LEARNING OBJECTIVES

This chapter is designed to enable you to:

- Understand the importance of stakeholders for organizations
- Know what is corporate social responsibility (CSR)
- Understand issues around climate change
- Manage sustainably

BEFORE YOU GET STARTED . . .

Economics does not account for the cost of consumption. (Al Gore, An Inconvenient Truth)

INTRODUCTION

Increasingly, ecologists urge growing realization that although we have created a hugely successful business system for generating needs and satisfying them, one of its side effects has been a huge growth in environmental degradation, toxic wastes, and species extinctions. This is especially the case in those industries that comprise the petrochemical complex, which supply so many modern essentials, from familiar things made of plastics, nylon, and other artificial fibres, to complex compounds we have probably never heard of. Many of these chemicals are highly toxic.

Toxic chemicals are one component of what German sociologist Ulrich Beck calls the risk society (Beck, 2002). They cannot be contained within any one plant or nation; if they escape into the ecology they spread through the air, rivers, and rain into the environment of people who are unaware of the risks they face and unable to do much about them.

A risk society is one in which the life-threatening disasters that we might be subject to cannot be controlled within a specific territory: Chernobyl or global warming are good examples.
Informed by such views, management scholars have argued that organizations need to adopt discourses and practices of corporate social responsibility and sustainability. We shall explore these themes in this chapter. We shall begin by looking at the fashionable business concept of corporate social responsibility.

**Corporate social responsibility** (CSR) has been adopted as a formal policy goal by many advanced society governments and businesses. Organizations that commit to CSR typically adopt sustainable development goals that take account of economic, social, and environmental impacts in the way they operate. Doing so is a relatively new approach – in the past most organizations exercised very little care for the despoliation of the environment or for sustainable development, especially those based on the exploitation of natural resources. Today, CSR is very fashionable: check the website of some favourite organizations – we would be very surprised if you did not find something that corresponds to a CSR statement.

There is an excellent article in the *Journal of Business Ethics* by Elisabet Garriga and Domènec Melé (2004) that outlines the field in terms of instrumental, political, integrative, and ethical approaches. Generally, CSR is seen to be a voluntary commitment on the part of an organization to sustainable economic development that will improve the quality of life of its employees, their families, local communities, and society at large. A good example of these voluntary commitments is Business for Social Responsibility, a global organization that aims to help its members be successful in a sustainable way and respect ethical values of stakeholders and the environment.

It is evident that, in pragmatic terms, the key questions for managers are *why* organizations should be concerned about sustainability and *how* they should deal with the issue. (The Henry Stewart Talks series of online audiovisual seminars on managing organizations, edited by Stewart Clegg at www.hstalks.com/r/managing-orgs, includes one in particular that is a useful background to this chapter: Talk #16: Managing sustainably, by Professor Suzanne Benn.)

Asking the *why* question can be used to differentiate ethical concerns from instrumental concerns. Ethically, at one extreme, organizations should be concerned about the variety of stakeholders and the externalities that their operations create, because to do so serves ethical interests in the greater good. At the other extreme, from resource dependency and institutional perspectives, organizations also need legitimation to operate and concern for other stakeholders is an efficient means to acquire legitimation. The second question, the *how* question, differentiates between techno-centric approaches, in which sustainability is seen as a technical problem, and power-sensitive approaches, in which the pressure of stakeholder interest makes sustainability a political issue (see Figure 13.1).

**FIGURE 13.1** Perspectives on sustainability
There are three different levels of analysis implicit in any discussion of CSR. At the institutional level there are assumptions about the legitimation of organizational actions in so far as they accord with institutionalized norms and values. At this level, general societal expectations and the framing and implementation of these in practice by government determine the legitimacy of a particular organization in its actions. At the organizational level organizations must take responsibility for what they do and do not do because they can be held legally accountable for their actions and non-actions. At the individual level the principle of managerial discretion presumes the morality and ethics of individual managers in their relationships with stakeholders. We shall begin our discussion with the latter first.

STAKEHOLDER MANAGEMENT

Why should organizations today bother with CSR, especially those that are profit oriented? After all, neo-classical economists have long argued that business owes abstractions such as ‘society’ nothing: shareholders are the owners of business and business’s obligation is to do everything (within the law) to advance shareholder value – not to squander it on well-meaning but irrelevant CSR projects. Unilever executive Harish Manwani (2013) makes an argument against this view in a TED Talk titled ‘Profit's not always the point’. His view is that there are other stakeholders apart from shareholders with interests in a firm. The stakeholder model of the firm would insist that shareholders are but one set of stakeholders; that there are plenty of other significant stakeholders, ranging from customers, NGOs, communities, and civil society more generally, as well as activist groups claiming to articulate the interests of the environment, animals, disadvantaged people(s), or other ‘mute’ or muted stakeholders. The standard definition of a stakeholder is any person with an interest in the activity of an organization; in a slightly less encompassing definition we might restrict it to those whom the organization affects with their activities, such as owners, investors, employees, trades unions that organize the employees, customers, consumer associations, regulators, suppliers, and citizens living in sufficient proximity to an organization’s material presence to be affected by it.

Stakeholder theory, as a way of managing organizations, develops frameworks within which relevant stakeholders can be identified and defined. Often these stakeholders are defined more restrictedly than their identification in broad terms would suggest. The more restricted approach limits stakeholders to those who are relevant. Relevance is defined in terms of actual investments in the organization that makes them susceptible to risk from the organization’s activities. The latter approach regards stakeholders in a more restricted way by emphasizing the voluntarist basis of the relation between an organization and stakeholders. Hence, employees, investors, owners, and suppliers might all be regarded as stakeholders but there might be questions about the inclusion of others. For instance, many organizations, such as Walmart, do not recognize the legitimacy of trade unions as stakeholders because they seek to maintain union free operations. In this conception of stakeholders the definition is barely broader than that of shareholders: it does include employees and suppliers but is silent about broader based conceptions of stakeholding. Communities that experience a change to the amenities that they have access to because of an organization’s impact would be excluded, irrespective of whether the effect was positive or negative. Stakeholders such as communities would be regarded as involuntary because they did not choose to enter into nor can they easily withdraw from a relationship with an organization such as an airport whose planes fly over their houses or a toll way that divides their community with a multi-highway.
Looked at in a broader way, the question of who the relevant stakeholders should be becomes one of time periods: if businesses are alert only to interests in the short term they will probably pay most heed to those stakeholders whose impact is most immediate on their day-to-day operations: investors and stock market analysts, especially, because they affect the share price through their perceptions of 'shareholder value' – the earnings or losses they incur on their shares in reporting periods. The problem is that if organizations only pay attention to these short-term interests they may jeopardize other interests that might claim representation or be represented which, in the long term, can boomerang back on the business by attacking its legitimacy or reputation. Thus it becomes a matter of shareholder value to attend to broader stakeholder interests. As Vogel (2005) suggested, it may well be the standard business case that the primary responsibility of companies is to create wealth for their shareholders. But the emergence of CSR and activists associated with it adds a twist: in order for companies to do well financially, they must also act virtuously.

