

## 1.8: Debating CSR- Methods and Strategies



Source: U.S. Navy (CC-BY 2012) Figure 2.1 Deployed U.S. sailors watching the U.S. Presidential debate between candidates Barack Obama and Mitt Romney in 2012.

### Why Debate CSR?

In this chapter, we help you prepare for productive debates on CSR. Our first question is: why debate CSR? Why not just study texts on CSR, and then write essays or take tests on the topic? Why do we need to debate?

The position of this textbook is that CSR is not only an important social phenomenon, but a complex and controversial one. As we will see in this book, there are often two sides to CSR issues. As future voters and future employees of corporations, schools, governments, and civil society organizations, you will get a chance to have a real impact on the future of CSR. But what should the future of CSR be? It is not the role of teachers or textbooks to tell you what to think when it comes to such a new and politically divisive topic. Like your fellow citizens, you are entitled to develop your own opinion, but we hope that it will be an informed and logical opinion, rather than one that emerges reflexively from political partisanship or cultural tradition.

In short, we want you to practice thinking for yourself about CSR, and we think the best way to practice is that is to debate crucial issues relating to CSR. At times you will be asked to come up with the strongest arguments in favor of a position that you do not initially support. As the saying goes, to understand another person you have to walk a mile in their shoes. If you want to understand why many of your fellow citizens take social and political positions that are different from yours, the best thing to do is to consider the strongest arguments on their side—and the best way to do that is to become their advocate, even if only for the length of a class session.

### Questioning the Value of CSR Itself

As an example of the importance and complexity of CSR-related public debates, consider the following controversies related to CSR:

CSR: Sincere ethics or hypocritical public relations?

- **Facts:** CSR is a rapidly growing field of study in universities and business schools, and most large corporations have adopted CSR programs.
- **The controversial aspect:** Is CSR a good thing or is it just corporate window-dressing?
- **In favor of CSR:** CSR motivates corporations to address social problems, it energizes and rewards workers, it strengthens ties to the community, and it improves the image of the corporation.
- **Against CSR:** Surveys show that citizens are more concerned about corporations treating their workers well and obeying laws than about engaging in philanthropic activities, and CSR may allow corporations to distract consumers and legislators from the need to tightly regulate corporations.

Climate change and CSR

- **Facts:** There is a scientific consensus that global warming and climate change represent an enormous threat facing mankind.
- **The controversial aspect:** Can corporate CSR really have a significant impact on climate change, or is it just a public relations vehicle for companies and a distraction from the need for stronger government action, such as through a carbon tax?
- **In favor of global warming-related CSR:** Corporations can have a major impact in the battle against global warming by reducing their large carbon footprints, by encouraging other corporations to follow suit, and by helping discover and develop alternative sources of energy.
- **Against global warming-related CSR:** Companies spend a lot of advertising money to boast about small measures against global warming, but many of these companies are in industries—such as fossil fuels or automobiles—that produce the most greenhouse gases to begin with; self-serving claims of climate-change concern are often simply corporate public relations campaigns intended to distract us from the need for society to take more effective measures through taxation and regulation.

Corporate Lobbying and Government Influence

- **Facts:** Most large corporations spend money on lobbying and on seeking to influence legislators and regulators. In the *Citizens United* decision, the Supreme Court ruled that, as “corporate persons,” corporations enjoy the same freedom of speech protections as ordinary citizens and are entitled to

relief from strict government control of their rights to political speech.

- **The controversial aspect:** Many citizens are outraged to find that the justice system accords multinational corporations the same rights as ordinary people on the grounds that corporations are “persons.” However, others point out that *The New York Times* and CNN are also corporations, and that it could have a chilling effect on freedom of speech if all corporations were legally-constrained from speaking out freely.
- **In favor of corporate lobbying:** As major employers and technological innovators, corporations benefit society. They should be free to oppose inefficient and cumbersome government regulations and taxation that can limit the benefits they provide. In this way, freedom of political speech is so important that we should be cautious about limiting it in any way.
- **Against corporate lobbying:** Corporations are not “persons” in the same sense that humans are, and therefore, they should not enjoy the same freedom of speech protection. Since corporations can become vastly wealthier than ordinary citizens, allowing them to participate in politics will enable them to bend laws and regulations to their will.

In each of the debates outlined above, there are intelligent and well-informed people on both sides of the issue. However, if our society is going to progress in its handling of these issues, we will need to reach consensus on the best approach, or at least on the best compromise. It is therefore vital that citizens learn to discuss these issues in an informed, respectful and productive manner.

## How to Debate CSR: Rules of Civility and Logic

### Civility

This chapter introduces you to the techniques of logical debate. We hope to improve your ability to craft a forceful, persuasive argument and to detect faulty logic and weak evidence put forward by your adversaries. It is equally important, however, to practice engaging in social and political debates in a way that is respectful and tolerant of differing viewpoints.

Although we will base our approach to some extent on the rules and methods of formal debate, the reality of life is that most of our disagreements, and much public debate, are not carried out according to formal rules or any previously agreed structure. Indeed, the average political debate with our schoolmates, work colleagues, and family is often quite freewheeling and sometimes extremely illogical. It is an accepted truism of American life that political campaigns are filled with name-calling, mud-slinging, finger-pointing, and scurrilous attack ads. That is one reason that so many people say that you should never discuss politics or religion among friends or family—because doing so can compromise friendships and spoil family gatherings with angry and unproductive arguments.

