

## **Working Papers**

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Emerging Trends / Ethics in Corporate Social Responsibility

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#### **Abstract**

The effort to identify emerging trends and ethics of corporate social responsibility (CSR) reveals the interlocking relationships between globalization and environmentalism. The intersection of the two—globalization and environment, business and society-- manifest current issues of workplace ethics, the natural environment, business objectives and goals, personal values, community needs, government institutions and technology.

This paper introduces trends in CSR as tied to the environmental movement. It identifies three areas of emerging ethics—human rights, sustainable development and healthy societies--addressed independently yet clearly interdependent in scope. The paper concludes with industry examples, new models emerging from the new ethic and future business role and challenges. It is cursory at best with the intent to educate the reader while providing a resource rich bibliography.

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### **Emerging Trends / Ethics in Corporate Social Responsibility**

The role of industry and technology propelled the global and environmental movements, altering the perception of nature and nature itself (Hoffman, 2002). The growth in industry attributed to technological

advancements has resulted in numerous negative affects on the natural environment: air, land and water pollution, toxic waste, and depletion of natural reserves. Consequently, the emerging concept of corporate social responsibility (CSR) and corporate citizenship has evolved in parallel with the market changes brought on by globalization and the environmental movement.

The effort to identify emerging trends and ethics of CSR reveals the interlocking relationships between globalization and environmentalism. Linking business and society is itself a controversial and complex relationship. Yet the intersection of the two—globalization and environment, business and society-- manifest current issues of workplace ethics, the natural environment, business objectives and goals, personal values, community needs, government institutions and technology.

This paper introduces trends in CSR as tied to the environmental movement. It is cursory at best with the intent to educate the reader while providing a resource rich bibliography. It identifies three areas of emerging ethics, described independently although they clearly are interdependent in scope. The paper concludes with industry examples, new models emerging from the new ethic and future business role and challenges.

### **Introduction**

Corporate citizenship responsibilities and expectations related to corporate social responsibility, social accounting and marketing, business ethics, compliance and reputation management have evolved over the past five decades.<sup>1</sup> Many large US conglomerates following WW II dominated the

<sup>1</sup> There is no single commonly accepted definition of corporate social responsibility (CSR). For purposes of this paper, CSR connotes the relationship between business and society

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global economy. Due to the relative lack of global competitors, few formal governance practices were in place to act as restraints. The economic turmoil of the 1970s and 1980s resulted in business focus on core competencies and the role of product diversity. The late 1980s-1990s brought new focus on efficiency and productivity with models emerging on Total Quality Management and reengineering. It was the technological advances of the 1990s and the globalization of the market place that initiated the balance between the global market economy and its corresponding interest in social justice and corporate citizenship. Attention shifted to a strategic focus to fulfill economic, legal, ethical and philanthropic social responsibilities expected by stakeholders: employees, investors, customers, business partners, community, government and the environment.<sup>2</sup>

Globalization has made corporate citizenship an international concern. Progressive global businesses realize the “shared bottom line” that comes from partnering among all stakeholders. The concept of CSR and corporate citizenship has evolved in tandem with the pace of knowledge and technological change. The enormous growth in industry occurred in concert with technological advances and innovations propelled by a marketplace that allow for the exploration, production and exchange of knowledge. But this

has also resulted in numerous negative effects to the natural environment— toxic waste, air, land and water pollution and depletion of natural resources. The cost-benefits of technology, which includes the consequences of industry and commerce on the environment, contribute to the complex relationship between technology and nature. Attitudes toward technology and nature have religious and philosophical underpinnings as well and lead to with four areas of corporate responsibility: economic, legal, ethical and philanthropic (decision making with overall responsibility linked to ethical values).

2 Stakeholder theory is not a new or recent concept. Its history appears as dynamic as the conditions that create its use to guide business practice. The term itself—stakeholder— has a legal origin and in the 1930s was debated in the context of corporate governance. In the 1960s, a Stanford Research Institute project shifted stakeholder focus away from the law to strategic management in response to increasing regulatory and legislative changes. With the increasing number of mergers and acquisitions in the 1980s, the stakeholder concept re-emerged in the law and became a part of the lexicon of business ethics. For the complete analysis, see M. Jennings , Stakeholder Theory: Letting Anyone Who's Interested Run the Business—No Investment Required.

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discussion ultimately on human nature. It is the context of this relationship that informs the conceptual framework of this paper on trends in CSR/business ethics as related to environmentalism and environmental ethics.

The questions of technology and the corollary questions concerning the environment are jointly considered “precisely because we have succeeded in controlling and predicting natural events” (Hoffman, 2002). These advances have typically come through market forces, analytic science, experimentation and technological innovation, not through any symbiotic relationship with nature. One of the major costs of technological innovation is the degradation of the natural environment, which spawned the environmental movement in the 1970s. Three categories of questions emerge:

- Scientific: what is the extent of the damage and what are the long-term consequences for humans and natural systems?
- Ethical: what is the value of nature and is the value of nature tied only to human well being?
- Political: what tools and processes are best designed and/or used to preserve natural resources: public or private control?

Therefore, to seriously engage discussion on the environment, one must address the three perspectives on human value and nature that emerge from the questions:

- Anthropocentric view: the value of nature is tied to and is a function of (or dependent on) its values to humans.
- Extensionist view: extends from the anthropomorphic perspective where the capacity to feel pleasure or pain determines value to humans and by extension animals.
- Biocentric view: a deep ecological view that states nature has an intrinsic value independent of any human value purpose or utility

Emerging themes of the environmental movement are questions of nature,

human nature, and what it means to be human. It is a social question at a time when technology has come of age not just as technical capability but as

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social phenomenon. (Hoffman, 2002; Kavanaugh, 2001; Hanson, 2001; Fukuyama, 2002; Naess, 1998; Goodpaster, 1999).

