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1

Beyond Rhetoric: Making a Reality of Corporate Social Responsibility?

John Roberts

Heroes, villains or shifting institutional boundaries

At least in its recent manifestations the debate about corporate social responsibility seems to have some obvious heroes and villains. The heroes are the non-governmental organizations (NGOs), ably supported by the media, who by virtue of their lack of vested interests, have been both willing and able to bring abuses of corporate power to wider public attention in relation to a range of non-economic impacts; environmental damage, human rights abuses, the use of child labour, corruption, hidden health or technological dangers. The obvious villains are the corporations themselves, particularly the transnationals, who in the absence of such visibility had seemingly assumed that they could get away with all manner of practices in pursuit of all too visible corporate profits. Corporate social responsibility arises here firstly as a demand made by others upon corporations, and then more recently as an assertion made by companies themselves that is designed to reassure their critics that their complaints have been heard and that the corporate household has now been put in order.

Whilst heroes and villains make for good media coverage, the real narrative of corporate social responsibility (CSR) may lack such clear contours. Indeed in what follows I want to argue that the very problem of CSR arises from shifting institutional boundaries that have left us all somewhat confused as to quite what can or should be demanded of business by way of responsibility and, more importantly, muddled as to quite how we should go about ensuring such responsibility. The mental model or set of tacit assumptions that is the ground of much of our difficulty is the model of the role of business within the boundaries of the developed nation state. This it seems to me was the background to Friedman's assertion in the 1970s that the only responsibility of business was to make a profit; an assertion that took for granted a societal division of responsibilities that left business free to pursue its economic objectives secure in the knowledge that the state could be effective both in establishing a regulatory structure for business, and in fulfilling

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a wider welfare role in the public interest. The globalization of both product and capital markets has arguably robbed business, the state and civic society of the certainties of this world view. Even in the developed world, under the threat, both real and imagined, of declining national competitiveness the state has retreated in important ways from its regulatory and welfare roles. At the same time first-world businesses have found themselves operating in countries where the state is either corrupt or simply unable to fulfil many of the roles that might have been expected of it. The multinational or transnational character of business, in which it can no longer be assumed that there is a commonality of values, and where the synthetic unity of policy must bridge radically different country and community contexts, creates further difficulties. When institutional structures fail or come under severe pressure it is all too easy to cling to past certainties and to look for scapegoats; for others who can be blamed unambiguously. The more awkward alternative is to seek to understand the new realities and find new ways to meet their demands. From this perspective, corporate social responsibility is to be understood primarily not as a moral demand made by others upon business, nor as a counter assertion of business ethics, but as a confused and confusing space in which the rights and responsibilities of companies, the state, NGOs and civic society are having to be rethought under the pressure of fundamental institutional change.

From responsibility to responsiveness

In the 1980s I conducted research in some large UK multidivisional companies. In the face of declining competitiveness many of these companies had embarked on severe programmes of cost reduction and restructuring. At shop floor level the talk was of lay-offs and closures driven by senior management. At senior management the talk was of declining market share and pressure from the large institutional shareholders for improved returns. In more recent times, when I began to research boards and institutional shareholders, the talk was again of international competition and pressure from investors and pension fund trustees for improved returns. At each level of the hierarchy there are apparently clear responsibilities – to cut costs, improve competitiveness, improve shareholder returns, look after the customer. But each taking of responsibility also seems to involve a simultaneous deflection of responsibility: at every level some typically distant other is invoked as a justification or imperative for action taken – lay-offs, closures, reorganizations, sackings. Each would like to be doing otherwise but justifies action in terms of some overriding imperative that they are powerless to resist. Viewed in this light the potential for responsible business seems to lie in finding the ways in which it can insert itself as an unavoidable imperative into organizational decision-making. Here, however, I want to question the view of responsibility that informs such thinking by suggesting that

responsibility will never be able to be easily programmed into organizational decision-making, will always be personal, and will always require an awkward and inconvenient going out of our way for others.