An article published in the *Academy of Management Review* by Hahn et al. (2014) explores how managers interpret social issues such as CSR. Typically, the approach is pragmatic, based on existing business routines; against this they recommend the importance of thinking paradoxically – sometimes launching products because they seem to offer sustainable innovation, even if they are not immediately profitable, such as hybrid cars, because in this way market share may be built on more sustainable foundations.

In some European societies, such as Austria or Germany, the notion that there is a social responsibility of business is well established. There has long been a consensus view that organizations should be seen as a ‘social partnership’ built upon a tacit and informal agreement between the government, the major employers’ associations, and various employee interest groups. In the literature this is usually referred to as corporatism where the state encourages cooperation among these major stakeholders, who have increasingly adopted the rhetoric of CSR as it has developed in recent times.

Höllerer (2010) has thoroughly examined CSR discourse in Austrian corporate annual reports since the early 1990s. A first focus of CSR is on sustainability of profits, people, and planet – often referred to as the triple bottom line. A second focus is on good corporate governance and enhanced transparency, which, third, situates stakeholder management as a key task of managing divergent interests. Fourthly, corporate values such as philanthropy and support of societal groups in need that do not have power or voice in corporate decision-making is often deployed to demonstrate corporate responsibility for less privileged members of society. Often this is achieved by organization members doing voluntary service – charity work – for underprivileged communities. Explicit use of CSR provides conceptual tools with which to address varied notions of social responsibility and advance claims for enhanced legitimacy. Doing this means that CSR becomes incorporated into the strategies of the organization.

In many CSR accounts an assumption is that it is only humans that can be stakeholders. More radical views, as we shall see, suggest that the natural environment, the ecology, is also a stakeholder. One business leader who comes close to embracing this view is Steve Howard, chief sustainability officer at IKEA, who presents a cogent corporate view of sustainability and how to achieve it, through setting and achieving 100 per cent targets. As he says, IKEA has a sustainability strategy called ‘people and planet positive’ whose aim is to help guide the business to have a positive impact on the world. As he asks rhetorically, ‘Why would we not want to have a positive impact on the world as a business?’
If only it were that easy: much of the controversy over climate science occurs because of the inability of certain sections of business, government, and the community to accept that they have responsibilities to abstract conceptions such as global warming. However, as the findings of climate science become more widely accepted as incontrovertible, the idea that the natural environment is affected by the actions of the organization and is therefore a stakeholder in the organization comes to be seen as normal. On this reasoning we are all beholden to the future as a stakeholder in our present-day behaviours. It is for these reasons that the most critical debates about CSR tend to be about ecological and sustainability responsibilities, as we shall see towards the end of the chapter.

It is much easier to think of stakeholder theory as a form of implicit social contract between distinct and identifiable stakeholders and the organization in question. On this basis CSR is a lot simpler than managing impacts on the future in a responsible way and comes down to identifying the distinct groups to whom the organization must accept, in social contract terms, that it has a responsibility. Stakeholder language conceived in the form of a social contract with distinct groups provides a way of coupling business with ethical behaviour by making a broader conception of values than that of shareholder value the benchmark for responsible managing.

Organizations that adopt a stakeholder management approach conceived on a contractarian basis first identify those that the organization has responsibilities towards and then calculates what the costs and benefits will be for these groups for any course of action that they will decide. Tradeoffs will be inevitable. Such an approach contrasts sharply with the clarity afforded by shareholder value approaches where only one datum, the bottom line, and one set of stakeholders who own shares, have to be considered. Indeed, focusing only on shareholder value is much easier and reduces the number of competing objectives to a simple calculation of value.

Clearly, if a stakeholder model of management is to be adopted there has to be some way of assigning differential value to all the stakeholders recognized because it is inconceivable that all can be easily satisfied without some tradeoffs that affect some more adversely than others. Stakeholder approaches must rank the importance of different interests for different decisions and apportion managerial sensemaking accordingly. So the stakeholder approach is always an implicit theory of power relations in which some interests will be given a more legitimate status than others. At its best, it will be quite explicit about these rankings, using some calculus of powerfulness, legitimacy, and urgency in attending to stakeholder interests. Some stakeholders will be consistently more on the outside and others will be consistently more privileged.

CORPORATE GREENING

There are a number of ways that concerned people are seeking to limit the risks of ecological disaster and create more sustainable modes of business, giving rise to what Jermier et al. (2006: 618) term the ‘new corporate environmentalism’. At the centre of this movement is the attempt by businesses and business leaders to play a leadership role in reforming the way business does business, by making it more sustainable, and to use the tools and approaches of rational management to improve ecological behaviour. Thus, the new corporate environmentalism seeks not only to comply with whatever governmental or industry regulations may be in place, but also to develop more proactive sustainability approaches. This places sustainability, or as it is sometimes referred to, corporate greening, at the core of a firm’s strategic CSR agenda.
Since the publication of the report of the Intergovernmental Panel on Climate Change, by UNESCO on 2 February 2007, the reality of global warming is now widely accepted. Almost as widely accepted is the realization that corporate and business activity is contributing significantly to this warming. Many business leaders are now well aware of this fact and are seeking to do something about it. Corporate greening involves the espousal of ‘green’ values, which are becoming increasingly institutionalized with the realization that sustainable production is equivalent to more efficient production. Inputs that are not wasted and processes that do not provide outputs which have to be scrapped are both ecologically and economically rational. Waste is irrational and inefficient.

Corporate greening could involve green production that uses less energy, green materials that recycle and aim for zero waste, green transportation (for instance, using bicycles or pedal-powered scooters to get around the workplace or between organizations), green facilities that are designed to minimize energy waste and use, green products that use less non-renewable resources, and a continuing programme of educating employees and spreading learning about being green employees as widely as possible.

Here is one example of how the changing consensus of opinion has led to a concern with corporate greening. After reading Hawken’s (1993) *The Ecology of Commerce: A Declaration of Sustainability*, Ray Anderson (1999) chairman of Interface Inc., the world’s largest manufacturer of carpets, resolved to change his corporate ways and become more sustainable through adopting explicit CSR principles towards the ecology. Interface makes an enormous number of carpets. It also used to cause huge pollution: every year its factories produced hundreds of gallons of wastewater and nearly 900 pollutants. First, Anderson reduced waste and conserved energy by recycling. Of course, this makes great business sense. Less waste can equal more profit as you use all that you pay for rather than throw a lot of it away. Before Anderson read Hawken, his company sent 6 tons of carpet trimming to landfill each day. That waste was reduced to zero. New computer controls were installed on boilers to reduce carbon monoxide emissions (by 99.7 per cent), which also improved the boilers’ efficiency, resulting in further decreased waste and increased profits. Anderson aimed for complete sustainability, using solar and wind power in the place of fossil fuels, planting trees to offset carbon pollution caused by trucks transporting carpets, making carpets out of organic materials such as corn. Ray Anderson, unfortunately, is no longer with us but you can hear him espousing his views on TED Talks back in 2009, talking about ‘The business logic of sustainability’.