It is also a question of markets and economics. Are markets the best institutions for preserving the environment and avoiding harm to nature? (Hoffman, 2002). To what extent are environmental problems understood as economic problems? People and communities involved in defending of the rights of the poor link poverty with the destruction of the ecological environment (Assemblée des eveques du Quebec, 2001).

The words “economy” and “ecology” share the same Greek root: oixia, meaning home. Ecology is the science of the environment (or human home) and economy is the control or management of this environment. To reestablish the connection between economy and ecology involves factoring the ecological and the social costs into the calculation of economic costs. Particularly with the impact of economic globalization, the profound connection between the issue of ecology and social issues is emerging (Assemblée des eveques du Quebec, 2001; Panayotou, 2000) implying environmental problems at their root are social problems. <sup>3</sup> The “cry of the earth is the cry of the poor; there is no true separation between how we support life economically and ecologically” (Assemblée des eveques du Quebec, 2001; Hawken et. al., 2003). To this end, the ecological crisis is a moral problem that requires a “common responsibility” (John Paul II, 1990). In his message on World Peace Day 1990, Pope John II identifies the interdependent relationship between ecology, economy and the environment in language of ecosystems, ecological awareness, and respect for nature. The ecological crisis is framed as a moral problem: production interests are prevailing over the concern for the dignity of workers and economic

<sup>3</sup> Globalization has been a defining trend in the last decade introducing new interactions among nations, economies and people. As an evolving process, global integration involves economic integration through trade, investment and capital; political interaction’ information and information technology; and culture. “All dimensions of globalization affect the natural environment and through it human development”. Panayotou (2001) outlines how economic globalization changes the government-market interface which results in a “race to the bottom” in Globalization and Environment, Center for International Development, Working Paper No. 53, 2000

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interests are having priority over the good of the community. Reiterated is the relationship and the call for “respect for life and above all for the dignity of the human person (a)s the ultimate guiding norm for any sound economic, industrial or scientific progress”. The concept of a common heritage points to the necessity of a “more internally coordinated approach to the management of the earth’s goods” and the “need for joint action on the international level”. Finally, the “right to a safe environment is ever more insistently presented today as a right that must be included and updated in the Charter of Human Rights” (1990). What emerges is the call for solidarity especially in relations with developing nations; the ecological

crisis is a common responsibility that can be fully addressed only in tandem with the structural analysis of forms of poverty.

### **Work as the Social Question**

These issues share common themes when presented in the context of considering work “as the center of the social question” (Verstraeten, Naughton, & Beretta, 2001). In working “we enter into the labor of others” so that work is “humanistic as well as theological” (LE, 1981). This relationship is universal: “ it embraces all human beings, every generation, every phase of economic and cultural development” (CA, 1991). At the same time it is particular, a process “ that takes place within each human being in each conscious human subject” (LE, 1981). Accordingly, a person’s labor is “first of all, (p)ersonal, inasmuch as the force which acts is bound up with the personality and is the exclusive property of him who acts and further was given to him for his advantage. Secondly, man’s labor is necessary; for without the result of labor a man cannot live, and self-preservation is also of nature” (RN, 1891).

Therefore, one’s very life is bound to the role labor plays in selfpreservation. Yet it is also this very work that secures a “special dignity” to one’s life (LE, 1981). It is not burden but an act and expression of one’s dignity and creativity, which becomes a fundamental dimension of human existence on earth (LE, 1981). “Work is a good thing for man—a good thing for his humanity—because through work man not only transforms nature but also he achieves fulfillment as a human being and indeed in a sense becomes more a human being” (LE, 1981). Work, then, becomes the heart of the social question:

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“..if we try to see that question really from the point of view of man’s good. And if the solution—or rather the gradual solution—of the social question which keeps coming up and becomes ever more complex, must be sought in the direction of making life more human, then the key, namely human work, acquires fundamental and decisive importance” (LE, 1981).

Fundamentally, all work is knowledge work, requiring the ability to foresee the needs of others and the factors necessary to satisfy those needs. “The manner in which new needs arise and are defined is always marked by a more or less appropriate concept of man and of his true good” (CA, 1991).<sup>4</sup> Keeping the intent of work as part of the social question ensures the focus on personhood which always returns to truth and human freedom (CA, 1991). This focus serves to remind that work belongs to the vocation of every person. Indeed, personal expression and fulfillment are the result of working. At the same time, work has a social dimension through its intimate relationship not only to the family but also to the common good. The role of human work has become increasingly important when viewed as the productive factor of nonmaterial and material wealth. It is becoming increasingly evident with globalization and environmentalism how a person’s work is naturally interrelated with the work of others. “More than

ever, work is work with others and work for others (CA, 1991); (it) is something personal and something necessary “ (CA, 1991). The social dimension of work lies in the “natural right to procure what is required to live; and the poor can procure that in no other way than by what they can earn through their work” (CA, 1991).

Thus, framing work as the social question establishes its connection to ecology. Ecological conversion results from the integration of work, ecology and social issues. Physical ecology is concerned with safeguarding natural habitat and systems. A human ecology safeguards the dignity of persons “protecting the fundamental good of life in all its manifestation and preparing for future generations” (Declaration on Environment, 2002).

<sup>4</sup> This concept stands in sharp contrast to the conventional thinking put forward by Friedman (1970) that the social responsibility of business is to increase its profits. “Individual proprietors or corporate executives responsibility is to conduct the business in accordance with their desires, which generally will be to make as much money as possible while confirming to the basic rules of the society, both those embodied in law and those embodied in ethical custom.” (p. 1)

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The scientific, ethical and political categories of questions emerging from environmentalism and the corresponding anthropocentric, extensionist and biocentric models (re: page 4) can also inform business practice. These categories of questions and perspectives on human value and human nature illuminate the concept of corporate citizenship and the business-to-society link. The environmental movement is driving many of the questions and making visible the invisible on related issues of poverty, economy and ecology. They are deep moral questions that concern business regarding leadership, responsibility, human rights and practices, management strategies and the role of business in helping shape the future. Corporate response to environmentalism results in emerging ethical and structural shifts toward human rights, sustainability and healthy societies.