My thinking about corporate responsibility has been strongly influenced by the European philosopher Emmanuel Levinas. Business ethics has traditionally been approached as a form of applied moral philosophy. Fortunately, or unfortunately, moral philosophy has such depth and variety that one can typically find a theory – Kantian, utilitarian, consequentialist, and so on – to suit all interests such that ethics seems to require little more than coming up with good reasons to justify what I (already) want to do. For Levinas, such an approach to the understanding of ethics does not fit with our actual experience of responsibility. For him, ethics is not to be understood philosophically as a choice to be made, or as the application of moral reasoning to a particular situation, but rather is discovered as what he termed ‘an assignation of responsibility for my neighbour’ in which I find myself already caught up. In his view, my ethical capacities, such as they are, depend here not on my capacity for thought or reason but more simply on my senses – on the lived reality of human sentience. Our sentience means that we find ourselves already caught in responsibility.

In economics the person is typically conceived as a self-interested, opportunistic individual atom. Every person is assumed to be closed off and independent from the world and others; the skin is a sort of container of my human essence and associated powers of thought and feeling. The image here is of the person viewed from outside. Levinas describes such a sense of being an individual as the ‘ego’, which he argues is created through a reflexive synthesis of different images of the self. He contrasts this with what he calls the ‘psyche’, which he describes as ‘the soul of the other in me’. In this way a view of the unity, coherence and independence of the individual comes to be seen as illusory. As sentient, the person is never contained or isolated or independent. Instead, through sight, touch, taste, smell and hearing my senses carry me out to others in the world. They also get ‘under my skin’ leaving me vulnerable to others’ vulnerability.

The view of responsibility that Levinas develops in this way is most easily understood in relation to our own experiences of finding ourselves caught up in feeling responsible for another. He suggests that the story begins with me encountering another as part of my enjoyment of life, but then the plans I have for myself come to be subverted by the sense of responsibility to the other that their proximity assigns. He uses quite violent language to describe the manner of such an assignation: he talks of being ‘penetrated’, ‘denuded’, ‘cored out’. Responsibility, he insists, only ‘goes one way’; it is my responsibility for my neighbour. It knows no limits; in practice he suggests that ‘there is always one more response to give’. It is uniquely mine; there is no ‘slipping away’ from the sense of my responsibility. It involves acting ‘despite the self’ and yet carries no guarantee of success. Ethics, he argues, has nothing to do

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with the story that I tell myself or others of my own goodness or good intentions, and is not on the look out for recognition. Instead, it is about following the 'assignation of responsibility for my neighbour' which will always be other than what I want. The paradox that he plays with is that it is only through this acting against the self that I realize my identity, which he argues comes to us from outside as non-indifference to my neighbour. So this is a harsh and demanding view of ethics as an assignation of responsibility that knows no limits. But it is also a hopeful view of ethics in so far as we are all blessed, by virtue of our sentience, with ethical capacities. For me at least, his account comes much closer to the lived experience of responsibility than some cold description of moral reasoning. As he puts it: 'we can have responsibilities and attachments through which death takes on a meaning. That is because, from the start, the other affects us despite ourselves' (1991: 129).

In what follows I want to read this demanding but hopeful view of responsibility back into corporate social responsibility. What Levinas's reading of responsibility makes clear is the basis of responsibility. Strictly speaking, the corporation is incapable of anything like responsibility, for as a legal entity it lacks sentience. Corporate social responsibility in any form will therefore always be bound to the frail but vital ethical capacities of sentient human beings, and our willingness to be led by these. But contrary to much of business ethics it also suggests that such capacities are always with us. It is therefore not so much about understanding how to get responsibility or ethics *into* business – they are already there – but rather of discovering quite what happens to these capacities within business.

What I shall explore in what follows are the organizational conditions and practices that either support or weaken our ethical capacities for taking responsibility for my neighbour. I begin with a discussion of the negative case that involves the refusal of the demand for corporate responsibility, or, like Friedman, insists that this must be understood in purely economic terms. My aim here is to point to the ways in which our ethical sensibilities are blocked by an organizationally induced preoccupation with the defence or promotion of the self. I then look at three different, but related, manifestations of corporate social responsibility. The first, and sadly most common, I suggest, involves corporate social responsibility as no more than an exercise in corporate public relations – what I have called the 'ethics of narcissus'. The responsible corporation is here constructed at head office in new policies and publications leaving the rest of the company free to pursue 'business as usual'. The second form of CSR involves a more profound alteration of the corporate body through the company-wide development and implementation of new forms of measurement and associated incentives. The development of some sort of 'triple bottom line' accounting that balances economic against social and environmental impacts is treated by many as the best hope we have for responsible corporate behaviour. My

