Chapter 1

Is It Farcical Defending Corporate Responsibility?

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ABSTRACT

Who is exempting corporations from social and other responsibilities and why? For sure, CSR is now an old phenomenon; then why the continued fuss about it? Or has the meaning changed over time? The posers are plenty but the grouse for why the debate has endured is hinged on one main recurrent claim: CSR fritters away profits. This cliché has been sustained even as it is built on quicksand. Briefly, corporations are legal persons, not persons in flesh and blood. But despite this differentiation, both types of persons aspire to identify with ethical attributes such as accountability, trustworthiness, reliability, and fidelity. Hence, the author contends that corporations belong to the moral community. As such, corporations are judged on similar moral yardstick as persons with flesh and blood on conduct that they similarly share. This notion forms the core argument for this chapter while emphasizing that CSR is indispensable.

IS IT FARCICAL DEFENDING CORPORATE SOCIAL RESPONSIBILITY?

Introduction

A chapter title like this one might seem gutsy and intriguing, yet intentional. But, it may well represent the gut feelings of people irked by lingering debates that have attended this topic. Backed by emerging realities, analysts have questioned

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the thinking behind the defense of corporations from social responsibility. Critics are peeved that the debate has endured largely on one omnibus: CSR fritters away profits. The present chapter finds that defense a stale gripe. True, since the industrial revolution, businesses have sought to internalize profits and to bear less responsibility by externalizing the costs of their operations. But, recent research shows that it is a cliché which relevance had been gutted. In advanced economies, this realization began trending up since the late 1970s. And even as data are more limited for emerging markets and developing economies, there is nothing to indicate otherwise given the current globalized climate. For instance, the UK-based Economist Intelligence Unit, in a 2007 global survey of corporate managers, found that most respondents (55.2%) considered CSR a high or very high priority for their company, representing a significant increase from three years earlier (33.9%). And even greater majority (68.9%) expected the importance of CSR to continue to increase in the future (MITSloan, 2013). If there is a time to permanently squelch excuses that exempt corporations from CSR, that time is now.

For clarity, the term ‘corporate’ encompasses any form of grouping of persons such as corporations and organizations and to such concepts as legal entities and group agents. Most common examples include, commercial firms; others are political parties, nation states, faith groups, trade unions and similar assemblages or aggregations. And in any given group, there are multiple stakeholders or partners (shareholders/investors, employees, customers, suppliers, local authorities, governments and interest groups). Corporate social responsibility entails the obligation to act for the benefit of society at large by establishing equity with all stakeholders while maintaining a balance between running the business and protecting the ecosystem in which businesses operate.

Briefly; even as corporations are not persons in the flesh, they are ‘persons’ of a different kind. But despite this differentiation, both types of persons aspire to identify with ethical attributes such as accountability, trustworthiness, reliability and fidelity. As such, this chapter is of the view that corporations belong to the moral community. On this score, corporations as legal persons are judged on similar yardstick as individuals with flesh and blood on conducts that are similarly shared. This notation will form the core argument, while emphasizing that CSR is an indispensable ethical value or character trait that all corporations must possess to do business. It is no longer if but, how much of social responsibility should corporations have.

This chapter is broadly discussed under three segments – related literature, emerging results, and implications for the future. Ultimately, the chapter will attempt to end the debate by laying to rest the fact that corporations as ‘persons’ actually do have social conscience and thus belong squarely within the moral community. Opponents of CSR would gloat at their position as the sign of the times, but the
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