### **Human Rights**

Article I: All human beings are born free and equal in dignity and rights. They are endowed with reason and conscience and should act towards one another in a spirit of brotherhood.

"The ideal of universal human rights...is one of the most important political legacies of the century." (New York Times noted in a December 8, 1999 editorial)

Human rights are distinct from legal rights in that although conferred to all humans they are not always respected. They are rights all persons possess despite particular customs and laws but are not necessarily universally recognized, honored or allowed to be exercised. Human rights standards were established by international agreement based on universal norms, applicable to every society through the adoption of The Universal Declaration of Human Rights (For the rights contained in the Universal Declaration of Human Rights see <http://www.unhchr.ch>)

In the first four decades following its adoption in 1948, the Cold War was the central political framework for viewing the world. Human rights were considered a state issue requiring state action; the private sector was

not involved. With the Cold War effectively at an end, the world  
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perspective shifted and the World Trade Organization meeting in Seattle in 1998 was obvious indication that the debate concerning human rights has become a clear concern of business. Three historical events mark the evolution of this relationship.

- The notion of corporate responsibility had its genesis in the 1970s events with the environmental movement; to the 1970s-1980s with the Nestle Infant formula marketing and nuclear weapon proliferation followed by the sweatshop and child labor issues of the 1990s that continue today. To this end, the scope of issues that required a corporate responsibility response emerged in tandem with the human rights movement tracking the same issues.

- A second area of convergence follows the human rights movement itself, which has moved beyond the political and civil aspects to broader cultural and economic issues. In the Universal Declaration with its focus on the individual and the State, the reference to ‘every organ of society’ does include business most specifically the multinational companies deemed by the human rights community as “ the most powerful non-state actors in the world” (Freeman, 2001).

- A third area of convergence between business and human rights is globalization. By its very nature, it demands a constituency of global companies and “civil society forces” (Freeman, 2001) to develop and enforce human rights practices.

In addition to globalization, the shift to a human rights focus in business is attributed to the information technology revolution; increased consumer awareness of inhumane child labor practices by large conglomerates; privatization of business with stakeholder input for public accountability and the corresponding request for greater “transparency” of company operations; and the rapid growth of stakeholder groups. As one example, the number of internationally- recognized NGOs has grown from 6,000 to 26,000 during the 1990s ([www.unhchr.ch/business](http://www.unhchr.ch/business)).

The Universal Declaration of Human Rights' with its articulation of the right to "an existence worthy of dignity," is interpreted for business application through practices ranging from the remuneration for workers to  
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investment in a community's social infrastructure. A number of human rights standards can be applied in varying degrees to the private sector. Global indicators that show how companies are beginning to incorporate such a perspective include:

- Increasing numbers of companies with corporate codes of conduct protecting the human rights and labor rights of workers employed by companies and their business partners;
- Including human rights, as defined in the Universal Declaration of Human Rights, into companies' global business principles;
- Increasing attention paid by human rights organizations, consumers

and the media to businesses impact on human rights;

- Emerging and growing interaction/dialogue between companies and stakeholder groups concerned about human rights;
- Ensuing debate requiring imposed trade sanctions on nations disregarding international human rights standards
- Developing innovative partnerships between their company, international and local human rights groups, labor unions, religious institutions, and charitable foundations. Examples include the Global Alliance for Workers, the global collective bargaining agreement between Statoil and the International Federation of Chemical, Energy, Mine and General Workers' Union, the Fair Labor Association, and the collaborative consultation that yielded the Global Sullivan Principles.
- Institutionalizing efforts through board level oversight and human rights training
- Participating in The Global Compact <sup>a</sup>

Two documents providing business guidelines for a human rights agenda are the Declaration of Fundamental Principles at Work and The Voluntary Principles.<sup>b</sup> Both are supported by a number of major American and British-based oil and mining companies (BP, Shell, Chevron, Texaco, Conic, Freeport, McMoran, Rio Tinto); NGOs (Human Rights Watch, Amnesty International, International Alert, Lawyers Committee for Human Rights, the Fund for Peace) corporate responsibility groups (Business for Social Responsibility, Prince of Wales Business Leaders Forum, the Council on Economic Priorities) and the International Federation of Chemical, Energy, Mine and General Worker's Union (Freeman, 2001). Another example is the US and European apparel and monitoring and compliance program to insure human rights by 12

using the Fair Labor Association, the Council on Economic Priorities (CEP) Social Accountability 8000 program and the Worker's Rights Consortium.<sup>c</sup> These trends result in businesses recognizing their impact on individuals, communities and the environment. "It is clear that one of the central measures of a company's social responsibility is its respect for human rights. And while most companies recognize the moral imperative to operate consistently with human rights principles, recognition is growing that respect for human rights also can be a tool for improving business performance" (UNCHR, 2001). Additionally, human rights practices are often aligned with how best to sustain major investments overseas particularly in the developing world. The guarantors of stability, transparency, predictability and security that constitute sustainable investment include a human rights platform along with accountable governance and adherence to the law.

Human rights are increasingly viewed as a means of building support and trust with all stakeholders groups/constituencies; a way of managing risk and safeguarding a reputation; and as part of corporate sustainability.