argument here, however, is that such changes to the internal control of corporations can only be meaningful if they are linked to new forms and processes for learning across the corporate boundary of the impacts – economic, social and environmental – of conduct on the countries and communities in which a company operates. Responsibility here is understood not in terms of the application of ethical rules, or the development of new bureaucratic procedures, but rather, following Levinas, as the creative development of new capacities for corporate *responsiveness* to the shifting conditions in which it operates. Part of such responsiveness involves differentiating between direct and indirect corporate impacts, and a recognition of the enabling role that a corporation can and should play, beyond meeting its direct responsibilities, in the communities within which it works.

Corporate governance and the marginalization of ethics

Within economics, corporate governance is typically conceived of in terms of a presumed potential for a conflict of interest between shareholders (principals) and directors (agents). Governance here concerns only the most senior level of corporate executives and the potential that exists for them to pursue their own self-interest at the expense of shareholders (Jensen and Meckling, 1976; Fama, 1980). There is an alternative broader view of governance, however, that sees it in terms of the programmes, strategies and tactics that shape individual beliefs, aspirations and action at every level of the corporation and beyond. This broader view of governance typically draws upon the work of Michel Foucault and his influential view of what he described as the operation of disciplinary power (Rose, 1999). As I touched upon earlier, we typically view our actions as constrained by remote powers or imperatives that work upon us from the outside – senior management, financial or product markets. Part of the innovation of Foucault's analysis of power is to insist that we 'practice power upon ourselves and each other'; we must observe power not in the actions of the powerful, but rather in how certain forms of subjectivity – ways of thinking, acting and judging the self – are inculcated in employees at every level of the corporation (Miller and O'Leary, 1993). In his own work Foucault explored a variety of settings – the prison, the clinic – in which these new forms of administration were developed. These, he suggested, were effective through the development of new forms and processes of knowledge that then served as ways in which individuals could be grouped, compared, ranked and differentiated. Such processes, he suggested, had the effect of 'normalizing' and 'individualizing' through inscribing a standard within the self in terms of which I come to judge myself, and an ideal or ethic in terms of which I then work upon and seek to improve myself. 'He who is subjected to a field of visibility, and who knows it, assumes responsibility for the constraints of power; he makes them

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play spontaneously upon himself. He inscribes in himself the power relation in which he simultaneously plays both roles' (Foucault, 1979: 202–3).

In some of my own work I have explored the way in which management and financial accounting information sets up such a field of visibility within commercial organizations (Roberts, 1991, 1996). So in Anglo-American companies at least, accounting information has arguably established itself as the most authoritative and pervasive means of capturing the results of individual and group activity. Within the corporation, performance measurement systems allow the appraisal of the individual against budget, the comparison of group against group, and division against division. Beyond the corporation, then, yearly and half-yearly results allow analysts, investors and fund managers to compare performance from period to period as well as to appraise and rank competitors within sectors, and relative performance between sectors.

Whilst accounting typically presents itself as a pure reflection of reality that offers a 'true and fair' view of an individual, department, division or company's performance, it is of course a very partial view of the 'results' of what companies do. It reflects a particular view of what matters – profit, growth, return on capital employed, economic value added – that reflects a particular set of interests. But more importantly the visibility that is created through accounting information has disciplinary repercussions for those who are subject to such visibility. For the employee, accounting offers a mirror of what they do, in which they and their colleagues appear only as elements of cost to be minimized and revenues to be increased. In this way they make clear what is wanted of the employee and the nature of the company's instrumental interest in them. In so far as future job security depends upon meeting the standards of utility that accounting advertises, then it also becomes the standards by which people judge themselves and others. In this way accounting standards achieve, as it were, a permanent presence in the mind of employees at every level of the company. Whilst the odd sacking or dismissal for inadequate performance advertises the importance of meeting the results for all, for the most part its effects are realized in anticipation within the self as a person seeks to avoid being singled out as a poor performer, or seeks to distinguish her- or himself competitively from colleagues by achieving superior performance.