One consequence of saving materials, wastage, resources, is that less money is wasted. Another consequence of a tight regulatory regime limiting the opportunities for businesses simply to dump their ‘externalities’ in a local – or distant – environment is that they have to become more innovative in devising systems and practices that limit waste and harmful side effects. In principle a green business should be a more profitable business, as Porter and van der Linde (1995) argued: it gets a double dividend of greater social responsibility and greater profit. Of course, once the easy wins have been achieved then it becomes harder to keep gaining double dividends.

Other ways of gaining further dividends from corporately sustainable behaviour may come from using a corporate leading role to force best standards throughout an industry by making suppliers standard compliant if they want to continue doing business. International standards such as ISO 1401 have been used in this way by firms such as the Ford Motor Company and General Motors – all their suppliers have to be ISO 1401 compliant.

Of course, as the critics have been quick to point out, ISO 1401 does not necessarily create better ecological performance, as Jermier et al. (2006: 634–635)
argue. A great deal depends on how rigorously and independently the business is audited to the standard, and what the sanctions are for non-conformance. Again, the effectiveness of any social contract is contextually specific – while some forms of civil regulation will be very effective, others will be markedly less so.

Organizations cannot be green if those within them do not adopt green behaviours across the board. Turning off the lights, turning down the heater or the air-conditioning, using the windows to cool a room rather than the air-conditioning unit, walking or cycling to work, or using public transport, rather than driving – all these small things can make a big difference. These are the small wins, though. If a firm projects itself as being socially responsible, and avoids embarrassing exposures of malpractice, it can deepen and strengthen its reputational capital and pre-empt risk, suggests Utting (2003). It can help avoid short-term reputational risk related to exposure of a firm’s malpractice, which often carries financial sanctions (Hamann et al., 2003), and CSR can help accommodate consumer preferences for socially responsible products, thus avoiding the risk of alienating consumers’ ethical preferences.

Jermier and his colleagues (2006) suggest that several factors characterize a successful green learning organization that has become more socially responsible:

- **Lifelong learning**: Ensuring that the organization really is a learning organization, constantly trying to find not only new ways of doing the same things better (single-loop learning) but also new things to do in innovative ways (double-loop learning).

- **Developing critical thinking skills**: Helping organization members gain confidence in critical reflection on existing ways of doing things and encouraging them to voice their opinions as to how things might be done better, developing future-oriented scenarios that are more sustainable.

- **Building citizenship capabilities**: Encouraging employees to think not just as employees – in terms of the firm benefit – but as concerned citizens desirous of reducing the overall ecological footprint of not only the organizations they work for and with, but also the impact that they make in their daily lives.

- **Fostering environmental literacy**: Encouraging people to learn about specific environmental problems and solutions, their causes, consequences, and connectedness.

- **Nurturing ecological wisdom**: Sharing an eco-centred understanding of the web of life, the centrality of responsible, ethical, and sustainable behaviour to a good life.

Three things need to come together to build green learning in organizations: the creation of a public sphere; the development of communicative rationality, and discursive design. A public sphere is a space in which the ‘public reason of private citizens’ predominates. Organizations can become actively involved in educating their members for participation in green debates in the broader society as concerned citizens and parents rather than just as employees of corporation X. Here they should be able to develop communicative rationality – a commitment to frank and open debate – as well as the capability of assessing and evaluating evidence, and reaching evidence-based ethical decisions independent of specific interests. They will learn to speak the language of the environment as a form of
non-instrumental rationality, which is shaped not by the instrumentality of their or their organizations’ interest, but the public, ecological, and ethical good.

There are many compelling accounts that suggest being green can be profitable. At one level this should not surprise us: saving costs by being more ecologically efficient does make business sense. One forthright promoter of the investment logic for sustainability is TED Talker Chris McKnett. Nonetheless, skepticism abounds about corporate endeavours to be green. For instance, Newton and Harte (1997) present a critical analysis of green business. They note the particularly evangelical language of the literature and question whether the rhetorical strategy is especially effective or merely dramaturgically staged. Arguments for ‘environmental excellence’, organizational ‘eco-cultures’, and corporate environmental strategies are critically analysed to demonstrate that prescriptions for ‘organizational eco-change’ are often buttressed by evangelical rhetoric and are reliant on voluntarist assumptions and instrumental concerns: to be seen to be doing the right thing through choice while not actually doing very much at all. From their perspective organizational eco-change will only come about through stronger state regulation that obliges organizations to be more socially responsible.

One form of state regulation that has been tried is to introduce a carbon price. On 1 July 2012 the Australian Federal government introduced a carbon price per tonne of emitted CO2-e on selected fossil fuels consumed by major organizations. On 17 July 2014, a report by the Australian National University estimated that the Australian scheme had cut carbon emissions by as much as 17 million tonnes. Nonetheless, after an effective campaign waged by the incoming coalition government that assumed office in September 2013, a campaign largely promoted and supported by industry lobbying, the new government repealed the legislation on 17 July 2014, and Australia became the first nation to abolish a carbon tax. Regulation may be an answer but its efficacy cannot be assumed in contexts where the politics of regulation are highly contested and in which there is not democratic support across the political spectrum. Given the lobbying power of big business, calls for social responsibility may seem idealistic. Nonetheless, over 97 per cent of the world’s climate scientists now accept that global warming is a reality and that a major contributing factor is the industrial systems that we have designed. It will not be possible to solve unsustainable and polluting production with a narrowly instrumental attitude. If these attitudes prevail then there will always be some firms, some industries, and some countries that are prepared to tolerate standards that are irresponsible. Although we are all on the earth together and, if we are to leave it in good shape for the future generations we need to accept responsibility for its stewardship as a collective necessity, the practical politics for achieving this through regulation will remain highly contested. Voluntarist action by individual polluters cannot be relied on, given that many of them are major lobbyists against regulation, despite some of the marketing that they engage in – as we shall see next.