### **Sustainability**

Sustainability is providing for the needs of the present generation while not compromising the ability of future generations to meet theirs

(1987-UN Brundtland Commission)

Sustainable development (is) environmental protection, social equity and economic growth (World Business Council)

Creating shareholder and social value while decreasing the environmental footprint along the value chains in which we operate (Dupont 2001)

It's about ensuring a better quality of life for everyone, now and for generations to come (UK Strategy for Sustainable Development)

Sustainable development is about enhancing human well being through time (World Development Report 2003)

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Although definitions of sustainability vary, the movement toward sustainability began in the late 1980s and culminated in 1991 with the drafting of the "Declaration of the World Business Council for Sustainable Development (WBCSD). This movement intensified throughout the 1990s given the understanding and support by the United Nations, local communities and business, that the global system of interlocking relationships between people, the environment and the marketplace are not sustainable.

Like the human rights movement, concepts of sustainability overlapped with, and became defined as part of, existing trends in environmental management. The WBCSD influenced early thinking on sustainability by stressing the need to improve environmental performance and reduce adverse impacts of business on natural resources and systems.

Environmental management systems were designed to monitor and reduce material wastage and use; consequently, 'sustainable development' and 'environmental performance' were often used synonymously.

Current thinking stresses that addressing the environmental consequences are "necessary but not sufficient to assure a sustainable future" (Armstrong and Bennett, 2001). Economic and social imbalances along with growing populations need to be added to the equation of human activities and the environment. Today, sustainability as a desired end, and the sustainable development as the means to achieving that goal, reflects the broader thinking of relating business to economic, environmental and social impacts: the triple bottom line of accountability or 'the three pillars'. This definition reflects the "core ethic of intergenerational equity, emphasizing the current generation's moral obligation to insure that future generations enjoy at least as good a quality of life as the current generation has now" (Pezzey, 1989). It also shows how the concept itself is ever evolving as the mix of assets that support sustainability continue to change over time.

The interconnectedness has led to concepts of corporate citizenship, corporate social responsibility or simply corporate responsibility. Business is viewed "as the entity most accountable for achieving sustainability" (World Development Report, 2003). Business has the resources and means for global reach; is a contributor to the problem vis-à-vis waste and usage; and has a

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vested interest. Consequently, businesses have been publicly reporting

progress on the environmental, health and safety issues with increased screening by investors for sustainable performance making business a key player in many global issues.

Indicators for measuring sustainability, as an emerging practice, are tied to five areas of assets management (World Development Report 2003):

- Human (individual talent, capabilities and competencies; includes educational and health effects)
- Natural (renewable and nonrenewable including forests, fisheries, mineral ores and natural forces),
- Human-made (created physical products used in production)
- Knowledge (codified knowledge that is transferable across space and time)
- Social (interpersonal trust and relational assets that facilitate cooperation)

Two caveats on measuring sustainability should be noted. First, although the importance of managing human, physical and financial assets is evident, how they interact with other assets is less developed. Second, the complementarity of these three assets has led to the interest of social capital (interpersonal networks, shared values, and trust) and its corresponding role in improving management, accumulation, and productivity of human and physical capital.

Despite the value in designing development strategies based on managing a broader portfolio, knowledge, natural and social assets still are viewed as public goods or externalities. Due to the inherent spillover benefits and/or costs to others, the stocks of these assets are typically considered too small from a society's perspective (World Development Report 2003). Therefore, to seriously engage the practice and thinking of sustainable development, one must address market and policy failures and successes, the role of government and the public through information sharing. "Environmental problems are at their root social problems (World Development Report, 2003). Little attention in the economics literature, to date, is noting this shift. However, one signal that the field is emerging is

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that sustainability precepts are being integrated into business school curricula.

Moving sustainability from business concept to operational practice is ongoing. Emergent models and corresponding ethical practices of sustainability are believed to emerge from interaction between the three pillars of economics, the environment and social dynamics. Establishing operational practice requires developing models that both shift and challenge assumptions "that the corporate sector serves the rich and the government and NGOs should protect the environment and the poor. The real opportunity lies in breaking this code linking the poor and the rich across the world in a seamless market organized around the concept of sustainable development" (Armstrong and Bennett, 2001). In addition to a stakeholder focus, sustainability requires expanded global corporate

leadership.

Embedded in the “vision of sustainability—a better quality of life for all”—leads to a third emerging focus and ethic: healthy societies.

### **Healthy Societies**

To what do we dedicate our lives? Shall we dedicate our lives to individual acquisition? Shall we define ourselves in terms of narrow interest or identity groups? Or shall we seek broader solidarities with other beings around the planet? (Brecher and Costello, 1994)

Perhaps the intersection between economic globalization, the environment and sustainable development manifests most when looking at healthy societies. Economic globalization “changes the balance of power between markets, national governments and international collective action” (Panayotou, 2001). Economic, social and environmental outcomes (the three pillars of sustainability) are greatly influenced by market forces to gain and maintain global competitiveness where there are diverse environmental interests. These interests result in national governments having less freedom and unilateral management capabilities “and creates the necessity for states to cooperate with “the management of global commons and the coordination of domestic policies” (Zarsky, 1997).

Despite the fact that varying conditions require diverse policies,

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globalization tends toward uniformity, with power shifting, from national governments to market and global governance. A prisoners dilemma ensues: pressures to compete for market share and investments in a global economy force the creation of individual policies resulting in a lower pay-off than if companies acted collectively. Collective action that recognizes diversity would result in greater welfare for all countries (Panayotou, 2001).

The potential of globalization to enhance sustainable human development is thwarted due to the predominant focus of globalization on economic benefits without equal consideration devoted to its social and environmental implications. By not having social adjustment policies in place, the economic dislocation and marginalization of the poor, often the result of globalizing markets, harms the health of local societies. This phenomenon has been coined as “the race to the bottom”.

