sympathetic to the causes espoused by these various organizations. Body Shop International chooses the social issues in which it becomes involved not only on the basis of the issue, but also on the basis of how much publicity can be generated, through the company, for the issue <u>and</u> for BSI itself. Exxon highlights its environmental and philanthropic activities. Are <u>any</u> corporate social initiatives undertaken without any regard for public relations/marketing/sales--<u>purely</u> for the social good they render? I believe some are, but I think the only way it could be known for sure would be to be able to read the minds and be certain of the motives of the people directing these social initiatives. Motive is, like perception, a personal and contextual thing.

So, what conclusions can confidently be drawn about corporate social responsibility? An overarching one is, I think, that social involvement by business is, in and of itself responsible. Friedman argued that when social intervention or involvement is called for, it is the purview solely of the government, and not of business.[102] But we brand it as apathetic or sometimes even irresponsible when individual citizens fail to be actively engaged in our (and their) society. It would seem to me to be inconsistent and perhaps even undermining of social progress to advocate that corporate citizens--those with proportionally more power, resources, and potential to do so--refrain from such engagement. Environmental cleanup, education, care for the sick and the needy, community development and betterment, support for the arts, and myriad other areas of civic and social needs--if it is justifiable, laudable, even expected that individual members of society contribute their time, energy, and resources to these, it is at least equally so for its corporate members.

That social responsibility is a part of, or at least an equal consideration to the costs and profits equation no longer seems to be a question, at least in much of the Western business world. There is clear and increasing acknowledgement, by business, that, as powerful and influential members of society, businesses must recognize and respond to social problems--must actively participate in the formulating of solutions.

I think it is time as well for some alterations in the corporate veil. Given the vagaries in the discussion regarding the personhood status (or lack thereof) of corporations, I think there needs to be clearer and more direct understanding of and access to the possessors of corporate responsibility--those actual persons who populate corporate structures and direct corporate actions. As members of society, we expect individual citizens to abide by certain generally accepted norms, standards, rules, etc. Whether their actions are exemplary or abhorrent in these regards, it is understood that they are responsible for their actions, which are judged and acted upon, in various ways, by society. Among the simplest, yet most powerful of these societal expectations is that citizens shall "do no harm" to other citizens.

And yet, we exempt many of the actions of our corporate citizens from our societal scrutiny and response. As persons who populate corporate structures and direct corporate actions, we shield these same citizens from the expectations we hold them responsible to as members of society at large. In fact, in many ways, we have intentionally obscured the lines and understandings of responsibility for the actions of corporations. For responsibility to work effectively and meet expectations, it must be clearly understood, direct, and subject to scrutiny.

All of the companies which have been discussed, from Caterpillar to Body Shop International, possess, to varying degrees, previously described characteristics of socially responsible companies: a strong, personal commitment by the founder/-CEO/management; a view of business activities and consequences that is long-range in nature; an incorporation of methods of cooperation; and/or a sense of community. What differentiates them--to use Frederick's evaluations, what determines whether they approach CSR from the standpoint of responsibility (CSR1), or of responsiveness (CSR2), or of rectitude (CSR3)--is the commitment and depth to which these characteristics are incorporated into the philosophies and operations of the businesses. To reiterate a point made early on, there are no (or at least, I have discovered no) companies that are completely socially irresponsible, and none that are completely socially responsible. There are only (I have found) socially responsible and socially irresponsible actions, and companies engage in few, many, or all of them, to varying degrees.

But the continuum is not so simple as a line illustrating various points on the spectrum. Indeed, perhaps the most complicated variable in the CSR debate is that of context, which would probably require a matrix or web or some three-dimensional model for illustration, because there are so many considerations. Here are but a few: the time period in history; the history and development of the industry; the history and development of a specific company; the product or service provided; the development of knowledge and/or expertise about a particular product or service; the financial performance of a company; the geographic location; the economic health and other current events and conditions of the community, region, state, country, world; the personal, educational, experiential, and spiritual background(s) of a company's leaders, as well as those of the employees; and others. Given these considerable variables, one would do well, rather than despairing in the lack of "universal truths," to instead take heart in the degree to which consensus does exist and appears to move towards coalescence.