**GREENWASHING**

Cynics might say that it becomes a matter of shareholder value for business to appear to be concerned about CSR issues. A common critique, therefore, is that CSR is often no more than a tool of corporate ‘greenwash’ – a rhetorical device employed by corporations to legitimize the corporate form and accommodate the social consciences of its consumers. To be credible, claims to CSR need to be audited to be legitimate. Among the common range of auditors are AccountAbility’s AA1000 standard, based on notions of triple bottom line (3BL).
reporting; the Global Reporting Initiative's Sustainability Reporting Guidelines; Social Accountability International's SA8000 standard and the ISO 14000 environmental management standard. The idea is that these standards will encourage a culture of compliance and adoption of them is wholly voluntary. Additionally, NGOs, such as Oxfam, often monitor the activities of transnational corporations in industries such as mining, especially with respect to the local impact that they have on communities, politics, and the environment, but they have no powers other than those of communication through various media with which to change the decisions of those responsible.

While organizations such as Oxfam may broadcast their views, the organizations in question broadcast theirs as well. They call this marketing. Marketing often points to the green benefits of a product and the processes taken to produce it, such as not being wasteful of paper or other resources (Buckholz, 1998). The widespread use of environmental management systems and standards to structure organizational processes and behaviour and the use of green accounting standards as a part of a triple bottom line report on the environmental impact of the company or organization can be reported (Kolk, 2000). The company may form green partnerships with NGOs or community organizations to extend green practices in the broader society (e.g. Gordon, 2001; Wasik, 1996). The organization might join bodies such as the World Business Council for Sustainable Development, or align itself with something such as the United Nations Global Compact. Above all, it will seek to outdo whatever is constituted as regulatory best practice, seeking to make itself greener than it is obliged to be. Just as easily, however, and with far more frequency one suspects, organizations promote themselves in the best possible light while not being consistent in their ecological commitments, a process called greenwashing.

Greenwashing should be apparent to anyone who has stayed in a hotel or motel in recent times. For some considerable time now, ever since the issues of sustainability became a matter of public concern, it has been the practice of the accommodation industry to place notices in the bathrooms promoting reuse of towels ostensibly to save the environment. Well, reusing towels may not do much to save the environment but it does save laundry costs for the hotels. If the same hotel maintains fleets of vehicles, huge air conditioned spaces, and has little else in the way of sustainable practice one can only be cynical about the seriousness of the commitment to the environment. If little or no effort is otherwise being made towards reducing energy usage and if the reduced costs are not passed on to customers, you might be forgiven for thinking that the green campaign was more about cutting costs and increasing profits rather than saving the environment. Such tokenistic environmentally conscientious acts that serve mostly to increase profits are known as greenwashing.

Governments can also be complicit in tokenism. In Australia, for example, the government has adopted an explicit ‘direct action’ policy to combat climate change that consists of paying polluters not to pollute. Doing this is an instance of a perverse incentive: organizationally, it pays for the polluters to pollute in order to be paid by the government – ultimately taxpayers – to lessen their pollution: more tokenism is likely to ensue. Of course, those polluters that participate will be able to use their actions in the schemes instituted as the basis for public relations campaigns in which their green credentials can be promoted. You are probably all familiar with greenwash advertising: if you live in Europe you will have seen the shift in McDonalds' iconography. The famous arches are no longer yellow on a red background but are placed on one that is green – to represent the fast food merchants’ commitment to green goals in terms of the preservation of natural resources! The cynicism of such campaigns treats the customers as idiots:
as if they didn’t know that drive-in take aways, polluting packaging, intensive animal production and slaughter, and ample use of transubstantiated fats were environmentally reckless. If you drive you have probably seen BP garages that claim ‘BP: beyond petroleum’. Greenpeace recently awarded BP the first Emerald Paintbrush for its endeavours in greenwashing. As Greenpeace explain on their website, the award was granted to the company in recognition of its 2008 multi-million dollar marketing campaign, boldly stating a pledge to alternative energy. But the clever catchphrases, such as ‘from the earth to the sun and everything in between’ and ‘the best way out of the energy fix is an energy mix’, which define their ‘green’ advertising, are hardly more than statements created from a well-paid public relations flack.

Greenpeace UK calculated information from company documents and found that the company’s investments do not match their public relations statements. BP invested 93 per cent of investments into oil and gas in comparison to 2.79 per cent on biofuel and 1.39 per cent on solar initiatives. The ratio speaks for itself. It demonstrates (in actual numbers), the misleading nature of BP’s marketing claims of dedication towards alternative energy.

We could go on but we don’t need to because we are sure that you will have many instances of corporate greenwashing of your own that you can recount. If the ecological turn of recent years is to be taken seriously there has to be more compelling evidence of its existence than merely clever marketing.

**EXTEND YOUR KNOWLEDGE**

In Wendy Stubbs and Chris Cocklin (2008) ‘Conceptualizing a “sustainability business model”, Organization and Environment, 21 (2): 103–127, which is available at the companion website www.sagepub.co.uk/managingandorganizations, it is demonstrated that there are many different ways of thinking about sustainability. Given the dependence of traditional management paradigms on the neoclassical model and industrial society, these paradigms, they suggest, are inherently limited in their ability to address ecological issues. The authors argue that new models of business need to be developed in which sustainability is intrinsic.

**CRITICAL MANAGEMENT**

We have defined one dimension for the discussion in this chapter as stretching from an instrumental to an ethical concern with organizational actions. The first perspective is reflected in economic theories of the firm where the focus is on efficiencies that maximize what economists call rent-seeking opportunities. The second notion refers to a concern with establishing the perceived legitimacy of organizational actions and their role in society. Historically, as Perrow (2002) and Banerjee (2008a) have argued, the instrumental conception of the role of corporate organizations came to dominate any ethical conception of their societal role during the development of the legal corporate form during the nineteenth century in the United States of America. From an ethical perspective, as Dahl (1973: 11) argues, that corporations assume the rights and privileges that they do is only because, socially, legally, and ethically, they are allowed to do so. As Banerjee argues, what is legitimate and ethically appropriate invariably becomes subordinated to what is efficient in corporate strategies.

Organizations that achieve CSR will, according to Banerjee (2008a), be seen to be those that:
• Think beyond making money and pay attention to social and environmental issues
• Behave in an ethical manner and demonstrate the highest level of integrity and transparency in all their operations
• Become involved with the communities they operate in by enhancing social welfare and providing community support through philanthropy or other means.

The problem is that these goals are unlikely to be achievable at either the organizational or the individual manager level because of the deeply embedded institutions of capitalism and liberal democracy within which organizations operate. Organizations in the private sector are accountable to their stakeholders and those stakeholders that are dominant are overwhelmingly shareholders, whose interest is primarily in the economic efficiency with which their stocks of capital return dividends. As Banerjee (2008a: 73–74) says:

Focusing on the individual corporation as the unit of analysis can only produce limited results and serves to create an organizational enclosure around corporate social responsibility. For any radical revision to occur, a more critical approach to organization theory is required and new questions need to be raised not only about the ecological and social sustainability of business corporations but of the political economy itself … Perhaps what is needed is some kind of universal charter that corporations are accountable to rather than voluntary codes of conduct.