“Downward leveling affects people in all parts of the world and in rich and poor countries alike. Loss of job security in the US, growing unemployment in Europe, mushrooming poverty in the Third World, falling living standards in Eastern Europe and the former Soviet Union, and denial of human and labor rights in much of Asia are all aggravated by downward leveling” (Brecher and Costello, 1994).

This phenomenon dramatically shows the links between economic insecurity, disruption, and poverty in undermining human relationships, traditional lifestyles and social values. The “race to the bottom” is the antithesis of sustainability.

Globalization places significant stresses on the environment resulting in a variety of consequences. Most notably, environmental impacts are longterm, dynamic, cumulative and uncertain; involve physical and nonphysical

“spillover” such as cross-border pollution; and create ethical and moral violations of stakeholders not involved in the transaction. Nation-states subject to the pressures of globalization move toward a minimalist environmental policy often insensitive to local ecological considerations. There is often a disregard for the diversity of priorities intra- and internationally (Zarsky, 1991 & 1997; World Bank, 1997; Sprenger, 1997). The paradigm shift needed is toward a positive trade-environment relationship with collective responsibility to promote and sustain trade,

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investment and growth (Zarsky, 1991) and away from traditional measures that protect trade practices.

Thus, insuring sustainable practices links together the management of environmental concerns with the management of social problems—locally, nationally and globally. Social and environmental issues are often public health issues: poverty; widening inequality; increasing air, water and soil pollution and degradation; and their related issues of disappearing biodiversity, destroyed forests and declining fisheries.

Despite the appreciation of the link between an individual’s health and the larger society in which he/she works and lives, there has been minimal research on this link until recently. Historical evidence supports the role of society and individual health (McKeown, 1988; Fogel, 1994; MacIntyre, 1997; Beveridge, 1942); socio-economic gradients in health (Marmot, 1995; MacIntyre, 1993; Carstairs and Morris, 1991; Marmot, Bobak and Smith, 1995; Hertman and Weins, 1996; Mustard, 1987), and social environments and health (Cassell, 1976; Kaplan, 1988; Berkman and Syme, 1979; Caldwell, 1986; OECD, 1992).

The past two decades of research establish that the environment contributes to disease (McEwen and Schmeck, 1994; Seeman and McEwen, 1996; Marmot, Bobak and Smith, 1995; MacIntyre, 1994; Wilkinson, 1986; Evans, 1994; Amick, Levine and Tarlov, 1995; Blaine, Brunne, and Wilkinson, 1996). Marmot, Ben-Schlomo and Smith (1996) found the biggest risk for coronary heart disease was not cholesterol and smoking but an individual’s work, personal control over the job and available social support. Barker (1992) and Power and Hertzman, (1997) are discovering the risks for adult-onset chronic diseases are set in utero and in the first five years of life.

Public health is at the forefront of this research with its population-based/community perspective. Its goal is to reduce disease and early death, (social harms with economic ramifications), in populations. Therefore, its epidemiological focus is determining the etiology of health and disease in communities. Health risks are viewed as common problems that affect entire communities. There is a collective approach to developing policy, and regulations that target institutionalizing health and safety. Solution creation is aimed toward sustaining communities through cohesive and

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meaningful political involvement. “With the population-based perspective, the vast majority of current research links societal factors as the major

determinants of health status” (Mann, 1997). For example, the socioeconomic status reflected in wages indicates the rich generally live longer and healthier lives than the poor. People with HIV/AIDS denied employment, education or ability to marry and travel also participate less in prevention programs. Individuals with serious deprivations in health and education “cannot take full advantage of whatever natural or physical assets they may have” (World Development Report 2003).

A further component of the “healthy society” focus is how it informs new models including the biocentric paradigm. The notion of healthy society follows guiding principles that manifest in natural systems: self-organizing and cooperative; permeable borders; local; abundant; diverse and creative. (Korten, 2001). These are “fundamental organizing principles of all healthy living systems including healthy human economies and societies” (Korten, 2001). More importantly, biological communities offer relevant design principles for the organization of such societies. This thinking culminates in Korten’s term “civil-izing society” taken from Aristotle’s *politika koinonia* (political society/community). It signifies mindful consciousness on part of the individual and the whole. Part of this consciousness and shift in thinking includes the emergence of the spiritual dimension to this work.

Understanding the impact of society on health reinforces the interdependencies of government, workplace and economic structures (Brecher and Costello, 1994) in an era of globalization and environmentalism. What emerges is an ethic of health and healthy society linked to sustainability and human rights. Attention to this emerging ethic is occurring not only in the corporate arena but also in public health and medicine. It includes a spiritual dimension along with creating new social and economic structures that support sustainability (Korten, 2001; Brecher and Costello, 1994; Annas, 1998; Kavanaugh, 2001; Beauchamp and Steinbock, 1999; Lammers and Verhey, 187; Callahan, 1998; Hanson, 2001; Pellegrino and Faden, 1999, Simms, 2002).

Finally, new and emerging issues point to a healthy society ethic tied to corporate social responsibility. Such issues include the role of corporate governance; religious freedom in the workplace; cyber ethics of access and

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privacy for consumers and employees; genetically modified foods; new demands brought about by increased interest in environmental sustainability (<http://www.bsr.org>) and the links between bioterrorism and biotechnology with subsequent impact on workplace human rights and corporate humanism (Simms, 2002).

### **New Thinking / New Models**

Given the cross-relationships between CSR, environmentalism, and globalization and the emergent ethical focus on human rights, sustainability and healthy societies, several models emerge. These events put “business” in the position of identifying practices that correlate with intent—that is, how does business structure itself so as to incorporate CSR? Seven areas are identified.