In relation to the view of responsibility as 'responsibility for my neighbour', then what is routinely and continuously achieved through such forms of financial discipline is something like the occlusion or marginalization of ethics at work. My relationship to both myself and others comes to be seen in purely instrumental terms. Ideally, I become and remain preoccupied only with myself; narcissistically concerned not with what I do and its effects on others but with how I am seen by powerful others. Defensively, I am constantly seeking to deflect blame away from the self and onto others. Assertively, then I am constantly seeking to promote myself in the eyes of

powerful others and am therefore indifferent to subordinates and view my peers as competitors for the recognition and rewards that are my goal. Responsibility here is about learning to be thick-skinned and willing and able to make the hard decisions in the name of the imperative of shareholder value. If there is anything like responsibility for my neighbour here it arises not through but rather against the grain of what is organizationally encouraged. It comes from the loyalty and concern for colleagues that arises as part of our proximity to each other. But it is precisely this sort of lateral alliance that is foreclosed by the constant play upon my sense of individual security.

Corporate social responsibility – creating new visibilities

By all accounts the last decade has seen a massive increase in both competitive and performance pressures on business (Froud *et al.*, 2000). One might therefore have imagined that ethical concerns would have been rendered even more marginal in recent years, displaced by the increasing weight of the demand to deliver shareholder value. In this context it is therefore potentially puzzling that the last decade has also seen the growth of a new interest in corporate social responsibility.

There are a number of possible explanations for this coincidence of the demand for profit and responsibility. The first is to suggest that the demand for corporate social responsibility is itself a response to the all too visible pursuit of the shareholder value and the executive rewards that have accompanied this. One of the feared effects of the globalization of both product and capital markets is that the nation state is now no longer able to establish an effective regulatory regime for the conduct of business. Part of the argument here involves an acknowledgement of the power of the large transnational corporation and the concomitant weakening of the nation state. The fear, at least, is that corporations are no longer effectively embedded in any particular jurisdiction, and certainly feel no loyalty to any particular place. Instead, internationally mobile capital is now able to subordinate individual nation states, in a manner analogous to the way that multi-divisional forms of organization allowed corporate management to discipline individual divisions, by threatening to switch resources between them. National governments, whose own legitimacy is closely tied to economic growth, must now seek to make themselves as attractive as possible to win and retain inward investment. Ulrick Beck (2000), for example, argues that even developed Western economies have been all too willing to retreat from important aspects of their welfare role over the last decade at the mere threat of possible divestment by big business. Other critics point to the ways in which many of the institutions upon which we had formerly relied to defend the public interest – the legal and accounting professions, education, health, and government itself – have been effectively hollowed out in a 'silent takeover' of public purpose by private commercial interests (Monbiot,

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2000). The demand for corporate social responsibility might then be a direct acknowledgement of the growing impotence of governments in relation to mobile capital. If the state is no longer able, or at least willing, to cushion society against the negative effects of free markets then perhaps companies themselves must be made to be socially responsible.

Those who have arguably been most adept at productively channelling these public fears of corporate power have been the large international NGOs. Their focus on single issues, along with their charitable status, arguably frees them from many of the conflicts of interest that have muted governments' defence of the public interest. Campaign groups in part fill this void through being able to use the media to make visible some of the negative social and environmental consequences of business conduct. The targeting of specific companies on particular issues has proved extremely effective. The video camera and the internet can now act as the means for creating a global visibility for what, from a corporate perspective, had previously been assumed to be both distant and local, and likely to remain so. Given the huge imbalance of resources as between the corporations and the NGOs, what is remarkable is the degree of responsiveness that their campaigns have generated. In part this is to be explained by the way that campaigns often target precisely those companies where much of the asset value lies in intangibles such as brands that are peculiarly vulnerable to counter-representations of the proffered corporate image. Footballs sewn by children, children's clothing produced in third-world sweatshops, green oil companies that abuse human rights or despoil the environment, drug companies that defend their patent rights over patient needs, all find that their huge investments in positive global brands are all too easily sullied by the focused attention of NGOs to previously invisible aspects of their actual conduct. Together such campaigns have come to constitute a new form of risk to corporations – reputation risk – the threat of which has been powerful enough to fuel a whole new industry of corporate social responsibility. In what follows I want to explore the different forms of corporate response to this newly emergent source of business risk.

The manufacture of ethical appearances

The visible form of corporate response has involved the development by many large companies of company codes of ethics – even Enron had one – along with associated training and dissemination. In addition, an increasing number of companies have begun to publish new reports on their social and environmental performance that are then widely disseminated to stakeholders. It has also become relatively common for companies to begin to engage directly with their critics in various forms of corporate level 'stakeholder dialogue'.

