

**“Companies that chose
to solve their problems
with the thinking they
used to create them”**

BAD CORPORATE CITIZENRY: Businesses That Oppose Change

Consequences of Their Actions

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In order to show how “managers of organizations do not help to solve the world’s problems,” this document is going to examine some poor decisions and choices of renowned corporations. The aim is to show the correlation between internal actions and policies with external backlash. The intention is to establish correlation between the internal decisions or actions and the resulting external problems that caused some organizations to gain reputations as bad corporate citizens.

Throughout this examination consideration will be given to Albert Einstein’s famous line: “We cannot solve our problems with the thinking we used to create them.” That line refers to what we dub the one-track thinking. Like an Aesop fable it serves as the moral to these stories and highlights that - Damage control should never be a better option to change. This line is also the take away as to why certain endeavors of the three referenced businesses in this essay led to vilification.

A surface argument will state that it is wrong to blame the problems of the world on businesses. However, it should be considered that a business, or organization, although it is independent in its undertakings and doing is not unrelated or isolated from national and international carry-ons. Therefore, business managers and organization leaders must remain cognizant of the happenings and problems of the world; and note how their actions worsen already bad situations. The alternative would be to consider change that would not only better the business, but by extension the operating country and by extension the world.

The genesis of the one-track thinking is the fact that for decades the main saying was that the bottom line and most important function of a company was to make a profit. Therefore, the notion of cautioning any manager or CEO by telling them “forget the profit and think country or the world because what you do can have a ripple effect” would require some convincing and explaining; because the link is not easily seen.

Had this essay been verbal arguments before a television drama court –then the author would have theatrically put forward the United Nations Children's Fund (UNICEF) report titled “How Business Affects Us,” *UNICEF (2011)* and boldly declare – Your Honour Nothing Further.

This report which takes testimony from children – one of the most vulnerable groups in our society, explains how the management decision of various companies around the world are hurting the earth’s innocent children. This report which was a collaboration between the Corporate Social Responsibility (CSR) initiative of UNICEF, Save the Children, Plan International, and other charitable organizations did consultations in nine countries from June to August 2011. In that time, they spoke with over 400 young people ages seven to 17 who shared how the actions of corporate organizations affect their personal lives, their families, their communities and countries.

In each instance the positives of the business decisions and negatives were presented; all testifying to the fact that businesses have the power to help to solve or create some of the world’s problems.

In the age of social responsibility and the pressure for good corporate citizenship it is a wonder that some companies still choose to operate in a vacuum or ostrich in the sand type outlook; where they make poor decision and marvel at the backlash. These guilty managers go back to the old philosophy “the bottom line is profit,” and recklessly keep the same issues many are fighting to solve alive.

Take for instance the unsavory practice of child labour, which the International Labor Office ILO (*IPEC, SafeWork, IALI, 2002*) explains is any employment of underage children where the work is intense, affects their schooling and is harmful to their health and development. It was further explained that such work can deny children their childhood and a future; cause them to work at too young an age, as well as work long hours for low wages under conditions harmful to their health and to their physical and mental development.

Noting the above definition and the devastating individual effect that can translate in national and international issues and problems –one may ask which management in this day and age would consider such a business practice -- fully knowing that recent and distant history has evidence of how horrible such a decision turned out. Such answers may be shocking to many as it was discovered that brands that are recognizable do so. It was discovered that these big corporations continue to make such devastating management decisions using perhaps the same bad rationale of those who history recorded poorly before them.

One of the most known perpetrators is NESLE, a global company that soothes the world’s sweet tooth with its chocolate brands such as KitKat, Smarties, Toll House Cookies, Milkybar, Aero, Garoto and many more. Sadly, these sweet delights were alleged to be made using the forced labour of helpless little children.

