



Animated video serie «Little Green Bags»

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Mass layoffs and record profits at the same time, manager salaries, scarcity of natural resources and imminent climate catastrophes, morally questionable advertising, child labor, corporate fraud, financial crisis and the "Occupy Wall Street" movement ...

These are just a few examples you may have heard about under the topics of sustainability, business ethics or corporate social responsibility.

These themes raise questions about justice for current as well as for future generations.

We want to ask: corporate social responsibility -- CSR for short -- what is this?

This man made headlines a few years ago.

In 2004, Angelo Ugolotti learned from investigators that he was chairman of the board of several companies set up by his employer, the Italian milk concern Parmalat.

Angelo however had not even heard of those companies.

At Parmalat, he was only responsible for the switchboard.

You can imagine how the story goes. Corporate fraud at its best: bogus companies, cooking the books, bribery, accounts in the Cayman Islands -- the whole works.

The task of corporate social responsibility is to prevent these and other morally reprehensible practices which can weaken society, damage companies and hurt employees.

More and more companies have realized the relevance of moral practices in their business; even though they have not always sufficiently implemented CSR, yet.

Concrete preventative measures are often labeled "risk management", a term more commonly used for avoiding financial risks and damage to a company's reputation.

And no one likes bad press, right?

Thus, companies define clear rules, so-called "compliance" or "value-management" systems.

For example, you can accept a bottle of wine from the supplier, but you have to pass up a golfing trip to Hawaii.

However, risk and compliance management are only one aspect of corporate responsibility correctly understood.

Firstly, CSR is not just about preventing "bad practices," like corruption and fraud and so on.

Secondly, this approach does not question a company's business activities, as such.

In fact, compliance management could be an efficient control mechanism even in organizations like the mafia.

The more challenging question is:

How can companies contribute to a "good society" through "good business" practices?

"Oh, that's easy!" they say.

We'll create a charity foundation or donate a lot of money and, thus, "do good".

Wrong! That won't hurt and may even help, but it is not systemic change. The important thing is: CSR is about how companies make profits, not about how they spend them.

Not about how they spend them.

Corporate social responsibility must not simply be the "repair center" of capitalism.

It has to demand systemic changes in a market economy.

This requires a new role for the key players in this game: companies must become not only economic but also moral actors.

What is required and important is a stronger integrative perspective based on a system of deontological values and which is closely related to the company's "core business".

This means social and ecological criteria must be taken into consideration, for example, in the treatment of employees, organization of the production process, offered and produced products and services and responsible business practices of suppliers, the so-called "supply chain".

By the way, virtuous managers or the "honorable merchant" alone will not suffice.

We need employees of integrity at all levels of the company, but we also need organizational structures and clear rules.

But relying on a code of conduct is also short sighted, because in extreme cases it means "act according to some given rules", which is the opposite of ethical reflection, namely, actually thinking about good and evil, right and wrong.

In other words: CSR is always about both individuals and institutional structure.

In business ethics, one speaks of individual ethics and institutional ethics.

But isn't that unrealistic? Shouldn't the state do more to promote a good and fair society?

Granted. It is unrealistic and that's exactly why such questions are important!

Business ethicists don't just ask what the world is like, but also what it should be like -- how it ought to be.

At the very least, we want to suggest where the journey should lead.

At the same time, we want to make practical suggestions about how to embark on that journey. One speaks of questions of justification, on one hand, and of implementation, on the other -- preferably in that order.

The state, particularly through politics and law, can contribute to the implementation of corporate responsibility, but only within a limited range. If we look at society from a bird's-eye view, we can spot different social systems: the economic system, the political system, the justice system, for example. One can speak of the "functionally differentiated" society we live in.

About sixty or seventy years ago, some German economists came up with an idea that led to the development of the social market economy as we now know it, particularly in Europe.

They thought that a market economy should be embedded in a political framework that determines the rules of the game.

This underlying idea is still important, but it has become distinctly more difficult to rely on the state alone.

Societal differentiation has progressed because most systems have internationalized.

"Globalization" is the magic word that applies to most systems, but not all of them.

Politics and, particularly, law tend to be bound to one country's borders, while the economy, above all, is highly internationalized and globalized.

This makes effective regulation difficult.

Thus, it is now not only about the classic rules of the game, but also about the moves of the players, the corporations in a changed and changing world.

And beyond politics and law, civil society -- in particular NGOs -- has gained a strong influence on the economy, as both vicious watchdogs and as partners of businesses.

In 21st century society, we find new, rather odd -- hybrid -- constructs under the notion of "soft laws". These are collective individual commitments to comply with certain social and ecological standards, such as collective industry agreements or the UN Global Compact.

So companies are supposed to operate responsibly.

Is anything really happening???

There's no clear answer to that question.

The cynics say that CSR is like teenage sex: everybody says they are doing it, but few actually are.

And those who really do it, do it rather badly. ;-(

The truth is more nuanced, of course: in the area of corporate responsibility there is also "the good, the bad and the really ugly."

More and more companies deal with CSR and take the first steps towards responsible business practices.

We can definitely observe a distinct effort, even though it is still a delicate little plant.

And of course there are still those who misconstrue CSR as a PR instrument and simply want to "green wash" or "blue wash" their company.

And, unfortunately, there are still companies that don't give a damn about questions of corporate responsibility, and which even trample on justice.

Got all that? Let's sum it up:

First, CSR stands for Corporate Social Responsibility.

Second, CSR is based on the question of "good business" for a "good society" -- today and tomorrow.

Third, Corporate Social Responsibility is not charity: it is about how companies earn their profits, not how they spend them.

Fourth, it takes employees of integrity and appropriate organizational structures to realize CSR.

It is a matter of individual and institutional ethics.

Fifth, politics continue to play an important role, but in a globalized world the effects of regulation can be limited.

And, thus, sixth, companies play an increasingly important role.

Seventh, "soft laws" are new governance mechanisms based on companies' self-commitment.

Finally, CSR has arrived in business practice.

It is necessary to support these developments professionally, but also to provide critical perspectives with respect to them. Research on issues of corporate responsibility is still beginning and future developments will be exciting to see. It is unclear whether a good and fair society can be created with the help of companies.

But it can't be created without them.

Oh, we almost forgot: besides corporate responsibility, there's also consumer responsibility. You can practice that the next time you go shopping, and there may be more from us on that topic.

Direct link:

https://www.youtube.com/watch?v=E0NkGtNU_9w&feature=share&list=PLbuayHrXca4IswkVusLanUS1Hk-OQio37