Bottom line or no, business always has been, and always will be a human endeavor--a deeply instinctive one--and as such, subject to the vagaries of human thoughts, feelings, philosophies, behaviors, and actions. The ultimate or all-encompassing contextual variable is, after all, society itself--the ultimate human institution. Each member constantly influences, to varying degrees, our composite societal vision, which by its very nature and origin is amorphous. Each member is responsible for their response(s) to that composite vision. And if that is so, then the conduct of business is bound only by the innate goodness (and evil) of the human species and its societal vision(s).

Thus, the evolution of socially responsible business mirrors the evolution of socially responsible humans. "As [Joseph] Desjardins says, 'A morally responsible business is not one that measures its actions against some external principle, but is one in which good people are making the decisions' (Desjardins 1990). He then gives a list of qualities of the 'good person,' which include a generally developed moral character, self discipline, moderation, hard work, courage, creativity, good humor, and intelligence.... Most important, a good person possesses what Aristotle calls phronesis or 'practical wisdom.'"[103] Would that <u>all</u> of our human endeavors, business and otherwise, be imbued with and governed by such qualities....

APPENDICES

APPENDIX C-1: THE COUNCIL ON ECONOMIC PRIORITIES' CRITERIA FOR ANALYZING AND RATING CORPORATE SOCIAL RESPONSIBILITY

Charitable Giving:
--based on total worldwide donations (including direct corporate giving, foundation giving, and matching gifts) figured as a percentage of average of previous three years' worldwide pre-tax earnings
--consideration given, especially amongst small companies, for in-kind contributions
--highest rating is for 2 per cent or more of net worldwide pre-tax earnings given to charity; lowest is for 0.6 per cent or less[104]

Women's Advancement:
--based on representation of women on company's board and amongst top officers
--highest rating is for three or more women in these positions; lowest is for one or none
--ratings can be adjusted based on information compiled by the Equal Employment Opportunity Commission (EEOC), company size and industry, purchasing from women-owned firms, and representation of women amongst top 25 salaried officers at company[105]

Advancement of Minorities
--based on representation of minorities on company's board and amongst top officers
--highest rating is for at least two minorities in these positions; lowest is for none
--ratings can be adjusted for demographic/geographic anomalies, EEOC reports, company size and industry, purchasing from minority-owned firms, banking with minority-owned banks, and representation of minorities amongst top 25 salaried officers at company[106]

Animal Testing:
--highest rating is for no animal testing; next is for 40 per cent or more reduction in testing over 5 years or contribution of $250,000 or more annually to research on alternatives to animal testing; lowest rating is for testing, less than 40 per cent reduction, less than $250,0-00 to research alternatives
--ratings subject to adjustment based on initiatives taken by companies[107]

Disclosure of Information:
--highest rating is for company providing current, substantive information on social programs and policies; lowest is for basic information: annual report, proxy statement, 10-K, or less[108]

Community Outreach:
--highest rating for strong programs promoting education, housing, and/or volunteerism; substantial investment in these areas; lowest for lack of evidence of programs designed to better community; a record of lawsuits, citizen campaigns, etc. indicating adverse affect on community[109]

South Africa:
--merely indicates whether or not company is involved in South Africa, either directly or through investment or licensing, distribution, or franchising; also indicates whether involvement aids government repressive forces such as military or police[110]

Environment:
--divided into large and small companies
--highest rating for large companies is for substantial positive programs, such as recycling, alternative energy use, waste reduction, green products and packaging, etc; a record relatively devoid of major regulatory violations
--lowest rating for large companies is for poor public record-- significant violations of regulations, major accidents, history of lobbying against sound environmental policies
--highest rating for small companies is for biodegradable/recyclable materials in packaging and products, environmentally responsible waste disposal, only natural ingredients in food and/or products
--lowest rating for small companies is for little or no proactive efforts and/or significant regulatory violations[111]