When the news was first released via a report from the Fair Labor Organization there was outrage at the report that 260 farms used by NESTLE in Ivory Coast were found in 2014 to have 56 workers under the age of 18, of which 27 were under 15. So great was the outrage that NESTLE responded in a statement (NESTLE, 2015) that announced that actions will be taken to progressively eliminate child labour practices “by assessing individual cases and tackling the root causes.”

However, it was reported that the company’s promise was not enough for the damage and its decision to turn a blind eye caused the matter to travel from the Ivory Coast to the United States as an activist organization took charge to make the company pay and bring further attention to its poor decision.

The action came in the form of a lawsuit that was filed in the United States’ Ninth Circuit Court of Appeals by IRAdvocates’ and went before a three panel judge in 2018 with the serious accusation of slavery front and center of the claim. (IRAdvocates, 2018).

It was on 23 October 2018 that the IRAdvocates’ lawsuit which was filed on behalf of former child slaves against Nestle and Cargill was looked upon favourably in the US court.

It was stated that the judges found that the suit which claimed the company used child slaves in Cote D'Ivoire to harvest cocoa can proceed under the Alien Tort Statute (ATS), 28 U.S.C. § 1350. Additionally, the Court rejected the companies' argument that the matter should not be tried in the United States of America.

A distributed press release from IRAdvocates exposed the companies poor management calling by disclosing that, "Nestle and Cargill, along with most other major cocoa companies, recently admitted that they had failed to meet the deadlines they themselves set to voluntarily stop using child slaves by 2020 in Cote D'Ivoire under the "Harkin-Engels" protocol. They did not set a new deadline, and their admission of not meeting their deadline is necessarily an express admission that they ARE CONTINUING to use child slaves," the release stated.

A return to that haunting Einstein quote "we cannot solve our problems with the thinking we used to create them," plus some simple juxtaposing of modern reports and headlines will show that some corporate members of our community expect to do just that. These entities expect to solve their's and the world's problem by using the same method that created them; and an area where this is frequently seen is in the push for sustainability.

Many by now are more than aware of the state of the world and the threat of issues such as climate change. It is known that the survival of the planet and life as we know requires corporations and individuals to make drastic changes. To choose the sustainable way!

However, everyone does not agree that change is necessary or just cannot be bothered with the expensive requirements such change would need or the new thinking it would require. Therefore, they decided to do the same things that are creating the problems of the world but put a bandage in the hope that it will work itself out.

A classic example of how corporate entities are doing nothing different but expecting different result can be seen in some fast fashion unscrupulous activities. Take for instance the fact that H&M and its other fast fashion competitors Fashion Nova and Zara are accused of using nefarious means such as sweat shop labour to produce their clothing and are all accused of causing a pileup at the garbage dumps.

Then consider that rather than taking a sustainable look and actually changing how business is done; H&M chose to participate in the Greenwash phenomenon -- which is where businesses pretend to be sustainable using clever marketing.

One of the better explanation of the harm of Greenwashing is causing was mentioned by 'Business for Social Responsibility' which is an international nonprofit organization with a network of more than 250 member companies and other partners located in Asia, Europe, and North America. The organization in a 2009 report explained, "Greenwash is a barrier to developing a sustainable economy. It can slowdown sustainability efforts by making more people skeptical of environmental initiatives. Greenwash also impedes consumers from understanding the impacts of their purchasing decisions as they struggle to differentiate between valid and invalid claims." (Rina Horiuchi and Ryan Schuchard, 2009)

In the case of Scandinavian company Hennes & Mauritz popularly known as H&M the red flag about its Greenwashing was raised when the company announced its “Sustainable Fashion” as part of the brand’s promotion of its 2019 spring collection aptly called “Conscious.” The Promotion’s message revolved around “sustainable” fashion and awareness.