To this corporate-level response have recently been added a variety of national and international business-led initiatives around corporate social

responsibility. Organizations like the World Business Council for Sustainable Development, the Institute of Business Ethics and the Business Leaders Forum act to promote understanding of ethical and sustainable business practice. The large accounting firms along with specialist consultancies have developed new forms of audit and impact assessment capabilities. National governments have assigned ministerial responsibility for corporate social responsibility whilst international initiatives such as the Global Reporting Initiative and the Global Compact, and new United Nations (UN) rules for the conduct of multinationals all act further to promote change in corporate conduct. In the United Kingdom (UK) one of the main investor bodies, the Association of British Insurers, have recently published their own code of conduct on socially responsible business, new indexes such as FTSE4 Good have also emerged, and many fund managers now have explicit policies and monitoring in relation to socially responsible investment.

Now if the degree of corporate social responsibility was proportionate to the volume of discussion about it, then the proliferation of corporate, investor, national and international talk about responsibility could be taken as evidence of a profound revolution in corporate conduct. Sadly, however, although the talk promises much, actual change in business conduct is at best embryonic.

At worst (or best), all the talk of social responsibility can be seen as just that – talk. If the corporate response to new demands for responsibility consists of no more than the creation of new codes and the publishing of new reports then, in my view, this has nothing whatsoever to do with responsibility and consists instead solely in the manufacture of corporate ethical appearances – what I have called the ‘ethics of narcissus’ (Roberts, 2001). The new forms of visibility of corporate conduct that NGOs and the media have created play upon the corporate self-image or identity. It is this that adverse publicity puts at risk, and it is this that those most closely identified with the corporation seek to repair with the creation of codes and associated reports. Since we are dealing here with remote representations of the corporation, then the commitment of corporate resources to new forms of skilful and ‘concerned’ self-presentation offers a powerful antidote to the negative perceptions of others. They create the appearance of responsiveness and responsibility, particularly in relation to the corporation’s critics, but that is all.

One seminal publication by an oil company entitled *Profits and Principles: Does There Have to be a Choice?* offered, presumably unintentionally, direct evidence of such an instrumental orientation, for its very first line reads: ‘we care what you think of us’. The assertion in the title is that the pursuit of profit can be principled; that there is no inherent conflict between financial and ethical objectives. And yet the concern expressed is not for the effects of corporate conduct on others but rather for how others see the corporation. The intended audience is the corporation’s critics – those who can make the corporate reputation vulnerable – rather than those who are vulnerable to the corporation and its conduct.

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The labour involved in the manufacture of such ethical appearances has a peculiarly post-modern quality. It typically takes place at corporate head office in public affairs departments, remote from operational practice. What is reported is often no more than the representation of what is already being done. But in most respects such corporate self re-presentation is sufficient for its purposes for, if ethical conduct is judged by its consequences, then one of the prime beneficiaries of the display of responsibility is the corporation itself. In addition to serving as a way to counter and manage its external critics, codes and reports also make it possible for staff within the corporation to identify more easily with the now principled corporation. At the same time, codes can serve as the means whereby responsibility is displaced from the corporation – now secure in its stated ideals – onto the employee who must then manage the burden of being both principled and profitable.

In sum, the dedication of corporate resources to the manufacture of ethical appearances offers a relatively cheap way to soothe and reassure both internal and external critics. The new if frail forms of external visibility that corporate critics create, the desire to be seen to be ethical that they encourage, and the self-presentational work that they stimulate have the perverse effect not of changing operational practices but of allowing 'business as usual'.

Measuring and rewarding social and environmental performance

The critical and cynical reading offered above of much of what is offered as corporate social responsibility can be countered by the insistence that such policy and self-presentation initiatives are but the first step in an iterative process of corporate reform. Undoubtedly part of the drivers of such reform are the new and proliferating forms of external visibility that were described above. In order to represent aspects of social and environmental performance externally, then at least new forms of information-gathering and measurement have to begin to be established internally. A key step towards making a reality of corporate social responsibility involves the development of these new forms of measurement and their subsequent use, not just for external presentation, but for the assessment, reward and sanctioning of plans and conduct at every level within the corporation. For some, the development of new forms of accounting – 'social and environmental impact assessments', 'triple bottom line accounting', 'balanced scorecards' – offer a realistic way for what is proclaimed as corporate policy to become embedded as corporate practice (Zadek, 2001; Elkington, 1997).