Family Benefits:
--ratings based on number of benefits provided company-wide from following: parental leave, flex-time, job sharing, flexible benefits, reimbursement, referral, on-site or near-site day care, adoption subsidy, elder care, disabled-dependent care, on-site seminars, distribution of educational materials, care-giver fairs
--highest rating is for at least eleven of the listed benefits plus educational support information; lowest is for fewer than three of the listed benefits

--ratings subject to whether or not benefit is experimental, just being implemented, only in research stage, is subject to departmental discretion or case-by-case basis (except in small companies)[112]

Workplace Issues:
--ratings for unionized companies based on good relations with unions, no major adversarial incidents (major disputes, lockouts, unionbusting attempts)
--ratings for non-union companies based on employee representation or participation in decision-making, or grievance process --ratings also based on lack of serious, willful, or repeat OSHA violations; and pension plan for salaried employees, half vested or fully portable after five years; and medical coverage for full-time employees, at least half of which is covered by company
--highest rating is for two of three previously mentioned components; lowest is for less than two and/or safety violations or on AFL-CIO Boycott List
--ratings may be enhanced based on existence of employee participation on ESOP advisory board, pension plan management committee, or labor-management health and safety committee; company-wide limiting of salary differentials; outplacement/retraining for displaced workers; stated policy banning discrimination based on sexual orientation or AIDS- or ARC (Aids-Related Complex)-diagnosed employees[113]

Military Contracts:
--simply alerts as to existence of weapons, fuel, research, development, testing, evaluation contracts in excess of $500,000; any nuclear weapons-related contract
--contracts for food, clothing, etc. not counted[114]

Nuclear Power:
--simply alerts as to provision of construction, production equipment, fuel, or consulting to nuclear power industry[115]

Other specific, singular "shopping alerts," both positive and negative, are listed in a separate chapter in the guide.

APPENDIX C-2: FRANKLIN RESEARCH AND DEVELOPMENT CORPORATION'S CRITERIA FOR ANALYZING AND RATING CORPORATE SOCIAL RESPONSIBILITY

Corporate Citizenship:
FRDC attempts to assess a company's commitment to community and effect on the quality of life in areas in which it operates. Philanthropy, volunteerism, participation in public/private partnerships, and retraining in the case of plant closings are all indicators. Questions include the amount (percentage pretax profits) and recipient(s) of philanthropy, including in-kind giving; encouragement for employee participation in community programs; extent and effectiveness of partnership and/or participation in education, housing, or job training programs; (no) layoffs policy and mitigation actions for major layoffs or plant closings; commitment to community and social responsibility in overseas operations. Highest rating indicates company excels in at least 3 of these areas, undertaking innovative or exemplary initiatives; lowest indicates a poor record, general insensitivity to community concerns.[116]

Employee Relations:
Fair hiring efforts, pay and benefits, health and safety initiatives, relationships with unions, employee involvement, and stock ownership all enter into FRDC's examinations in this area. Questions include the number of women and minorities found in board and top management positions; ESOPs, profit sharing, pension plans, and the relationship between the three; the generosity of the benefits package --does it include sensitivity in areas such as child and elder care, AIDS, etc.; extent of commitment to employee health and safety, in both domestic and foreign operations; extent of unionization of workforce, and company's record of interactions and relations with unions. Highest rating indicates company excels in at least three of these areas, a clear overall concern for its employees, and no major controversies in any of the areas; lowest indicates a substantially negative performance in these areas, or performance substantially sub-par to industry peers in at least three of the indicated areas.[117]