Unfortunately, how ‘some kind of universal charter’ might be achieved is not something that anyone has, of yet, formulated as a strategy. Critical management perspectives leave us with very salient questions such the following:

[What are the power dynamics underlying the political process of stakeholder partnerships? What are the material and discursive effects? How do institutions reinforce hegemonic structures? What institutional structures can overcome the narrow self-interest of the financial elite? How can we create alternate structures of decision-making, conflict resolution and accountability? (Banerjee, 2008a: 75)]

Perhaps not surprisingly, these are questions, thus far, that have not been incorporated reflexively into the strategies of the vast majority of organizations’ CSR practices.

Rather than information concerning critical CSR issues coming from the corporate sector we are more likely to receive misinformation. The cases are many and are recounted by Newton (2011) in his analysis of the organization and the natural environment. The Royal Society, the premier British scientific body, refers to the oil company, Esso, misrepresenting ‘the science of climate change by outright denial of the evidence … or by overstating the amount or significance of uncertainty in knowledge, or by conveying a misleading impression of the potential impacts of anthropogenic climate change’ (Ward, for Royal Society, 2006: 2). The US-Based Union of Concerned Scientists demonstrated that between 1998 and 2005 Exxon spent US$16 million on promoting misinformation on global warming (Newton, 2011). The monetary resources of other stakeholders that might want to oppose these views are considerably less. They do, however, have scientific legitimacy on their side, something that the misinformation constantly tries to muddy.
DOING CSR

Green stakeholders – from concerned individuals, activist stakeholders, through to green organizations in civil society or non-market-based organizations such as Greenpeace – try to play a key role in shaping agendas for organizations, despite the overwhelming lobbying of business interest opposed to curbs on carbon emissions. More general civil society organizations directly lobby and seek to expose perceived organizational malpractices. While rational actor models assume management’s decisions are premised on primarily narrowly defined cost–benefit analysis there is growing recognition that increasingly sophisticated stakeholders – whether investors, employees, customers, or communities – demand that a broad-based social responsibility should be a normal part of organizational behaviour. Firms that commit malpractice despite having built reputational capital around social responsibility can themselves be subject to external account that finds their responsibilities deficient, despite the fact that their financial bargaining power outweighs that of the other stakeholders, these others have something on their side that the business lobbies do not: the legitimacy of overwhelming scientific hypotheses.

IN PRACTICE

BP – beyond petroleum?

BP’s 1998 installation of solar power cells at 200 of its pumping stations looks like an example of commitment to green values. However, BP invested only 0.1 per cent of its portfolio in solar panels while simultaneously expanding its fossil fuel extraction and exploration programme. In effect, one could argue that BP has conducted a public relations campaign designed to accommodate its consumers’ concerns about the effect of carbon emissions upon the world, while also expanding its fossil fuel extraction process. Critics refer to this as ‘greenwashing’, on an analogy with ‘whitewashing’. BP has also adopted ‘socially responsible’ positions on global warming to mitigate regulatory risk and legitimize its operations. By defecting from the Global Climate Coalition, an association that denies global warming, it was able to take part in debates over policy prescriptions, voicing a preference for market-based and voluntary solutions.

How ethical is BP? Use the web to research arguments ‘for’ and ‘against’ the position that BP is an ethical corporation, paying particular attention to the high-profile industrial accidents that it has been involved in, especially the Deep Water Horizon disaster in the Gulf of Mexico. What could BP learn from Perrow’s account of high-risk technologies in this case (see Chapter 16)? Is there a clear answer?

Organizations are generally responsive if they fear that shareholder value will be affected. Media discussion that is adverse, or criticism from government or submissions to public hearings, such as Senate Committees, is never welcome. Activists in the broader community will often try to sue such arenas to make critical cases against organizations. Those organizations that are highly concentrated, heavily capitalized, and diversified are the easiest target for CSR activism. They have more reputation to protect and face a greater risk of backlash from consumers in sophisticated societies. Regionally based organizations, which have far less diversification and capitalization levels, and undercapitalized firms, trading close to financial failure, are far harder to affect.

Greenwashing is the term that has been coined for espousing the rhetoric of CSR while minimizing its practice.
As supply chains become ever more global, there is the risk that the top-tier firms simply outsource less socially responsible practices to organizations that can run at much lower costs and be more exploitative of people and planet. Outsourcing allows many organizations that might make CSR claims to be able to farm out their less socially responsible practices and, once they are arm’s length, allow them to deny specific knowledge of any malfeasance or irresponsible behaviour that sub-contractors might engage in. If socially irresponsible actions are uncovered, the primary contracting organizations have opportunity to have recourse to contracts or covenants that legitimate what should be occurring, knowing full well that these agreements are being breached by the outsourced entities. In this way the well-known corporate organizations can always cover their legitimacy by claiming that these other firms, unbeknown to them, flouted their codes of practice.

Nonetheless, the times are a changing. CSR is now a part of the normal polyphony that management has to deal with. As Brown and Coupland (2004) suggested, organizations are constituted by the conversations and fragments of conversations that occur in and around them, in which many voices strive to be heard, and where what was once a distant echo from outside the chambers of power can become a glorious noise once it gains access. What matters is how CSR works in practice – and practice is a constantly evolving phenomenon. As Newton (2011: 75) notes, it is high time that critical management and organization scholars paid more attention to the organizational practices that can deliver improved sustainability outcomes.

**WHAT WOULD YOU DO?**

Think of your university. Does it have a formal commitment to being green and sustainable? Check the website to find out. How well do these claims stack up to what you see around you? Make an inventory of practices that seem to be counter-intuitive to the formal rhetoric. It could be the use of disposable polystyrene cups or hydrocarbon based vehicles. Now – what would you do to make the reality and the rhetoric align more closely?

**CORPORATE CODES OF ETHICS**

A corporate code of ethics (CCE) is a specific document that details moral guidelines or ethical rules for employees and, on occasions, for suppliers (Helin and Sandström, 2007; Schwartz, 2001). Necessarily, it is abstracted and distinct from all and any actual ethical situations and actors that may be constituted in everyday organizational life. Thus, as a management tool, the CCE can provide ethical support, encourage dialogue about ethics at work, and promote empowerment by clarifying expectations around decision-making and thus reducing the need for delegates to refer decisions upwards because of a lack of clarity about what is or is not permitted. Codes of conduct function as a set of rules that organizations adopt; adhering to this set of rules should then ensure responsible conduct. Most of the US top 1,000 companies have a code of conduct (Nijhof et al., 2003). These codes are often referred to as statements of CSR. For instance, health care products manufacturer Johnson & Johnson publishes a much-cited code of ethics on its website: when at one stage in the last century one of its product lines was adversely tampered with by someone seeking to hold the company hostage by poisoning its products the organization withdrew and replaced every instance of
the product, Tylenol, in the US market. Moreover, it went on to develop tamper proof packaging with which it replaced all the stock it rescinded and destroyed. Doing so was very much in line with Johnson & Johnson’s code of conduct and won the company great legitimacy in the community as a whole as a thoroughly socially responsible organization.