What can be observed here are the ways in which both externally and internally a new disciplinary apparatus is gradually being assembled, with new objects of knowledge, new metrics and, centrally, new ideals through which conduct can be judged, appraised and corrected. In this way what was

formerly the responsibility of just a few head office employees begins to achieve a pervasive presence at every level within the corporation. In so far as such systems become embedded they arguably offer a powerful means of creating new forms of visibility within the corporation for the ethical, social and environmental consequences of conduct. As such they are an essential addition to an exclusive focus on shareholder value, or at least an important redefinition of the terms upon which it must be realized.

But there are a number of difficulties associated with this seemingly more systemic embrace of social responsibility. As with management accounting controls, the effects of new social and environmental performance standards depend upon their internalization within the individual, reinforced by appropriate incentives and sanctions. In other words, the new disciplinary regimes preserve a person's individualized preoccupation with the self and how the self is seen and judged by powerful others, albeit that this now includes ethical objectives. One can even conceive of new forms of competitiveness between staff over their ethical or sustainable credentials. But such competitive individualism is the obverse of responsibility as 'responsibility for my neighbour'.

There is also the potential for a clash between financial and other objectives. At a policy level it is easy to reconcile any number of objectives but, in practice, these all too easily collide and turn into a dilemma and choice for the employee whose security depends upon being both profitable and principled. This is particularly the case in so far as the domains of the 'economic', 'social' and 'environmental' are treated as separate, distinct domains of effects, rather than as abstractions from highly interdependent real-world processes. In an organizational context, responsibility for these different aspects is often divided and distributed in such a way as to ensure that social responsibility is completely disconnected from the economics of routine operational practices. Moreover, as with any system of measurement, companies will monitor here only what is amenable to some form of quantification. In this respect environmental impacts are possibly much more easily quantified, measured and therefore able to be subject to internal organizational control than social impacts.

In relation to social impacts it is difficult to see how autonomously generated measures can relate in any meaningful way to the dynamic and complex impacts of corporate conduct on those who are outside the boundary or reach of internal control systems. Accounting systems can only ever measure that which we can think to look for and accounting representations will always involve a seeing that is robbed of sensibility and hence responsibility. For it to be otherwise arguably requires the development of different, more immediate forms of learning across the corporate boundary of its actual myriad effects. In contrast to most stakeholder dialogues, the stakeholders here are not those who can make the corporation vulnerable but rather those who are vulnerable to the corporation.

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Informing corporate ignorance of its actual effects

For Levinas, responsibility depends upon the proximity of the other, and my sentience as the essential means through which I find myself caught up in responsibility for my neighbour. The great benefit of accounting controls is that they can effect control at and across distance. In this respect, for example within an operating unit in a developing country of a UK-listed transnational, there is a sense in which the demands of institutional investors thousands of miles away are able to play more directly on the minds of employees than those of the people within the community that is right next to them. But mere accounting numbers have nothing of the moral force of the face of the other.

Writing of such paradoxes, Bauman (1993) argues that we have yet to find ways of cancelling moral distance, despite having hugely developed capacities for organizing across distance. Bauman points to three negative impacts of organizational distance upon our moral capacities. Firstly, he suggests that within organizations responsibility tends to 'float'. Any one person is just a tiny element in an extended chain of links between, say, local unemployment and city fund managers. In relation to the whole, each can feel that his or her own actions are insignificant or impotent. In this way work is easily viewed as morally neutral, and where problems arise they are grasped purely as a technical failure of organization that is both unanticipated and unintended. Secondly, Bauman argues that distance renders others 'faceless'. Particularly within larger multidivisional and multinational companies, where distance dominates, it is easy to lose any sense that there are other people at the end of what one does. It therefore becomes all too easy to believe in one's own easy rationalizations of decisions without consideration for those who will be affected by them. Finally, Bauman argues that the accounting representations that we have observed here serve to 'disaggregate' those who are the objects of action. Taken together, these effects allow us to organize across distance but without the felt weight of moral responsibility. Part of the effectiveness of NGO campaigns, from which companies might learn much by way of how to arouse ethical concern, has been their ability to give faces and voices back to those who would otherwise be visible only as an element of cost or revenue. Only in this way is the distant other then discovered as a person for whom one is responsible.