Energy:
FRDC looks at both energy consumption and production in its assessments; efficiency, safety, cleanliness of production; energy conservation; and regards "nuclear power generation as a substantial social and financial risk." Questions for utility companies include the extent of reliance on nuclear-generated power; extent of demand management and energy conservation initiatives; extent of encouragement of small, independent power producers and cogeneration within operating area. Questions for other industries include extent of company's involvement in promoting energy conservation in operations and amongst employees; extent of promotion of energy efficiency in or through company's products. Highest rating is for companies considered leaders in promoting use of alternative (non-fossil) fuels, energy conservation, energy efficiency; no reliance on nuclear power if a utility, and has substantial demand management and energy conservation programs, and promotes alternative energy and cogeneration within service area. Lowest rating for companies relying on nuclear energy for 25 per cent or more of energy needs, current involvement in construction of nuclear generating facility estimated to provide 25 per cent or more of energy needs, little apparent record of energy conservation or energy efficiency measures, either in the workplace or in company products.[118]

Environment:
FRDC couches its examinations in this area between exceptional environmental initiatives and consistent environmental neglect amongst companies in any given industry. It considers poor environmental records to "pose substantial financial risks to the company as well as harm to society." Questions include compliance levels with state and federal environmental regulations, including whether a company goes beyond the letter of the law in compliance; major environmental lawsuits, and/or involvement in major environmental controversy; environmental performance relative to other companies in the industry; extent of company efforts to reduce generation of hazardous wastes, and methods of disposal of wastes generated; extent of company support for non-profit environmental protection organizations. Highest rating indicates company has taken exceptional initiatives in environmental matters, excels industry peers in pollution control or hazardous waste reduction, unusually strong support for environmental organizations. Lowest rating indicates company has consistent history of environmental degradation, involvement in

major environmental controversies with questionable company response, little or no support of environmental organizations.[119]

Peace:
FRDC considers the Defense Department to be a considerable drain on societal resources and a drag on competitiveness in the domestic US economy. It also points out the substantial global risks of nuclear weapons. Questions include whether or not company is involved in the research, development, manufacture, or service of nuclear weapons or their primary components, chemical or biological warfare agents, conventional weapons or their components, supporting supplies for major weapons systems; percentage of company's revenues derived from weapons production; extent of company initiatives to promote peace or international friendship. Highest rating is for companies which have significantly promoted peace and have no weapons-related involvement; middle rating is for companies with nuclear-weapons-related contracts under $1 million, or non-nuclear contracts no more than $50 million, making up less than 5 per cent of companies' revenues; lowest rating is for companies with nuclear-weapons-related contracts in excess of $10 million, or is among top 50 Defense Department contractors, or receives 50-plus per cent of its revenues from weapons-related sales.[120]

Product/Consumer:
FRDC examines the reasonableness of price, quality, social usefulness, and safety of companies' products. It examines whether or not a company engages in fraudulent billing, price fixing, or other questionable business or marketing practices. Questions include a company's basic product line, whether those products arguably improve the quality of life, the extent of their potential harmfulness to individuals or society, whether they foster violence, sexism or racism; the extent of the company's commitment to safe design and manufacture of its products; the quality of a company's products, and their record as reported by consumer rating services; its record of customer relationships; any implication in price fixing, fraudulent billing, inappropriate or insensitive advertising, questionable marketing practices at home or abroad; promotion in developing countries of products banned in the US; extent of company's efforts to assure safe and appropriate marketing and use of its products in developing countries. Highest rating is for companies which appropriately market high-quality products with a high degree of social usefulness, and are committed to such practices both at home and abroad; lowest

ratings are for companies which market products arguably harmful to individuals or society, companies which specifically market tobacco products, companies with records of price fixing, fraudulent billing, or other questionable marketing or business practices at home or abroad.[121]

South Africa:
While FRDC acknowledges the double-edged-sword nature of completely severing all foreign business ties with South Africa, it seems to give a preponderance of its support to doing so. Questions include the extent (if any) of a company's operations in South Africa, and if it is involved in business there, what is its record of support for blacks in its labor force and in the broader community; whether its products sold there of the type which lend strategic support to the government--large-scale computers, mining, transportation, energy resources or services; existence of formal company policy limiting or prohibiting purchases from South Africa. Highest rating is for companies with formal policies of not doing business with South Africa; lowest is for companies involved in strategic industries there, or records of poor employment practices in their South African operations.[122]

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