In this course and in this textbook, we want to lean toward the other extreme. We believe that there are sincere, intelligent people on both sides of most social debates. As educated people, we should not engage in political discussion in order to flaunt our superior intelligence or backgrounds, or to browbeat or insult our interlocutors. Unfortunately, since people sometimes resort to bullying and offensive tactics when discussing sensitive topics, and since many of us are unable to control our wounded, emotional responses to such aggression, it can become difficult to discuss important social issues in a productive way.

We suggest certain ground rules to promote fair and respectful debate.

#### 1. Do not try to “win” the debate.

In formal debate contests, each side is trying to defeat the other. Similarly, in political debates each candidate is trying to come out on top so as to win the election. However, in the classroom or in informal discussions around the dinner table or at the workplace, such tactics can be unproductive and can backfire.

Therefore, we recommend that (at least part of the time) instructors randomly assign students to each side of an argument. In this fashion, you will sometimes find that you are arguing on behalf of a position that you would not ordinarily support. This may seem paradoxical to you, so why do we insist on its value?

By obliging you to consider and advocate on behalf of the strongest points of each side of the argument, we want you to appreciate that there are valuable, sincere motivations on both sides of most social debates. We are not asking you to be insincere and pretend to believe in something that you do not support. Rather, we are simply asking you to look for the strongest arguments the other side could make.

So, in this course the goal is not to try to win the debate by making the other side look bad. The objective here is to obtain greater knowledge and greater depth of understanding. Everyone in the class should consider it a win anytime fellow students make a new or interesting point, express themselves eloquently, or show a willingness to listen and learn from the other side. The ultimate win in this course is to learn more about an important social topic, and to learn to engage in debates in a respectful way.

#### 2. Admit discomfort or emotionality.

Discussions of important social or political topics often touch upon values that each of us holds dear. They may be values we have imbibed from the teachings of our parents, trusted elders, respected teachers, and admired thinkers. As a result, when someone strongly challenges those values, especially in a way that we find disrespectful, it is understandable that we feel negative emotions or anger. The challenge is to control those emotions without being tempted to retaliate.

So if you ever feel uncomfortable or embarrassed in a class debate, whether online or in person, do not hesitate to let your interlocutor, the class, and the instructor know of your feelings. You can simply say, for example, “I think that last remark was bit personal,” or “I find that the tone you are using is somewhat aggressive.” However, try to avoid responding in an equally offensive fashion because that usually leads to a breakdown in the conversation.

It is not only up to the instructor; it is up to each class member to monitor class discussions for inappropriate levels of aggression or condescension.

#### 3. Listen respectfully and show that you have heard the other side.

It is very easy for debates to degenerate into emotional contests if neither side makes a sincere attempt to listen to the other side's arguments. Therefore, it is always a good strategy to show that you have heard the other side and have understood their point. For example, you can say, "So it seems that you feel the strongest argument in favor of freedom of corporate lobbying is that if we restrict such lobbying, then we will create a precedent that could eventually lead to restrictions on the freedom of speech of individuals. However, we would like to argue that..."

On political talk shows and at the dinner table, it is quite common for debaters to cut each other off, interrupt rudely, or talk over each other. In the classroom, however, we want to hold ourselves to a higher standard. Let people finish talking before you make your point. If you feel someone is going on too long, you can alert the instructor and request that you be given an equivalent amount of time for your rebuttal.

## Logic: The Techniques of Persuasive Argumentation

### The Structure of a Debate

Although this is not a course in logical debate, you will get more out of it if you proceed in a systematic manner. Although there are many systems and theories for debate, we present a simplified version here so that your class can have a common framework to follow. The elements of a logical debate are the topic, the argument, and the rebuttal or counter-argument.

### The Topic

Sometimes also called the "proposition," "claim," or "thesis," this is the concise statement of what the argument will address. In formal debating, the topic is usually called a proposition and may be presented in the form of a motion that is going to be submitted to a body for a vote, for example:

Resolved, that American corporations should refrain from outsourcing to factories in countries where child labor under the age of 15 is permitted.

Thereafter, one side (sometimes an individual but often a team consisting of up to three people) takes the *affirmative* position (meaning that it supports the proposition), while the other takes the *negative* position (meaning that it opposes the proposition). The party taking the affirmative side then opens with a clear formulation of its position and begins the debate by presenting the "main line," or strongest point on its side. The negative side is allowed to question the manner in which the affirmative side has defined the proposition, and may choose to present an alternative formulation before presenting the main line of its argument. In team debating, the second and third members will then present the second and third lines of their team's argument. Opportunities for rebuttal may be provided after each speaker or at the end of each team's main presentation. When the debate is concluded, a vote may be taken (for example, by the audience or by a group of judges) to determine which team has been more persuasive.

In this course, we encourage a more informal approach in order to suit the preferences and prior experience of the instructor and students. You may prefer to present different topics for debate, or provide for a range of alternatives for action. Regardless of the approach you choose, each class and each student should have some freedom to frame the debate in the perspective that he or she finds the most relevant while ensuring that both sides are still engaging the same question. Consequently, it is always a good practice to begin a debate or discussion (or a written assignment) with a clear statement of your topic or proposition, even if it seems implied by the assignment.

### The Argument

Once you have clearly stated the debate topic and your opening proposition, you must go on to provide logical support or evidence in support of your argument. In order to persuade an audience, you must support your main thesis with compelling reasoning and/or factual evidence. You may choose to focus on either logic or evidence, or you may use both. For example, if you wanted to base your argument on moral reasoning, you might say,

In the United States, we do not permit full-time factory work for children under the age of 15, so we should not participate in the exploitation of children abroad in a manner we would not accept at home.