In touting its sustainability message the company declared, “To offer you fashion and quality at the best price is our core idea — but to always offer you a more sustainable choice is our future. Made from materials such as recycled polyester, Tencel™ and organic cotton, we are proud to present: Conscious Collection Spring 2019. Explore the romantic, feminine and sensual styles in soft earthy hues, worn by inspirational women from around the world who want to make a change. Listen to their thoughts about sustainability in the fashion world, but also in their everyday life.”

This sustainability claim was refuted publicly by the Norwegian Consumer Authority who in a June 2019 letter insisted that Hennes & Mauritz change the marketing of its collection “Conscious”. The Authority explained that in that campaign Hennes & Mauritz were giving the impression of being sustainable and environmentally friendly; and as a result they were carrying out illegal marketing. (NRK, 2019).

In fact Norwegian media NRK quoted Deputy Head of the Consumer Authority Bente Øverli in his criticizing of the H&M ‘Conscious’ campaign. He is quoted saying, “They play on emotions and use statements they can’t make. When selling a particularly environmentally harmful product such as clothing, one must be careful to call it sustainable. It takes a lot. We have concluded that they conduct misleading advertising and that they have broken the law.”

Although this report of Hennes & Mauritz’s poor approach to sustainability may illicit a disapproving gesture of condemnation; it pales in comparison to the outright unscrupulous actions of popular amusement park SeaWorld Entertainment Inc. or SeaWorld as it is popularly known. This amusement park is one of the United States of American’s prominent tourist attractions. The appeal is that the park features a wide array of marine animals under one roof.

The exposure of the poor conduct of this company was done in a 2013 documentary titled “Blackfish;” which focused on the poor treatment of orcas in the captive situation where they are made to perform. The film made reference to death of SeaWorld trainer Dawn Brancheau who was one of three persons killed by captive orca Tilikum. The crux of the film was that these animals who are taken out of their natural habitats and forced to perform suffer psychological damage and become unnaturally aggressive. (The Associated Press , 2017). The airing of the documentary was crippling for SeaWorld as it resulted in a marked decline in visitors to the amusement park and a loss of revenue for the company.

In swift action, the claims in the documentary were rebutted by SeaWorld in a statement to CNN where the amusement park said, “Blackfish is billed as a documentary, but instead

of a fair and balanced treatment of a complex subject, the film is inaccurate and misleading and, regrettably, exploits a tragedy that remains a source of deep pain for Dawn Brancheau's family, friends and colleagues. To promote its bias that killer whales should not be maintained in a zoological setting, the film paints a distorted picture that withholds from viewers key facts about SeaWorld -- among them, that SeaWorld is one of the world's most respected zoological institutions, that SeaWorld rescues, rehabilitates and returns to the wild hundreds of wild animals every year, and that SeaWorld commits millions of dollars annually to conservation and scientific research (CNN, 2013).

In addition to publishing statements to contradict the claims in the documentary SeaWorld also launched a marketing campaign that aimed at informing the public that it was being maligned and was very animal conscious in its operations. This campaign which featured various publicity efforts including different forms of advertising and a video that somewhat debunk the claims in the film.

However, the marketing was deemed by many as misleading and led to a lawsuit against the company. In early 2017 this lawsuit which claims the company used false advertising about the care of the whales in its possession was given the greenlight by U.S. District Judge Jeffrey White in Northern California. The overarching allegation in the suit was that SeaWorld in its advertising made "false and misleading statements concerning the welfare of (their) captive orcas." (San Diego Union Tribune, 2017)

Consultation on the lawsuit was provided by The International Marine Mammal Project of the Earth Island Institute who were quoted in the article cheering the Judge's greenlight on the move against SeaWorld's promotion. To this end David Philips, the Director of the Marine Mammal Project said, "Judge White is sending a clear message to SeaWorld that, at the very least, their behavior warrants scrutiny."