As well as channelling ethical behaviour a CCE can also increase centralization, impede moral imagination and create different forms of resistance in the organization by seeking to impose a common frame on diverse actors and situations. One possible effect of working with rules as a framework for ethics and responsible behaviour is that they alienate individuals from exercising moral responsibility. Following a rule embedded in a code of conduct does not require much reflection. Strictly following the rules may not be the best guarantee of good organizational outcomes. In using codes of conduct we cannot assure that stated goals will be achieved. Codes merely guide what members will choose to do. For instance, equal employment opportunity (EEO) legislation has not been sufficient to gain women equal status in organizations, despite being based on the belief that law and rules, implemented properly, will bring about more ethical circumstances. In practice, discrimination is enacted through the hardly tangible cultural micro-practices of everyday organizational life (see Martin, 2000; Meyerson and Kolb, 2000). For instance, although promotions are supposed to be based on performance and potential, women often have diminished career options. This is because they are less ‘visible’ and network less with the powerful – less likely to be invited to the bar with the ‘lads’ after work or invited to the golf course on the weekend. For instance, in a consulting company we know, the informal rule is that you earn your pay between 9 and 5 and your promotion between 5 and 9 – when you stay behind in the office to put in extra time. For people who have the responsibility for picking up the children from school or the crèche, more often than not the mother rather than the father, then such an informal rule cuts across any formal commitment to equal opportunity.

Codes can represent a more enabling or a more coercive form of control in the organization, and they can be either largely values- or compliance-based (Stansbury and Barry, 2007; Weaver and Treviño, 1999; Weaver et al., 1999a; 1999b). Values-based ethics programmes build on the idea of identification with certain shared values and have different outcomes compared to compliance-based systems, which are more influenced by top-down and rules-oriented approaches. A shared-values system is more likely to influence the awareness of ethical issues, lead to less unethical behaviour, make employees more willing to seek ethical advice, show greater commitment, keep their integrity intact, and find it more acceptable to deliver bad news to superiors. Sharing values is more effective in influencing an organization’s ethical climate positively then mere rule following. The new routines that any code introduces are expected by management to lodge in the practical consciousness of members.

The few in-depth case studies concerning how CCEs are used in organizations suggest, however, that control is a crucial element in these processes (Fischer, 2001; Helin and Sandström, 2008; 2010; Jensen et al., 2009; Kaptein and Wempe, 1998; Kitson, 1996; Pater and Van Gils, 2003; Schwartz, 2001, 2004). These studies also indicate that codes and control have a rather complex and dynamic relationship tied to organizational politics. Other studies support this view (e.g. Dillard and Yuthas, 2002; Jones, 2003b; Langenberg, 2004; Schwartz, 2000).

Stansbury and Barry (2007) connect different types of corporate ethics programmes to different forms of control, arguing that using a coercive form of control in a compliance-based ethics programme has different outcomes from using more enabling forms of control in a values-based programme (building on
the distinction between enabling and coercive control suggested by Adler and Borys, 1996). Stansbury and Barry (2007: 248) derive three ‘serious, and frequently overlooked, negative outcomes’ from control programmes: the specter of indoctrination, the politicization of ethics, and the atrophy of competence.

The specter of indoctrination is defined as ‘the inculcation of a learned unwillingness to consider the relative limitations of a system of thought, based on the authority of the teacher of that system’ (Stansbury and Barry, 2007: 248). An ethics control programme can hamper moral imagination as ‘the closure of interpretation and criticism infringes upon the moral autonomy of the individual’ (Stansbury and Barry, 2007: 248).

The politicization of ethics concerns how the ethics control programme can become both the subject and the tool of political conflict, and when this happens, it should be expected that it will be used in a coercive manner.

The atrophy of competence points to ‘the risk that highly coercive programs will diminish rather than enhance the individual’s ability to manage ethical ambiguity’, a risk that is greater ‘where ethical decision making emerges from complex and uncertain organizational processes’ (Stansbury and Barry, 2007: 253).

By highlighting control in relation to codes and acknowledging potential negative impacts (see also Schwartz, 2000; Dillard and Yuthas, 2002; Jones, 2003a; Langenberg, 2004; Painter-Morland, 2010), Stansbury and Barry emphasize the centrality of the interplay of power and resistance. Ethical control systems have the potential to become subjects and arenas of power games (Stansbury and Barry, 2007: 252). Managerially, an important task for those applying codes is to try and ‘ensure that these procedures are used as tools, not weapons’ (Stansbury and Barry, 2007: 251–252, citing Adler and Borys, 1996: 76). While it might seem odd to suggest that an ethical code can be used as a weapon rather than as a tool of enlightenment it is important to realize that, in itself, any code is merely an inscription that is utterly indexical upon the uses to which it is put. The meaning of the code is enacted only in its use (Helin and Sandström, 2008; 2010; Jensen et al., 2009).

Consequently, understanding codes and power in organizations implies documenting ‘how people adhere to, violate, ignore or creatively interpret formally ethical precepts’ since ‘[o]rganizational members engage with such formulations as a potential instrument of power that can be used to legitimize and delegitimize standpoints in power relations’ (Clegg et al., 2006a: 387). For the researcher then, how power is exercised, why and when, by whom and in relation to what issues, becomes a matter of empirical investigation. Power is not a thing; it is not something that people can have. Conceptually, power is always a relation – so the crucial issue is in what ways codes are used to fix power relations (Clegg, 1989), which is why we need to investigate how the introduction of practices, policies, and artifacts – such as a code – can change the resources, games, and moves open to different actors in power relations. Every organization is a complex of power relations: the fundamental vocabulary of organizations as coordinated goal oriented mechanisms ensures that this is the case because, in order to achieve concertation, a positive power has to be relationally present in order to induce a contribution. Quite how positive that power needs to be is an effect of independent variables such as the political economy, the rate of unemployment, labour market segment. etc. Moreover, just as any flow of power through a circuit induces friction and resistance so it is in social relations because of the irreducible existential
primacy of the human subject as one who acts according to their constitution of powers, situations, and society. Only in extreme cases is it the case that the subject is a compliant cipher for the relational power of others.