Note that this argument, like many other arguments based on logic or reasoning, is itself based on further unstated assumptions, which we may call the logical basis or moral basis of the argument. Thus, the person making the above argument is assuming that

1. it is self-evident that we should not participate in behavior abroad that we do not accept at home (which may or may not be true depending on circumstances); and/or
2. behavior that is not legally accepted in the United States is necessarily exploitative when practiced abroad (which, again, may or may not be the case).

If you wanted to base your argument on factual evidence or statistics, you might say, for example:

Statistics show that countries that permit full-time employment for children have lower levels of literacy.

Or :

Studies show that underage female factory workers are subjected to high levels of sexual harassment and are at greater risk to become victims of rape or violence.

As with arguments based on reasoning, arguments based on evidence also depend on implicit assumptions about the evidence. For example the evidence must be

1. accurate and recent (thus, the statistics should not be derived from unreliably small samples, and they should not be obtained from studies conducted so long ago that they are no longer valid),
2. relevant and logically connected to the argument (thus, the statistics on literacy might show that children raised in the countryside have even lower rates of literacy than urban children who work in factories), and
3. available to be examined (it is very easy to say, "Studies show that . . ." but if you cannot produce any published report of the study, or the study itself, then your argument cannot be considered valid; you might even be misstating the results of the survey).

### Rebuttal and Counter-argument

A good debate allows opportunities for each side to respond to the other side's arguments, and this may be called a rebuttal or a counter-argument.

To develop an effective rebuttal, you should listen carefully to the other side's argument and try to detect flaws or gaps in their claims, reasoning, or evidence. In classical rhetoric, debaters were trained to detect a number of logical fallacies, common types of arguments which on further examination are unconvincing. Here are some of the key fallacies, or flaws, you may encounter:

### Arguing Off-topic

Failure to stick to the main argument is perhaps the most common of all logical fallacies encountered in everyday discussions. In informal discussions, this is sometimes acceptable, but in a serious intellectual discussion, it wastes time and energy because you cannot seriously argue about two different topics at the same time. For example, in the debate described above, one of the parties might say something like,

"Everyone knows that American corporations don't really care about people; all they care about is profits."

Not only is that point arguable in itself (though it might make for an interesting argument), it is not directly relevant to a discussion of child labor in overseas factories. In such a case, it is appropriate simply to say, "The point you are making is not relevant to the topic of this discussion."

### Drawing Excessive or Illogical Conclusions from Evidence

In debates over the value of evidence, it is frequently said that "correlation does not prove causation." In other words, if statistics show a correlation between two sets of facts, they do not necessarily prove a causal connection between them. For example, in one nineteenth century study of tuberculosis in Paris, the researcher noted that tuberculosis most frequently struck people living on the fifth floor of apartment buildings (the highest floor in apartment buildings of the day). He concluded that there was a causal relation between tuberculosis and altitude, and theorized that it was unhealthy to live too high above the ground. In fact, the highest floor was reserved for the small, drafty attic chambers of the poor servants who served the bourgeois families on the lower floors, so the true correlation was between poverty and tuberculosis. Statistics must always be closely scrutinized for relevance. We must always ask whether the statistics apply to the same fact pattern that we are discussing. Also, be wary of statistics that are out of date or are drawn from samples that differ in some fundamental way from the population being discussed.

### Ad Hominem Argument

This refers to a statement that attacks you personally (or personally attacks an authority upon whom you are relying), rather than addressing the argument that you are making. In everyday discussions, this is perhaps the most dangerous of rhetorical fallacies. Not only is it irrelevant, but it frequently arouses such negative emotions that the opponent retaliates in kind. Everyone, including the instructor and other classmates, should be attentive to ad hominem arguments, and the person making them should be gently but firmly admonished against this tactic.

## The Problem of Cognitive Bias

One of the difficulties encountered in everyday discussions of social and political affairs is that people enter the discussion with their minds already made up. No matter how compelling the reasoning or convincing the evidence, they will refuse to consider the other side. If asked to research the facts, they will only look for facts that support the views they already had. Such people could be said to be wearing "intellectual blinders." In a classroom or college context, this attitude is unfortunate: It closes us off from learning and from growing intellectually. In order to detect it in others and avoid it ourselves, it pays to learn about this tendency toward stubborn consistency, which is sometimes referred to by psychologists as *cognitive bias*.

One of the great discoveries of modern psychology is that humans are, in fact, extremely susceptible to biased thinking. Much of our understanding of the powerful influence of cognitive bias is due to the work of two psychologists, Daniel Kahneman and Amos Tversky. (Kahneman won the Nobel Prize for his efforts in 2002.) Kahneman postulates that humans use two different kinds of thinking systems, fast and slow.<sup>1</sup> Fast thinking is instinctive, emotional, and reactive, and can be useful in contexts when you have to make a decision quickly (e.g., you see a bear coming toward you in the forest, so it is time to think quickly about climbing a tree). Slow thinking is logical, laborious, and difficult: the kind of thinking that we use when we solve a math problem or a logic puzzle.

Cognitive bias represents the tendency toward instinctive, reflexive modes of thought, or fast thinking, when we might be better off using our slower, more laborious mode of thinking. One might suppose that when it comes to politics and social issues, such as those involved in analyzing corporate social responsibility, people would always rely on slow, logical thinking. However, Kahneman's research (as well as that of many other cognitive psychologists) indicates the opposite.