IIMP has always been critical of the attitude of the SeaWorld management in relations to the treatment of these animals. In a statement on the lawsuit the organization said, "SeaWorld is being called-out on these lies, as never before, because of the groundbreaking legal battle we've been waging on behalf of captive orcas for more than five years! Usually SeaWorld bullies their way through litigation. They're a multi-billion dollar company and pay multiple aggressive hired-gun attorney teams to do their bidding. But this time, all five of SeaWorld's attempts to have the case, Anderson v SeaWorld, dismissed have been denied. Their efforts to further delay and drag out the case and keep scientific expert witness reports sealed by the court and kept secret, are crumbling." (International Marine Mammal Project, 2019)

The fallout suits did not only come against the company from external groups, but internally as well as the company was sued by its shareholders; and may have to shell out as much as \$65 million this year in order to settle a lawsuit that was filed in response to the documentary "Blackfish." The investors in their suit accused the amusement park of lying to them about the effects the documentary had on its finances.

Following a lengthy legal battle it was announced in February this year (2020) that a proposal for settlement was on the table. The proposed settlement, still needs to be approved in court, but the suggestion is for: "SeaWorld to pay \$65 million for alleged violations of the Securities Exchange Act of 1934, along with costs of administration and legal fees and expenses. It would pay \$45.5 million using insurance proceeds and \$19.5 million in cash. Under the terms of the settlement, filed Tuesday with the U.S. Securities and Exchange Commission, SeaWorld did not admit to any "fault, liability, or wrongdoing." (CBS NEWS, 2020)

Separate from the documentary were claims from People for the Ethical Treatment of Animals (PETA) against the amusement park. This spotlight from PETA has been unrelenting for years and the aim is to pressure SeaWorld to set the whales and even dolphins free.

In conclusion it must be noted that many of the problems of the world can be remedied with positive actions; but these actions in most instances will require great effort and a willingness to change. Unfortunately it seems that a large number of corporations and organizations believe that change is too difficult and therefore choose not to. In many instances the decision of change comes down to bottom line of dollars and cents – how much would it cost the organization and would revenues be affected?

The focus on profit was alluded to in the Einstein passage where the author said, "Production is carried on for profit, not for use." This simple line can be used to explain why many companies will make the decision to use unscrupulous means to maintain their bottom line; even if it consequences of that action thwarts global sustainability efforts.

The finally touches on this Essay, were done on 12 June, which coincidentally, was being observed as the United Nations "World Day Against Child Labour." The news feed decrying this practice served to further convince why business managers ought to change the current plight of suffering children by tightening their supply chains and cutting loose any found contravening such human rights.

Aside from the lack of change as it relates to labour, businesses ought to move away from the practice of Greenwashing, which is a tool for them to keep acting poorly but lazily try to reap the results that change brings. By using Greenwashing they are working against the solving of various global problems.

Therefore, any who read that passage or quote by Einstein ought to consider it a dire warning and a call action. It should never be seen as an observation of a time and era gone by. For this essay shows that at this very time of our existence there are corporate entities taking decision and committing acts that traps the world in its present devastating state. As such we should hold the managers and organizations that are bent on the continual perpetuating of globally destructive actions accountable.

A colourful illustration of why business choose to keep using their poor judgement to get themselves into publicity nightmares and the same thinking to keep themselves on the naughty list can be gleaned from an old cartoon show.

The show is one of Hanna-Barbera's delightful creation – Yogi Bear. Beloved animated figure Yogi Bear made his debut in 1958; and fans fell in love with him. The plot was simple – Yogi's main endeavor was the stealing of picnic baskets from unsuspecting visitors at the Jellystone Park. It was a delight to watch; especially since Yogi felt no remorse for his actions and was encouraged to create schemes to steal the baskets, because he believed that he was "smarter than the av-er-age bear!"

Even though it was just a cartoon and the 60s were decades ago; we are still seeing corporate entities acting like Yogi -- by committing acts that rob others of their rights and instead of changing to make the world a better place they continue to carry out acts that thwart efforts for a sustainable future because they are "wealthier than the av-er-age person!"

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