Stansbury and Barry (2007: 255–256) remain optimistic about the creation of more enabling ethics programmes. Codes of ethics can be used more effectively, following Arendt (1970), to provide support (moral guidelines rather than ethical rules), encourage dialogue, promote empowerment, and foster moral imagination. Based on Helin et al. (2011) and on previous in-depth case studies (Helin and Sandström, 2008; 2010; Jensen et al., 2009), we suggest that CCE's enabling role may well be wishful thinking in practice. Although Johnson & Johnson are always cited as the example, we should never forget Enron – a much-lauded company whose prize winning ethical code of conduct turned out to be a fig leaf for systematic criminality.

Helin et al. (2011) show why we should not be too optimistic about codes enabling ethics in organizations; the spectre of indoctrination, the politicization of ethics, and the atrophy of competence are all too readily empirically present in practice. The difficulty of achieving Stansbury and Barry's (2007) theoretical argument empirically – where there is a high level of goal congruence between employees and managers and a 'working agreement on values' (Stansbury and Barry, 2007: 256) in order for more enabling forms of control to function in organizations – should not be underestimated. The invocation of goal congruence and a working agreement on values should alert us to the necessity of making an analysis that addresses power relations within organizations, as Clegg (1989) argues. Agreement about values and a congruence of goals is a most unlikely state of affairs where people are left to their own devices. Sub-optimal goals, local loyalties, and tribal instinct in terms of one's identity allegiances will come into play.

The basic task of organizations is to get others to do things together that they might otherwise prefer not to do and in this codes can be useful. Through painful and occasional acts of symbolical violence, such as punishment, dismissals, and resignations, power settings can be recalibrated and formal commitments to concertative and collective relations in organizations reinforced. On other occasions codes may be little more than a ceremonial façade.

WHEN RULES WORK AS CEREMONIAL FACADES

CSR can be an institutionalized rule-based system that, following Meyer and Rowan (1977), can function as a ceremonially adopted myth used to gain legitimacy, resources, stability, and to enhance survival prospects. Thus, to maintain ceremonial conformity, 'organizations that reflect institutional rules tend to buffer their formal structures from the uncertainties of technical activities by becoming loosely coupled, building gaps between their formal structures and actual work activities' (Meyer and Rowan, 1977: 340). In other words, in their search for legitimacy organizations use codes of conduct as standards to justify what they do (Brunsson and Jacobsson, 2000). In this sense, having codes of conduct becomes a 'public relation exercise' (Munro, 1992: 98).

Munro concludes that 'codes are almost useless to individual employees who are faced with their particular dilemmas' (1992: 105). When a member of an organization faces a novel situation they must do more than merely apply a code of conduct rule in order to decide on a course of action. Rather, ruling is an activity, as the gerund demonstrates: the member has to apply the rule (interpret it) in the specific situation that can lead to a situation where two ethical rules compete with each other. As Munro (1992) has shown, it is exactly this competition that characterizes situations as dilemmas.
According to Handy (2002), 90 per cent of all Americans do not trust managers to look after the interests of their employees and only 18 per cent think that they look after their shareholders properly. He argues that ‘these countries that boast most stridently about their democratic principles derive their wealth from institutions that are deficiently undemocratic, in which all serious power is held by outsiders and power inside is wielded by a dictatorship or, at best, an oligarchy’ (Handy, 2002: 52). And, as the surveys demonstrate, oligarchic elites do not generate trust in the institutions that sustain them. Thus, CSR is an important issue for organizations facing environments in which their customers, clients, employees, patients, students, etc. are clearly ethically sensitive. At best, CSR codes of conduct are insufficient to ensure ethical behaviour; at worst they provide quick-fix answers that prevent ethical dilemmas from being debated.

GLOBALIZATION AND CSR

There are conflicting views on the relation of globalization to CSR. On the one hand, there is a view that as Western companies expand globally they bring a more developed sense of accountability to bear on local issues in parts of the planet in which they invest. The inward investing example of the western company may be seen to lift the game locally. On the other hand, there is a view that these companies would not be investing if it were not to access markets, material, or labour at competitive prices and that their competitive strategies will seek to drive their costs down. One way of testing these opposing points of view is to look at what happens to CSR when multinational enterprises from one part of the highly developed world seek to invest in another part of that highly developed world that differs in the reach and quality of its CSR mandate.

IN PRACTICE

The Transatlantic Trade and Investment Partnership (TTIP) is a series of trade negotiations between the EU and US, largely as commercial-in-confidence bi-lateral trade agreements. Such agreements are concerned with the enablement of more liberal trade agreements globally. What this means in practice is a reduction in regulatory barriers to trade. Often, these are popularly represented as cutting red tape. In practice, the red tape can often concern areas such as food safety law and environmental legislation, with some overtones of modern forms of colonialism because, in its current form, it can override a country’s regulations and laws.

As Williams suggests, in an argument close to that of Gabriel Siles-Brüge in The Conversation, the ‘regulatory convergence’ being sought will bring EU standards on food safety and the environment closer to those of the US. US regulations are not as strict as those in the EU – 70 per cent of all processed foods sold in the US contain genetically modified ingredients whereas there is virtually no genetically modified food sold in the EU. The US has lax restrictions on pesticides for plants and growth hormones for beef that Europe bans due to cancer risks. In Europe a substance has to be proven to be safe before it can be used while in the US any substance can be used until it is proven unsafe. For example, the EU currently bans 1,200 substances from use in cosmetics while the US bans just 12. Is it a case of over- or under-regulation? Clearly, there is room for debate but we should bear in mind the ‘precautionary principle’: if an action or policy has a suspected risk of causing harm to the public or to the environment, in the absence of scientific consensus that the action or policy is not (Continued)
harmful, the burden of proof that it is not harmful falls on those taking an action. In this case, the burden of proof falls on the part of the more lenient and less restrictive regime of trade practices. Against these concerns about TTIP, there is a counter argument by Associate Professor Denis Novy, also in The Conversation.

In negotiations to establish more liberal trade rules in pursuit of a level playing field in global trade there is always the risk that bodies such as the World Trade Organization and the Transatlantic Trade and Investment Partnership will establish the level not on the more precautionary principles for environmental standards that characterize Europe but on the more laissez-faire approach of the US. Large corporations that are US-based would doubtless be pleased with this result; it extends their potential reach greatly. The different standards that prevail in Europe can always be represented as Brussels red tape strangling enterprise and acting as a form of featherbedding through restrictive practices on European companies. Equally, they can be represented as a concern with the wellbeing and protection of citizens.

In practice, to what extent is it possible to liberalize global trade and ensure that there is sufficient regulation to ensure sustainable outcomes? You might want to research a particular trade or industry, such as genetically modified crops, to focus the case.