Let us consider the power of some important cognitive biases that draw us astray.

### Confirmation Bias

*Confirmation bias* is the human tendency to discredit or ignore information that contradicts our beliefs, while we uncritically adopt information that supports our beliefs. Studies have demonstrated that most people are only open to hearing new information if it confirms their previously-held beliefs.

Confirmation bias explains why information exchange tends to reinforce our beliefs. The more we learn about ethical, social, or political issues, the more biased we become. Confirmation bias is thus the motor of prejudice. Once we get a tiny bit biased one way or another, the confirmation bias pushes us farther and farther in that direction. Increased education and research, strangely, can end up making us all more deeply biased.

In one classic study, a group of pro-death penalty students and a group of anti-death penalty students evaluated two "opposing" studies on capital punishment. In fact, the studies were identical, except that they carried different titles and came to different conclusions. The students were asked to decide which of these studies was better and more convincing (despite their being *virtually identical*). Almost invariably, the students concluded that the study with the title that supported their pre-existing views was superior to the other study. Not only that, but when the students were asked why they preferred the study they felt was superior, they were able to present a number of highly-specific examples to support their evaluations. Since both studies were based on exactly the same information, the students' preference for one study over the other was derived purely from bias.

When we are exposed to mixed information, part of it supporting our views and part of it contradicting our views, we are more attentive to the part that supports our views, which we are likely to accept as accurate and true, while we ignore the part that contradicts our views. Indeed, sometimes these contrary

arguments barely register in our consciousness.

### Partisan Bias

*Partisan bias* is a form of prejudice and overconfidence that takes hold of people whenever they feel loyalty or affiliation with a group or a team. We witness partisan bias in the political sphere when presidential campaigns are under way, as Democrats are always quick to point out that their preferred candidate is vastly superior to the Republican candidate, while Republicans are equally certain of the contrary.

Partisan bias does not only rule the world of politics, but can occur in any sphere where people feel drawn to one group over another. We can relate this concept to CSR: If you begin to perceive that you are part of a group that is a big supporter of a certain kind of CSR activity, then you will probably be susceptible to the assumption that your group is always right in all aspects. As soon as we feel we belong to a group, we begin to view that group as superior to other groups. It is so easy to elicit group bias that psychologists have proposed the existence of *implicit partisanship*—a hard-wired human predisposition to take sides and then prefer that side.

One experiment relating to implicit partisanship showed that, if people are shown a list of names and asked to study it for as briefly as a few minutes, they develop a preference for the names on the list and consider them superior to other names.<sup>2</sup> In another experiment, a group of college students was assigned to one of two teams to watch a taped football game. The students displayed a clear preference for their assigned team and later argued that the referee had unfairly called fouls against their team.<sup>3</sup>

If a group of people are told that they will be assigned to either group A or group B according to a coin toss, they begin to prefer their group even *before* they are sure they are assigned to it. Those to whom it has been merely hinted that they *may* have been assigned to group B begin nonetheless to express a clear preference for the members of group B and a belief that group B is generally superior to group A.<sup>4</sup>

While the existence of the partisan bias has been confirmed by recent research, it has long been apparent to perceptive observers of political argument. In fact, Socrates noted the following in Plato's *Phaedo*:

The partisan, when he is engaged in a dispute, cares nothing about the rights of the question, but is anxious only to convince his hearers of his own assertions.<sup>5</sup>

### Availability Bias

*Availability bias* refers to the fact that, in an uncertain situation, people tend to use the most obvious fact or statistic in order to come to a conclusion—even if a moment's thought or the slightest bit of research would have demonstrated that the particular fact or statistic was unreliable. You can test your own susceptibility to the availability bias by trying to correctly answer the following question as quickly as possible:

Facts: A bat and a ball cost \$1.10 in total. The bat costs \$1 more than the ball.

Question: How much does the ball cost?

Most people answer 10 cents. However, this is clearly wrong, as you will probably realize if you think about it carefully for a few more seconds. The correct answer is that the ball costs 5 cents.

If you answered incorrectly, don't feel bad—more than half of a group of Princeton students got the answer wrong as well. How is it possible that even smart people can be so dumb when it comes to such a simple question? In Kahneman's words, "The respondents offered their responses without checking. People are not accustomed to thinking hard and are often content to trust a plausible judgment that comes quickly to mind."<sup>6</sup> Since \$1.10 divides neatly into \$1.00 and ten cents, respondents leaped to this seemingly obvious answer, though it was incorrect. Kahneman named this the *availability heuristic*, the tendency to rely on a mental shortcut to choose answers from the most obvious (available) options.

Kahneman amusingly illustrated a variant of the availability bias, which he called the *anchoring bias*. When asked to estimate anything numerically, we have a tendency to over-rely (or "anchor") on any number that has recently been suggested to us, regardless of its relevance. Kahneman asks an audience to think of the last four digits of their social security number, and then asks them to estimate the number of physicians living in New York City. To a remarkable and entirely illogical extent, people's subsequent estimates of the number of New York physicians correlated with the last four digits of their own social security number. (Amazingly, this held true even when the audience was composed of math teachers.) Numbers hold a mystical sway over the human brain and it appears we are frighteningly suggestible when it comes to arguments based on data, even when the data is irrelevant. Thus we acquire newfound respect for the prescience of Mark Twain's famous quip, "There are three kinds of lies: lies, damned lies, and statistics."