No company would think to set up operations in a country without a detailed understanding of the market and competitors, and yet many are willing to do so without any appraisal of the impact they might have on the local community or environment. In the absence of such an appraisal they necessarily remain ignorant of their actual effects; an ignorance that hovers ambiguously between a simple not-knowing and a deliberate disregard. Matters are compounded by the fact that, from a developed world mindset, responsibility is often associated only with what can be directly controlled

by the corporation. However, many of the most important social impacts are likely to be indirect and not wholly in the control of the corporation. Take for example the development of new oil reserves in a developing country. A minimalist view of corporate social responsibility might include budgetary provision for some local philanthropy – a school, perhaps, or clinic – designed to demonstrate goodwill towards the local community. Such philanthropy can then form part of a corporate social report. But the actual impact of the new operation may be much more profound, if indirect. In the case of oil, the revenues that foreign direct investments (FDI) generates locally and nationally can be as destabilizing as the poverty they promise to replace. These create huge incentives for corruption, they can act a magnet that encourages migration into a region, and this in turn can put impossible strains on the already stretched local infrastructure of health, housing and education. Others with less innocent concerns can also follow what can come to be perceived as a sort of gold rush; prostitution, violence and extortion can all follow in the footsteps of FDI and poison the promise of development. The cost of economic wealth can all too easily be the destruction of the social and cultural resources. There is a dynamic to these processes. As the local social environment deteriorates so the incentives grow for corporate personnel to retreat, both literally and metaphorically, behind strengthened security fences and hence further insulate themselves from any possible knowledge of the unintended effects of their presence.

So if a company is serious about its social responsibilities then it must begin to develop new ways of learning across its operational boundaries of the impacts, both positive and negative, that it is having. For some companies in some countries, social and environmental impact assessments are now compulsory, but such assessments are often subcontracted out and do not therefore provide the company with the opportunity to understand the dynamic processes of which it is a part. The alternative is to develop ongoing processes of consultation with the local community through various forms of local stakeholder engagement. The benefit of such direct contact with the face of the other is that it creates the proximity that is essential to responsibility. Moreover, it is only through such continuous processes of dialogue with those who are vulnerable to the corporation that there is any real prospect of learning and managing both positive and negative impacts, and avoiding the reputational damage that unintended negative impacts might create.

Even with direct impacts such as employment, such cross-boundary learning is essential in order for company personnel to learn what skills are available in the local community, and as importantly what expectations exist in the local community as to the opportunities that the corporation will bring. Relatedly, the potentials for local business development which are often vaunted as part of the positive potential of foreign direct investment by multinationals can only be realized if the corporation has ways of

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understanding local business capabilities, and does not inadvertently pursue supplier policies that give preference to established global suppliers over local companies. In relation to its indirect impacts, it is again only on the basis of continuous processes of learning across the boundary of the firm that a company can understand its impacts and the difference it is and could be making. At the very least, such learning allows any philanthropic spending to be targeted on sources of actual need, rather than assumed need. But it can also give the company an opportunity to manage local expectations and to change the development of its own facilities in ways that are also beneficial to the local community. For example, the siting of roads or the development of new power supplies can be integrated with local needs and wishes. Or a company can act as a catalyst that supports the development of local institutions through which revenues are channelled, or local skills and businesses are developed, or local decision-making is made. Now many companies are wary of such a diffuse involvement beyond the realm of their direct responsibility with a local community. First-world assumptions suggest that such indirect effects are the responsibility instead of local or national governments. But such caution does nothing to change the indirect impacts that a company is having, nor local perceptions of its responsibilities and hence the reputation risks that are involved.

Finally, such learning across the corporate operational boundary will achieve nothing if what is learnt is not then integrated into operational decision-making processes (Parker, 1997). It is all too common for responsibilities for social impacts to be held by local community affairs staff who are themselves kept divorced from line decision-making. This, however, precludes the possibility of a company doing things differently or doing different things in the light of what it learns of its actual or potential impacts. Here lies what is possibly the acid test of new corporate policy and measurement: is the company willing and able to adapt its own plans and conduct in the light of what it comes to understand of its responsibilities to those who are vulnerable to the effects of corporate conduct?