1. NGOs (Non-governmental Organizations): The Universal Declaration of Human Rights was largely the result of a group of American NGOs (Korey, 1998). The number of internationally recognized NGOs has grown from 6000 to 26000 in the 1990s (Economist, 1999). This growth is largely attributed as one of the defining features of globalization. Their growth is particularly large in developing nations where stakeholders and social partners contribute to management with global businesses (transnational organizations). Networking attributed to global business practices is directly related to the emergence and growth of NGOs.

The characteristics of NGOs lead to its being cited as an emerging model for business practice. NGOs are (1) adept at accessing traditional media to communicate to all stakeholders (2) cross-sectoral, alliance-building and collaborative in focus (3) represent civil society at large (4) utilize a process model of information-gathering (i.e., seek the voices of those involved in their decision-making); (5) seek maximum transparency and a system of public accountability, a key attribute cited for sustainable development; and (6) address the complete range of environmental issues.

2. Natural Capitalism: The essence of natural capitalism rests on one proposition-- "that all capital be valued" (Hawken et. al., 2003). "Capital" includes money, goods, people, and culture. It represents a new form of economics emphasizing "industrial capitalism (a) s unnatural. It does not value, but rather liquidates, the most important forms of capital, especially

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natural capital-the biological world" (Lovins and Lovins, 1999). Natural capital refers to the eco-system: the natural resources that provide vital life support to all of society and all living things.

It promotes four practices: (1) increase productivity of natural resources through fundamental changes in production design and technology (i.e., holistic engineering); (2) shift to biological production models and materials which will eliminate the concept of waste and shift to closed loop process (i.e. every output is returned harmlessly to the ecosystem or input for another manufacturing process; (3) uses a service-and-flow business model creating a solutions economy with value delivered as a continuous flow of services; and (4) reinvest in natural capital material. Natural capitalism proposes new economics around integrative design and closed loop service/solution economies that are organic.

3. Economic Democracy: A major impetus informing economic democracy is that "we have democraticized governments but not economics" (Kelly, 2002). The aim behind ED is challenging the conceptual design of the entire system of economics with intent of "democratizing structures of power" (Kelly, 2002). ED has been cited as "the next step for CSR" with its focus on developing new democratic structures of "voice, decision-making, conflict resolution and accountability". It focuses on system design and stakeholder theory with the goal of creating structures of justice and checks and balances. At its core, ED redefines the corporation from object to human communities, is linked to sustainable futures and corporate citizenship

(Renesh, 2001; Korten, 2001; Kelly, 2002). It addresses fundamental changes as to why corporations behave as they do in the first place.

4. Corporate Humanism: Corporate humanism derives from the concept of corporate moral agency: a construct to describe those corporations that acknowledge the premises of natural rights or human rights in the workplace (French, 1979; Goodpaster, 1982; Keeley, 1988; May, 1987; Phillips, 1992; Velasquez, 1983; Werhane, 1995). Corporations are viewed as a society of persons (Mele, 2001) and the business enterprise is “morally justified—indeed, they are morally praiseworthy—to the extent that the products and services business enterprises provide promote the fundamental goods that fulfill human nature” (Valasquez, 1983). Corporate moral agency requires the “work-contract be modified by a partnership-contract” (QA, 1931) and that

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this partnering extend to multinational corporations “with a united purpose and effort to promote widely conceived pacts and institutions a prosperous and happy international cooperation in economic life” (QA, 1931).

The concept of humanism and sustaining humanity in an economic context has philosophical and historic perspectives. This concept is particularly evident when studying European thought and business ethics during different governmental regimes such as socialism and communism.

5. Business and Spirituality: The contemporary issues that lead to questions of human dignity, life, health and meaning have led to what is now the fastest growing area in business today: spirituality and management. Spirituality is not synonymous with religion, yet shares its focus on authenticity, wholeness and integrity. In the workplace, spirituality translates to finding meaning in work, serving the community and caring and for future generations while making money. Incorporating the spiritual component in business practices recognizes how values of dignity, life and the person “cannot be separated from economic development and interests.” ([www.EBEN.org](http://www.EBEN.org); Stackhouse et. al., 1995; Novak, 1990; 1996).

The World Development Report 2003 outlines two additional areas as ways to incorporate CSR, called Pathways to Sustainable Futures:

6. Innovative institutional approaches: Institutionalizing the above models and trends legitimizes their practices. Innovative approaches include crosssector action, which supports sustainable development. Examples include creating think-and-do tanks; enhancing capacity building in developing worlds through R&D; housing scientific research organizations in developing countries; increasing voice of constituents; and providing better distribution of assets.

7. Implementation of national and international Codes of Conduct: The principles and compacts through such Codes facilitate and foster economic, environmental and social growth. c

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### **What Businesses are Doing**

The following are examples from the public and private, profit and nonprofit sectors.

Dupont, ABB, Proctor & Gamble and Baxter International

The Conference Board cites these four global companies as recognized sustainability leaders (<http://www.conference-board.org>). All firms adhere to the following tenets: sustainable development as the most viable course for multinational businesses; virtually all aspects of corporate operations designed toward sustainability; and transparency in reporting. The differences in individual focus and practice mean that there is no “one right way” toward defining operational practices of sustainable development. Dupont’s focus is on social and economic growth while reducing to zero depletion of natural resources through its energy, emissions and safety programs. ABB (Asea Brown Boveri, Ltd.), a utility, energy and manufacturing company, has divested many of its traditional energy holdings and is working toward alternative energy production. Baxter International, a leader in bioscience and medication delivery, focuses on a triple bottom line of accountability, ethical behavior, eco-efficiency and NGO involvement. Proctor and Gamble focuses on water, health and hygiene for all people particularly in lesser-developed nations.

The Mondragon Cooperatives of Spain: Started in 1941, Father Jose Maria Arizmediarrieta incorporated Catholic social teaching with its technical curriculum; today the Cooperative is involved in manufacturing, retail and wholesale food business catering. They have 100 banks that offer full service insurance including social security and health insurance benefits. It is often cited as the premier example of democracy in the workplace with its attention to economic development, helping people reach their full potential, focus on the common good and enhancing human dignity.