One example of availability bias that comes up in the context of CSR relates to the impact of global warming on polar bears. Global warming contrarian Bjorn Lomborg often uses this example to show that most people think they understand global warming better than they actually do. Thus, he opens his book *Cool It* with a long chapter that provides abundant statistics to show that, over the past 25 years, the global population of polar bears has been increasing.<sup>7</sup> This comes as such a profound shock to most citizens who are concerned about global warming that they can scarcely believe it. Is Bjorn Lomborg telling the truth, or is he pulling our leg? Some students even become angry when presented with the evidence.

Actually, Lomborg does not deny that in the long term global warming may have a highly negative impact on polar bear populations. The point he is trying to make is that people leap to assumptions without checking the facts. People are concerned about polar bears because so many groups that try to raise awareness about the dangers of global warming have used the endangered polar bear as their favored mascot. Consequently, many people have simply assumed polar bear populations were already being decimated by global warming. While, polar bear populations may become under severe strain from global warming in the 21st century, for the past several decades, as well as the current decade, the main danger to polar bears comes from legally licensed hunters.

This point is raised here not to advance any argument about global warming. We will devote an entire chapter to global warming issues, and you will have an opportunity to learn more there about the very real dangers associated with global warming. The point here is that people have a tendency to leap to the easiest assumption, and that is one tendency that we should try to resist when we engage in formal research and debate.



## Debating CSR: What are the Key Issues?

As noted at the beginning of this chapter, some people are surprised to hear that there is anything to debate about CSR. After all, such people may ask, isn't CSR a matter of corporations doing good things? And what could possibly be wrong with corporations doing good things?

Actually, even corporations that fully support CSR do engage in debates about CSR, but these are usually about *how* to do CSR, not about whether CSR is in general a positive thing or not. Corporations, like individuals, sometimes have to make difficult choices about how to spend their money. It can be quite challenging for a corporation to choose among different options for CSR, and equally difficult to decide how much to spend on a particular CSR project in terms of cash and organizational resources. Several of the case studies in this book deal these types of strategic CSR questions.

However, it is worth noting at the outset that many CSR skeptics also believe that CSR merits greater ethical scrutiny, and thus there are some prominent voices who have expressed doubts about the perceived social benefits of CSR.

So that you can begin to develop your own informed opinion on this topic, let us begin with a review of the potential benefits and drawbacks to CSR.

## CSR: Potential Benefits

### Neglected Social Problems Are Addressed

It is undeniable that even governments in the wealthiest countries cannot effectively address all social problems. Every society is to some extent plagued by issues such as unemployment, criminality, homelessness, disease, discrimination, pollution, and natural disaster. Why not mobilize the vast economic and organizational resources of corporations to help alleviate the damage caused by such problems?

### Corporate Employees Are Energized and Motivated

A large percentage of the workforce in most countries is employed in the corporate sector (38% of Americans are employed by large companies).<sup>8</sup> CSR allows corporate employees to feel an added level of meaning in their lives by enriching their jobs with an ethical dimension. Such employees may be more productive on the job and may be more willing to volunteer for community service and contribute to charitable organizations.

### Links between Business, Nonprofits and the Government Are Enhanced

Today, a great deal of CSR involves partnerships between corporations, nonprofit organizations, and governmental bodies. For example, the Timberland footwear and apparel company developed a partnership with the Boston-based nonprofit organization City Year in 1989, beginning with a small contribution of 50 boots.<sup>9</sup> City Year engages young people from 17 to 24 in a 10-month program of community service. By 1994, Timberland had provided \$5 million to help City Year expand into 6 cities, and by 1998, Timberland employees had contributed 20,000 hours to City Year efforts. President Bill Clinton was so impressed by the City Year story in 1992 that, in 1993, he enlisted its founders to help him establish the AmeriCorps program, a federally-funded means of supporting community service by young people. Since its founding, 575,000 AmeriCorps volunteers have contributed over 700 million hours of community service.

### Corporate Image Is Improved

In a competitive global marketplace, corporations want to maintain a strong, positive image in the minds of consumers and legislators, and CSR helps them achieve this. For example, Estée Lauder has become closely associated with the pink ribbon symbol of its Estée Lauder Breast Cancer Awareness Campaign, a program that has raised over \$35 million for breast cancer research and has spread to over 70 countries.

## CSR: Potential Drawbacks

### Bad Corporations Are Able to Buy a Positive Image

Some of the biggest contributors to CSR are companies in the oil, tobacco, and alcohol sectors, arguably those who have the most to gain from repairing negative associations with the harm caused by their products. Although the World Health Organization has declared that tobacco is the single greatest cause of preventable deaths worldwide, that fact has not stopped global tobacco companies, such as Philip Morris International (owner of the Marlboro brand) from spending huge sums to improve their image. Philip Morris not only contributes over \$30 million per year to a variety of charitable causes in over 50 countries, it is also a leading sponsor of sporting events (notably Formula 1 racing).<sup>10</sup>

### The Public Is Misled on the True Impact of Corporate Activities, e.g., "Greenwashing"

*Greenwashing* refers to the corporate practice of making misleading environmental claims. By the early 1990s, nearly a quarter of all consumer products were marketed with some sort of environmental claim, using terms such as "green" or "environmentally friendly."<sup>11</sup> So many of these claims were later found to be exaggerated or deceptive that a number of advertising regulatory bodies and consumer protection agencies around the world enacted strict controls on environmental claims in advertising.