Conclusion: making a reality of corporate social responsibility

In this chapter, building upon Levinas's stark but hopeful view of responsibility as the 'assignation of responsibility for my neighbour', I have sought to explore some of the consequences that flow from the very different forms in which companies have responded to the demand for corporate social responsibility. Corporations as legal entities are incapable of responsibility and responsible corporate conduct will always depend upon my own and others' willingness to follow the assignation of responsibility that our sentience allows. I have suggested that corporate social responsibility must be understood in the context of the force of current demands for companies to deliver shareholder value. As these demands are made to play upon the mind

of people at every level of a corporate hierarchy, they effect a sort of ethical reversal; either defensively or assertively we are encouraged to be and remain preoccupied with the self and how the self will be seen, rather than others.

The demand for corporate social responsibility has been able to insert itself into this self-interested or self-defensive calculus through the ability of NGOs and the media to create a new visibility for the negative impacts of corporate conduct. In this respect globalization is double-edged; it allows internationally mobile capital to exert a downward pressure on the regulatory capabilities of the nation state, but it also exposes the corporation to potential global reputation damage from local misconduct. As the management of 'reputation risk' has begun to be institutionalized, one can see the emergence of a whole new disciplinary regime in which accounting firms, investment houses, investors as well as governments and international agencies are all beginning to play a part. From the outside at least it looks as if the demand for corporate social responsibility is being installed in new forms of scrutiny of corporate conduct that augment or redefine the terms under which shareholder value must be delivered.

But talk of ethics or responsibility should not be confused with or taken as evidence of ethical or responsible conduct, and in exploring the different forms of corporate response I have tried to suggest how profound the change in corporate practices would need to be to make a substantive difference. At its worst the corporate response has been entirely cosmetic or prosthetic. The devotion of corporate resources to the manufacture of ethical appearances – new codes, new reports and dialogues with the corporation's critics – create the appearance of responsiveness and responsibility but, far from signalling a change in conduct, actually make it easier for companies to continue doing what they have always done. More substantive in their effects are the development of new forms of internal measurement and associated rewards and sanctions. In contrast to the purely corporate management of reputation, these new internal controls ensure that social and environmental performance standards become an integral part of how people at every level of the hierarchy appraise and judge their conduct, and are appraised by others. The development and use of such systems is at best embryonic and far less common than the mere manufacture of ethical appearances.

But I have then gone on to argue that, particularly in relation to corporate social responsibility, such internal control systems will always be incapable of either capturing or responding to actual impacts without the development of new forms of operational-level learning beyond the boundary of the firms. Given the complex, dynamic, unpredictable and often indirect impact of a company's conduct on a local community then some form of continuous engagement with those who are most vulnerable to corporate conduct is essential if there is serious corporate intent. The adverse publicity created by NGOs, corporate codes and reporting, along with new internal forms of measurement and incentives, are perhaps essential to encourage and

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promote such learning and the corporate responsiveness that it allows. However, without such operational-level learning, then real corporate responsibility is impossible; others will continue to suffer from its deliberate ignorance and the corporation will continue rightly to remain vulnerable to reputation risk.

At a personal level we perhaps know all too well that ethics at best begins rather than ends with stated good intentions. Happily we are all capable of responsibility – it comes with human sentience – but it involves taking the other more – or at least as – seriously as we take the self. In the context of work, economics has long sought to furnish us with a contrary set of assumptions: that we are independent autonomous entities, that the pursuit of self-interest will create the greater good, and that there are externalities that will never return to haunt us. Globalization, and the unavoidable interdependencies that it makes visible, is possibly forcing us to question these assumptions; the consequences of our conduct for others are likely to revisit us, albeit in unrecognized forms. But globalization has also disturbed the institutional division of responsibilities constructed around the model of the nation state such that business can no longer leave to others the management of the unintended consequences of the pursuit of its economic objectives. Corporate responsibility, within such a fluid context, can only be defined as a willingness and capacity for responsiveness rather than as responsibilities that can be defined, limited and managed within the boundary of the firm. Like personal ethics, corporate social responsibility perhaps begins with the desire to be seen to be good and an assertion of good intentions, but this at best provides us with the will for the real work of taking responsibility.

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