(<http://www.justpeace.org/mondragon>)

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Chicago’s South Shore Bank: As a grassroots enterprise, the focus was to dedicate resources and offer services to rebuilding an indigent African-American neighborhood unable to secure funds and support from area banks. South Shore Bank provided residential mortgages and small business loans and organized initiatives in commercial development and housing rehabilitation. Through these services, the bank was able to help finance and redevelop the neighborhood’s infrastructure by funding 30 percent of the residential apartments. (See Brecher and Costello, 1994 for details).

Curitiba: Curitiba is a southeastern city in Brazil whose 2.5 million population quadrupled in the past two decades. Development was carried out by private companies in partnership with local communities who instituted hundreds of multipurpose, “cheap, fast, simple, homegrown, people-centered initiatives” rather than the typical model of few economic megaprojects. Under Governor Lerner’s leadership the city is an example of applied natural capitalism concepts: an integrated design process, strong public and business participation, and a widely shared public vision. (See Hawken et.al., 2003 for details).

Enviro-Capitalists / Nature’s Entrepreneurs: Research shows the first conservationist movement in the US was largely private (PERC Report, 1998).

Today's entrepreneurs in the private sector protect the environment. Enviro-capitalists try to attract venture capital and contract with private landowners to hire labor and develop market products—for profit or not. Enviro-capitalists view private solutions as part of the effort to manage and conserve natural resources. They recognize their efforts alone will not result in environmental quality yet seek an entrepreneurial approach as one alternative to the government regulation that ensues following market demand for environmental protection> (<http://www.perc.org>)

### **Implications: Challenges, Shifts and The Role of Corporations**

Thirty years into the environmental movement provides four categories of challenges and the corresponding shifts that have emerged as part of the ongoing response. This section is followed by comments as to the role of corporations as part of the emerging ethics and trends in CSR.

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**Challenge / Comprehensive planning:** The business community faces increasing demands across a number of areas: globalization, shorter product life-cycles, information technology that alters time perspective, overcapacity, complex regulations, currency volatility and changing governmental policies (Drucker, 2000; Hamel, 2000; Korten, 2001; Lovins and Lovins, 1999; Kelly, 2002).

**Shift:** There are continuous efforts to engage a long-term perspective responsible to current events while complementing future events. Government and business avoid integrating policies related to the environment and society because the time frames are distant and not measurable against the same standards/time line today which are often measured in 2-3 years or even months.

**Challenge / Integrating Social Dynamics:** “Globalization from below” or the race to the bottom generated by a global corporate environment impacts economic, social and environmental concern (Brecher and Costello, 1994; World Development Report 2003; Panayotou, 2001; Zarsky, 1991.)

**Shift:** The emerging common interests of “shared pain, and evolving global norms of human rights, economic justice and environmental sustainability” have led to identifying alternatives to the predominant economic, corporate agenda with a global agenda-human agenda.

**Challenge / Regulations:** Formal regulations are unable to keep pace with current pressure from communities, customers, shareholders and employers on environmental issues leaving industry to voluntarily self-regulate ([www.perc.org](http://www.perc.org); Panayotou, 2001).

**Shift:** The growing public environmental awareness and rapidly spreading information about industry's environmental performance are helping give rise to a global environmental ethic.

**Challenge / Cross-Sector Alliances:** All activities and their effects have typically been addressed by compartmentalizing across sectors of energy, trade, and agriculture within broad areas of environmental, economic and social domains.

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**Shift:** Global crises have captured public concern or at least public attention with its corresponding understanding of the environmental, development and energy “crisis” as all one requiring a cross-sector approach for resolution (Assemblée des évêques du Québec, 2001).

Each challenge culminates into a corresponding shift in thinking that requires new or different mental models. “A new approach, a new culture are needed, based on the centrality of the human person within creation inspired by environmentally ethical behavior stemming from our triple relationship to God, to self and to creation. Such an ethic fosters interdependence and stresses the principles of universal solidarity, social justice and responsibility in order to promote a true culture of life” (Declaration of Environment, 2002).

The significant opportunity presented in the trends and emerging ethics is in “identifying the true nature of man, corporations and of society as a whole” (Mele and Sison, 1993). Does and will business find the capacity and link to ecosystems and eco-models of business that support and complement this true nature by valuing equally natural and human capital (Lovins and Lovins, 1999)? Will they recognize and integrate human relationship to natural systems? (Korten, 2001).

The current focus in the research suggests the shift is occurring: attention to corporate governance and leadership aligned with trust and integrity issues; relational changes suggested by language of ‘fiduciary responsibility’, ‘covenants’, ‘alliances and partners’, ‘solidarity’ and ‘stewardship’; and futures-models that emerge from corporate citizenship, ecumenism, organicism and communitarianism. It is this author’s opinion that Novak’s work on the theology of corporations (1990) best frames these practices and intent.

### **Role of Corporations**

#### **Economic, Moral-Cultural & Political Responsibility**

The first encounter in understanding the role of business is to understand the essence of corporations. “Corporations are human institutions designed to stimulate economic activism and thus to provide the  
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economic base for a democratic polity committed to high, moral cultural ideals” (Novak, 1990).<sup>5</sup>

Novak’s presentation of the theology of corporations follows the tenets of natural capitalism and economic democracy:

“Each of us human beings is at once a citizen of a democracy, an economic worker and a moral agent within a culture. Not only is it possible for an economic system to be suffused with moral purpose and religious belief, Max Weber argued that democratic capitalism is distinct from other commercial systems in the world because of the religious and moral value it attached to commerce.” (p. 35).