Among the leaders in making environmental claims have been oil, chemical, and automobile companies, all of which are arguably linked to increasing levels of pollution. Thus, in Norway, for example, strict regulations prohibit car manufacturers from making virtually any environmental claims, because in the view of the Norwegian Consumers Ombudsman, "cars can't be environmentally beneficial."

As early as the mid-1990s, the Chevron oil company had become a leader in touting its commitment to environmentalism, but that did not prevent it from getting embroiled in a controversial lawsuit involving claims of massive amounts of pollution in the Ecuadorian Amazon, with Chevron suffering an adverse \$19 billion legal judgment for the environmental damage it caused. Similarly, BP (British Petroleum), went so far as to revamp the corporate logo in its attempt to become recognized for environmentalism despite evidence that BP management was aware of the risks that led to the offshore oil platform explosion off the coast of Louisiana in 2010, considered the worst marine oil spill in the world and the greatest environmental disaster in the history of the United States. Evidence uncovered in a U.S. Congressional hearing suggested that BP management had overruled its own staff and consultants to undertake riskier procedures because these were perceived to save time and money.<sup>12</sup>

### Nonprofits and Charities May Rely Too Heavily on Corporate Handouts

Many charities and nonprofits come to rely heavily on corporate contributions and often on contributions from a single corporation, which leaves them at the mercy of corporate goodwill, and at the risk of economic or management reversals which could lead to a cutoff of their funds. Thus, in the Timberland–City Year example discussed earlier, by 1997, City Year found that it was almost wholly dependent on Timberland for financial support, and it was only at that point that Timberland and City Year reached out for help from other corporations. Indeed, the City Year sponsorship had even caused a problem within Timberland when the company suffered a sharp decline in revenue in 1995 that led to layoffs. Employees were angry that management continued to spend millions on charitable contributions at the same time it was terminating jobs.

From a similar perspective, consider the cases of Enron and Lehman Brothers, enormous companies that disappeared virtually overnight due to fraud and mismanagement, respectively. Both companies maintained large CSR programs that had to be suddenly abandoned.<sup>13</sup> Indeed, Enron had become known as a leading “poster child” for CSR, with widely reported commitments to green energy, so that at the 1997 Kyoto Conference it received an award from the Climate Institute.

### Topic for Debate: To CSR or Not to CSR?

You have a close friend, John Goodie, who is considering obtaining a graduate degree in business and is trying to decide between two programs. One program is part of the MBA (master of business administration degree) curriculum at University A, and it focuses on CSR. The other program is part of the MBA curriculum at University B, and it focuses on the management of nonprofits and charities. John has always considered himself a very ethical and responsible citizen and has spent most of his summers since his teenage years volunteering in a number of community service positions. Both schools have excellent reputations, but University B is slightly more prestigious.

John tells you that his ultimate goal is simply “to make the world a better place.” He asks for your advice. What do you tell him? Provide the strongest arguments in favor of either University A or University B, as follows:

#### Affirmative Position

John should attend **University A**, which has a strong program in CSR.

Possible Arguments:

- CSR is likely to be the most powerful and effective way of making the world a better place.
- CSR is a rapidly growing field with lots of jobs.
- John is already implicitly interested in CSR since he wants to make the world a better place.

#### Negative Position

John should attend **University B**, which is slightly more prestigious but does not have a well-developed CSR program.

Possible Arguments:

- There are problems with CSR, such as greenwashing.
- If John wants to make the world a better place, he will be better off developing his skills in the more prestigious institution.
- With a more prestigious degree, he will be able to get a job in a nonprofit or charitable organization if he wants.

### Readings

#### 2.1 CSR Isn't Working

Morrell, Marcus. “Anita Roddick: Corporate Social Responsibility?” Transcript of video, 5:02. Filmed September 15, 2006. [www.globalissues.org/video/733/anita-roddick-corporate-social-responsibility](http://www.globalissues.org/video/733/anita-roddick-corporate-social-responsibility).

Corporate social responsibility, I don't think it's working. I think it's been taken over by the big management houses, marketing houses, been taken over by the big groups like KPMG, like Arthur Anderson. It's a huge money-building operation now. I think maybe it's the word “corporate.”

When I was part of the architects of this responsibility business movement, that was so different; that was an alternative to the International Chamber of Commerce, it was a traders' alliance, it had progressive thinkers, progressive academics, it had, you know, people who were philanthropists.

Things happened. We didn't see the whole growth of corporate globalization; we didn't see the immense power of businesses playing, especially in the political arena. We didn't look at the language, the economic language which was about control, which was about everything had to be for the market economy. We were just flowering around on our own thinking and so we took our eyes off the ball and when we put it on the ball again we thought, “you know, it's been hijacked, this social responsibility in business”; and it became *corporatesocial* responsibility.

And it was a huge money-earner, for these big management companies, like KPMG, like Arthur Anderson, like PriceWaterHouseCoopers, all of those. They were making shed-loads of money by actually doing a system of analysis about how you measure your behavior. But it was no good; it was like this obsession for measurement. It wasn't showing you how you can put these ideas into practice and they never told you it meant a truth—truth that nobody wants to discuss, that if it gets in the way of profit, businesses aren't going to do anything about it. So we still have rapacious businesses, you still have businesses in bed with government, you still have governments' inability to measure their greatness by how they look after the weak and the frail. You still have government's only true measurement of success as economic measurement. And you still have businesses that can legitimately kill, can legitimately have boardroom murder, can legitimately have a slave-labor economy, so that all of us in the West—primarily in the West, or all of us who are wealthy—are guaranteed a standard of living to which we are used to.

But for me, corporate social responsibility in my life, I don't think it has worked. And that's a shame. Because it's controlled the language and it's hijacked the language.

Morrell, Marcus. "Anita Roddick: Corporate Social Responsibility?" Transcript of video, 5:02. Filmed September 15, 2006. <http://www.globalissues.org/video/73...responsibility>.

## 2.2 Paul Newman reflects on founding Newman's Own

Newman, Paul and A.E. Hotchner. *In Pursuit of the Common Good*, 197-199. New York: Broadway Books, 2003. Find this book in a library.

I really cannot lay claim to some terribly philanthropic instinct in my base nature. It was just a combination of circumstances. If the business had stayed small and had just been in three local stores, it would never have gone charitable. It was just an abhorrence of combining tackiness, exploitation, and putting money in my pocket, which was excessive in every direction.

Now that I'm heavily into peddling food, I begin to understand the romance of the business—the allure of being the biggest fish in the pond and the juice you get from beating out your competitors. I would like to see the company reach \$300 million in sales, and be able to support new philanthropic initiatives. We were a joke in 1982, but the joke has given away \$250 million so far—so we are a very practical joke.

One thing that really bothers me is what I call "noisy philanthropy." Philanthropy ought to be anonymous, but in order for this to be successful you have to be noisy. Because when a shopper walks up to the shelf and says, "Should I take this one or that one?" you've got to let her know that the money goes to a good purpose. But overcoming that dichotomy has provided us with the means of bringing thousands of unlucky children to the Hole in the Wall Gang Camps.

Since the Connecticut camp opened in 1988, a time when only 30 percent of the children who attended survived, medical progress has been phenomenal, especially in the field of bone marrow transplants; the result is that the percentages have been completely reversed—70 percent of those children who come to camp will now survive; but during the critical time of treatment and recovery we furnish them with much needed respite....

It is also thrilling to note that thirty-five of last summer's counselors were former campers who had overcome cancer and were now taking care of kids afflicted as they were. At the end of last summer's session, a counselor who had been a media major in college, on the basis of her experience at the camp changed her course of studies to pursue a medical career in pediatric oncology....

Another experience last summer, a marvelous African-American girl who told me, "Coming up here is what I live for, what I stay alive for during those miserable eleven months and two weeks is to come up here for the summer."

## 2.3 "Corporate Conscience Survey Says Workers Should Come First"

Strom, Stephanie. "Corporate Conscience Survey Says Workers Should Come First." *The New York Times* online. May 31, 2006. [www.nytimes.com/2006/05/31/business/31charity.html?\\_r=0](http://www.nytimes.com/2006/05/31/business/31charity.html?_r=0).

## 2.4 Corporate Watch Critiques CSR

"What's Wrong with Corporate Social Responsibility? The Arguments against CSR," Corporate Watch, accessed November 30, 2014, [www.corporatewatch.org/content/whats-wrong-corporate-social-responsibility-arguments-against-csr](http://www.corporatewatch.org/content/whats-wrong-corporate-social-responsibility-arguments-against-csr).

Like the iceberg, most CSR activity is invisible...It is often an active attempt to increase corporate domination rather than simply a defensive "image management" operation.

CSR is supposed to be win-win. The companies make profits and society benefits. But who really wins? If there is a benefit to society, which in many cases is doubtful, is this outweighed by losses to society in other areas of the company's operation and by gains the corporation is able to make as a result? CSR has ulterior motives. One study showed that over 80% of corporate CSR decision-makers were very confident in the ability of good CSR practice to deliver branding and employee benefits. To take the example of simple corporate philanthropy, when corporations make donations to charity they are giving away their shareholders' money, which they can only do if they see potential profit in it. This may be because they want to improve their image by associating themselves with a cause, to exploit a cheap vehicle for advertising, or to counter the claims of pressure groups, but there is always an underlying financial motive, so the company benefits more than the charity.

...CSR diverts attention from real issues, helping corporations to avoid regulation, gain legitimacy and access to markets and decision makers, and shift the ground towards privatization of public functions. CSR enables business to pose ineffective market-based solutions to social and environmental crises, deflecting blame or problems caused by corporate operations onto the consumer and protecting their interests while hampering efforts to find just and sustainable solutions.

### CSR as Public Relations

CSR sells. By appealing to customers' consciences and desires CSR helps companies to build brand loyalty and develop a personal connection with their customers. Many corporate charity tie-ins gain companies access to target markets and the involvement of the charity gives the company's message much greater power. In our media-saturated culture, companies are looking for ever more innovative ways to get across their message, and CSR offers up many potential avenues, such as word of mouth or guerilla marketing, for subtly reaching consumers.

CSR also helps to greenwash the company's image, to cover up negative impacts by saturating the media with positive images of the company's CSR credentials....

A prominent case against Nike in the US Supreme Court illustrates this point. When, in 2002, the Californian Supreme Court ruled that Nike did not have the right to lie in defending itself against criticism, chaos ensued in the CSR movement. Activist Marc Kasky attempted to sue the company over a misleading public relations campaign. Nike defended itself using the First Amendment right to free speech. The court ruled that Nike was not protected by the First Amendment, on the grounds that the publications in question were commercial speech. The case proceeded to the US Supreme Court. Legal briefs were submitted to the Supreme Court by public relations and advertising trade associations, major media groups, and leading multinationals, arguing that if



a company's claims on human rights, environmental and social issues are legally required to be true, then companies won't continue to make statements on these matters.