The movement toward a theology of corporation is witness to business response to globalization and environmentalism. Private corporations were initially founded for economic and social reasons to “increase the wealth of nations, to generate, for the first time in history, sustained economic

development” (Novak, 1990). Corporations, however, also change the ethos and cultural forms of the society in which they function. Therefore, they’re also moral and political entities.

Embedded in what Novak defines and describes as a theology of the corporation is “the emphasis on real persons as opposed to mathematical logical abstractions called individuals” who have a “shared responsibility to the firm” (Mele and Sison, 1993). Here’s where the language in discussing CSR shifts from the consumer to the citizen. “As consumers we act more often than not for ourselves; as citizens, we taken on a broader vision and do what is in the best interests of the community” (Hoffman, 2002).

Thus, a corporation serves as intermediate institution (Mele and Sison, 1993). Given its position within the “fabric of society”, it mediates between the person, the family and civil society along with other institutions (e.g., educational, cultural, health or charitable institutions) which provide equally valuable contributions to the whole (Mele and Sison, 1993). This

Institutions are the “rules and organizations that coordinate human behavior whose purpose and function in promoting human well-being is to pick up signals particularly from the fringes about the needs and problems” (World Development Report 2003). This is followed with execution and implementation with the institution as an essential and critical component to sustainable and equitable development.

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gives moral status to corporations and is the seque to linking together the ecological, economic and social questions surfaced by environmentalism. The second encounter flows from the first, asking what is “the proper rationale for responsible business action toward the environment”? Debates involve the depth and breadth of individual understanding of human relationship and welfare to living, natural systems. Maintaining a homocentric model restricts moral response, and by extension corporate moral response, to environmentalism. This model defines harms caused and violations imposed only as they relate to human beings.

In contrast, a naturalistic or biocentric view acknowledges the intrinsic value and moral standing of non-human, natural things. These two views are often characterized as “deep” versus “shallow” ecology. How a company formulates the choices between the two views reveals the intent and willingness to engage a “deeper moral base for their positions” (Hoffman, 2002). Corporate response and discussion reveal the intent and direction a company will take. The addressing of the first two points leads to identifying the particulars of business response.

The particulars comprise corporate social responsibility. How each industry and every institution defines CSR is dynamic. This is highlighted in the eight examples where each response is tailored to immediate environmental conditions be it a Cooperative, a city or a particular company.

### **Conclusion**

The World Development Report 2003 has as its focus sustainable development linked to economic, environmental and social issues. It outlines broadly the “generic particulars” for business by developing strategies that emphasize inclusiveness, shared growth and better quality of life:

- Supports long-term commitment: sustainable development requires 20-50 year perspective knowing that social evolution and transformation does not follow the short product cycles
- Requires institution building and organizational resiliency: effective institutions design, adopt and implement sustainable response and emerge and adapt to problems and opportunities

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- Creates opportunities: nurtures all assets; promotes voice; motivates entrepreneurial spirit; establishes long term partnerships with NGOs
- Addresses outmigration: maintains a global focus and assists rural inhabitants

This focus complements what The Conference Board offers as the latest definition of corporate social responsibility: to promote and sustain social equity, economic prosperity and environmental integrity (Armstrong and Bennett, 2001). At a minimum, “business” and “corporations” can integrate practices certain to shape current and future agendas on human rights, sustainable development and healthy societies. At an ambitious level, business can be the leader by initiating new innovative institutions comprised of efforts between the government, the private sector and society-at-large.

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Endnotes

A

In 1999, the UN Secretary-General launched The Global Compact at the annual meeting of the World Economic Forum. Nine principles comprise The Global

Compact:

**Human Rights:**

1. Businesses should support and respect the protection of international human rights within their sphere of influence; and
2. Make sure their own corporations are not complicit in human rights abuses.

**Labor:**

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. The elimination of all forms of forced and compulsory labor;
5. The effective abolition of child labor;
6. The elimination of discrimination in respect of employment and occupation.

**Environment:**

7. Businesses should support a precautionary approach to environmental challenges;
8. Undertake initiatives to promote greater environmental responsibility; and
9. Encourage the development and diffusion of environmentally friendly technologies.

The Compact serves as a framework for enhanced cooperation between the international business community and the United Nations. Of particular significance is corporate sector direct involvement in helping the United Nations implement universally agreed standards found in key UN documents: the Universal Declaration of Human Rights, the International Labor Organization's Declaration on fundamental principles and rights at work and the Rio Declaration adopted at the 1992 UN Earth Summit. (<http://www.unglobalcompact.org>)

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B

The Voluntary Principles are framed around three concrete sets of issues:

- the criteria that companies should take into account as they assess the risk to human rights in their security arrangements
- their relationships with state security forces, both military and police
- their relations with private security forces

They provide specific, practical guidance to company managers in the field as to how incorporate international human rights standards and emerging best practices into policies and decisions that can have life and death consequences.

C

Human Rights documents and standards:

- Universal Declaration of Human Rights
- International Covenants on Civil & Political Rights and Economic, Social & Cultural Rights
- Other UN Conventions, including the International Convention on the Rights of the Child
- ILO Conventions and Recommendations on labor standards
- ILO Declaration on Fundamental Principles and Rights at Work
- UN Secretary-General's Global Compact
- International standards (e.g. UN Code of Conduct for Law Enforcement Officials)
- Multilateral guidelines (OECD Guidelines for Multinational Enterprises ; ILO Tripartite Declaration of Principles on Multinational Enterprises)
- Global Stakeholder Initiatives ( e.g., Amnesty International's Human Rights Guidelines for Companies, the Global Sullivan Principles, Social Accountability 8000 and the Ethical Trading Initiative)
- Case-Specific Stakeholder Initiatives (e.g., actions recommended by Human

Rights Watch)