The submission from ExxonMobil, Monsanto, Microsoft, Bank of America, and Pfizer contended that "if a corporation's every press release, letter to an editor, customer mailing, and website posting may be the basis for civil and criminal actions, corporate speakers will find it difficult to address issues of public concern implicating their products, services, or business operations."

This case simply reinforces the criticism that CSR is nothing more than a PR exercise. Corporations would not be so concerned about potential legal actions if they valued truth, transparency, and accountability as much as they claim.

### **CSR is a strategy for avoiding regulation**

CSR is a corporate reaction to public mistrust and calls for regulation. In an Echo research poll, most financial executives interviewed strongly resisted binding regulation of companies. Companies argue that setting minimum standards stops innovation; that you can't regulate for ethics, you either have them or you don't; and that unless they are able to gain competitive advantage from CSR, companies cannot justify the cost.

Companies are essentially holding the government to ransom on the issue of regulation, saying that regulation will threaten the positive work they are doing. CSR consultancy Business in the Community supports corporate lobbying against regulation, arguing that "regulation can only defend against bad practice—it can never promote best practice." These arguments, however, simply serve to expose the sham of CSR. Why would a "socially responsible company" take issue with government regulation to tackle bad corporate practice?

...The argument that regulation would hinder voluntary efforts on the part of the company to improve their behavior has been readily accepted by a government keen to avoid its regulatory duties when it comes to curbing corporate power. The UK Department for International Development (the department charged with tackling global poverty...) dismissed the idea of an international legally binding framework for multinational companies saying that it would "divert attention and energy away from encouraging corporate social responsibility and towards legal processes." As this quotation shows, without any evidence for its effectiveness, the government is choosing CSR over making corporate exploitation and abuse illegal.

### **2.5 "Leading Organizations Build Case for Green Infrastructure"**

"Leading Organizations Build Case for Green Infrastructure," *The Nature Conservancy*, accessed June 11, 2013, [www.nature.org/newsfeatures/pressreleases/leading-organizations-build-case-for-green-infrastructure.xml](http://www.nature.org/newsfeatures/pressreleases/leading-organizations-build-case-for-green-infrastructure.xml).

Research by experts from industry and an environmental organization finds that incorporating nature into man-made infrastructure can improve business resilience—and bring additional economic, environmental, and socio-political benefits.

Experts from The Dow Chemical Company, Shell, Swiss Re, and Unilever, working with The Nature Conservancy and a resiliency expert, evaluated a number of business Case Studies, and recommend in their newly published White Paper that green infrastructure solutions should become part of the standard toolkit for modern engineers.

Green infrastructure employs elements of natural systems, while traditional gray infrastructure is man-made. Examples of green infrastructure include creating oyster reefs for coastal protection, and reed beds that treat industrial wastewater.

"Instead of thinking about independent solutions, we must look at integrated systems," said Andrew Liveris, Chairman and Chief Executive Officer of Dow. "Natural systems not only serve multiple functions, but have multiple benefits—often requiring less capital and less maintenance while promoting biodiversity that we all enjoy."

"Green infrastructure can bring benefits for companies, for communities and for the environment," said Peter Voser, Chief Executive Officer of Royal Dutch Shell plc. "It can be cheaper, provide new opportunities for engagement with stakeholders, and create wildlife habitats. Green infrastructure should be part of mainstream business thinking."

"Protecting nature and the services it provides to people and business is one of the smartest investments we can make," said Mark R. Tercek, president and CEO of The Nature Conservancy.

"This is the case whether we are talking about the production of clean, abundant freshwater, protection from storms, or healthy and productive soils. Green infrastructure solutions also provide many co-benefits, such as wildlife habitat, and typically appreciate over time, rather than depreciate as happens with gray infrastructure."

### **Union Carbide Corporation (subsidiary of The Dow Chemical Company) uses constructed wetlands to treat wastewater near Seadrift in Texas.**

This 110-acre (approximately 44.5-hectare) engineered wetland was designed to consistently meet regulatory requirements for water discharge from the manufacturing plant, and has operated successfully for over a decade.

### **Petroleum Development Oman LLC (PDO) uses constructed wetlands to treat produced water from oilfields in Oman.**

The Nimr oilfields, in which The Shell Petroleum Company Ltd is a joint venture partner, not only produce oil, but also more than 330,000 m<sup>3</sup> of water per day. PDO built the world's largest commercial wetland, and it treats more than 30% (or 95,000 m<sup>3</sup> per day) of the total produced water. This volume would normally require extensive infrastructure to treat and inject the water into a subsurface disposal well. As gravity pulls the water downhill, reeds act as filters, removing oil from the water. The oil is eaten by microbes that naturally feed on hydrocarbons underground. Oil content in the produced water is consistently reduced from 400 mg/l to less than 0.5 mg/l when leaving the wetlands.

Power consumption and CO<sub>2</sub> emissions are 98% lower than they would have been with the alternative man-made solution. Also, the wetlands are providing habitat for fish and hundreds of species of migratory birds.

*The Nature Conservancy* is a leading conservation organization working around the world to protect ecologically important lands and waters for nature and people. The Conservancy and its more than 1 million members have protected nearly 120 million acres worldwide.

## Synthesis Questions

1. Are there companies you can name whose social responsibility actions you admire and trust? What do they do that inspires you?
2. Are there companies you can name whose social responsibility actions you would not trust, or even doubt? Which companies are they, and why do they fail to convince you?
3. Would you like to work in the field of CSR? Why or why not?

## Endnotes

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