CLIMATE CHANGE AND THE PRECAUTIONARY PRINCIPLE

That climate change poses one of the major challenges to humanity is a proposition disputed only by a small minority of commentators and scientists (Giddens, 2009, Stern, 2006). The anthropometric effect of organizational actions on climate change is a politically contested topic. The future climate is not a powerful actant here and now, by definition; its legitimacy as a cause for concern is highly contested by climate change skeptics, despite the weight of peer-reviewed scientific findings, and the future can always be displaced even further, so that it has little in the way of urgency compared to this quarter’s figures or dividends. A stakeholder such as the environment has no power and only proxy representation through the practices of scientific and activist communities. To date, the language of science has not supplanted the language of commerce and national interest with that of a global interest in the future of the planet (Carter et al., 2011).

EXTEND YOUR KNOWLEDGE

Despite widespread agreement that climate change is a major problem, powerful actors do not seem to be able to subscribe to a single course of action that might help halt man-made damage to the planet, especially in view of the widespread acceptance of the precautionary principle, expressed in Principle 15 of the 1992 Rio Declaration:

In order to protect the environment, the precautionary approach shall be widely applied by States according to their capabilities. Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation. (UN, 1992)

Ranged against various advocates of the precautionary principle is that stream of climate change opinion characterized as ‘skeptical’. Climate-change skeptics deny the existence of man-made climate change or view its importance as overstated. An example of this would be Nigel Lawson's climate change group in the UK, US Thinktanks such as the Cato Institute, or the policies of the coalition parties presently in government in Australia. In recent years, such views have become increasingly untenable, which Giddens (2009) attributes to incontrovertible scientific findings. The dominant position, represented by the Intergovernmental Panel on Climate Change (IPCC), accepts that significant man-made climate changes are taking place that need to be tackled. In addition, there is a radical position. We shall review each briefly.

CLIMATE CHANGE SKEPTICISM

Skeptics claim the case that present-day processes of global warming are produced by human activity is either not proven or overblown.

The mainstream position of the International Panel on Climate Change (IPCC) on climate change has been established by the publications of the IPCC.

As Giddens (2008: 6) states: ‘The IPCC has had an enormous influence over world thinking on climate change – in so far as there is a consensus about its extent and dangers, it has played a large part in building it. Indeed, that is its declared aim – to gather together as much scientific data as possible, subject it to rigorous review, and reach overall conclusions on the state of scientific opinion. In successive publications it has outlined different possible future scenarios, trying to attach probabilities to them’.

There are threshold effects in climate change with several potential ‘tipping points’, such as the melting of the polar ice caps or the release of methane gasses from the Siberian and Canadian tundra. It may be too late to stop these tipping points; we will have to learn to adapt to a radically changing world. James Lovelock, the pioneer of the Gaia thesis, is an example of this position, which, interestingly, has led some radical greens into advocating controversial policy preferences, such as the use of nuclear power: 'I am a Green and I entreat my friends in the movement to drop their wrongheaded objection to nuclear energy' (Lovelock, 2004) a position tantamount to heresy for most orthodox green positions.

While there is broad acceptance of climate change science and the IPPC position, this has not been accompanied by decisive action to tackle the problem. Interestingly, in light of his earlier writings (Giddens, 2000), Giddens argues that the state has a prime function in tackling climate change, especially in terms of negotiating international treaties and enforcing them. Giddens’ (2008) vision is that the state should engage in long-term planning, which, of course, has fallen out of favour in the age of neo-liberalism, as an ‘ensuring state’.

IPCC: POSITION ON CLIMATE CHANGE
A return to planning cannot mean going back to heavy-handed state intervention, with all the problems that it brought in its train. The role of the state (national and local) should be to provide an appropriate regulatory framework that will steer the social and economic forces needed to mobilise action against climate change. I prefer the concept of the ‘ensuring state’ to that of the ‘enabling state’. The idea of the enabling state suggests that the role of the state is confined to stimulating others to action and then letting them get on with it. The ensuring state is an enabling state, but one that is expected or obligated to make sure such processes achieve certain defined outcomes – in the case of climate change the bottom line is meeting set targets for emissions reductions. (Giddens, 2008: 8–9)

Giddens notes that green issues have become a bandwagon and phrases such as sustainable development have gained great currency. The most widely accepted definition of the term sustainable development is that of the Brundtland Report (1987): ‘Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It contains within it two key concepts: the concept of needs, in particular the essential needs of the world’s poor, to which overriding priority should be given; and the idea of limitations imposed by the state of technology and social organization on the environment’s ability to meet present and future needs’.

Giddens is not optimistic about sustainable development, viewing it as ‘more of a slogan than an analytical concept’ (Giddens, 2009: 63), arguing that the confidence invested in sustainable development is misplaced and is a mass of contradictions. Giddens (2009: 68–69) advocates abandoning the concept, viewing it as an oxymoron. He is joined in this critique by Banerjee’s (2003: 153–154) dismissal of the sustainable development literature:

A majority of the sustainable development literature is of this ‘eco-modernist’ variety (Bandy, 1996) and addresses ways to operationalize the Brundtland concept. Thus, concepts such as ‘sustainable cost’, ‘natural capital’ or ‘sustainable capital’ are developed and touted as evidence of a paradigm shift (Bebbington and Gray, 1993). There is limited awareness of the fact that traditional notions of capital, income, and growth continue to inform this ‘new’ paradigm. The uncritical acceptance of the current system of markets is also problematic: although markets are indeed efficient mechanisms to set prices they are incapable of reflecting true costs, such as the replacement costs of an old-growth tropical rainforest or the social costs of tobacco and liquor consumption. (Hawken, 1995)

Preferring the nomenclature of ‘buzzword’ to new paradigm, Banerjee, paralleling Giddens, also argues that sustainable development is oxymoronic (Giddens, 2009: 68). In particular, Banerjee’s analysis reveals the way in which many of the assumptions underpinning sustainable development share family resemblances with older development discourses. Sustainable development, he argues, ‘is very much subsumed under the dominant economic paradigm. As with development, the meanings, practices, and policies of sustainable development continue to be informed by colonial thought, resulting in disempowerment of a majority of the world’s populations, especially rural populations in the Third World’ (Banerjee, 2003: 144). For Banerjee, sustainable development seems little more than a fig leaf for powerful liberal Western interests. In a strong critique he argues that sustainable development is not egalitarian, simply because ‘environmental destruction is not egalitarian’ (Banerjee, 2003: 173), in that it delivers ‘economic unfreedoms
to a marginalized majority of the world’s poor’ (Banerjee, 2003: 173), lacks a strong sense of local empowerment, and inscribes indigenous populations as the ‘passive objects of western history’ (Banerjee, 2003: 174). Banerjee concludes that sustainable development maybe little more than the legitimation of markets and transnational capital.

Whatever the limitations (Giddens, 2009) or dangers of sustainable development (Banerjee, 2003), any attempt to change the balance of the economy that will have practical import involves power relations that redefine conventional carbon economy-based conceptions of acceptable behaviour. At base, what people take to be their interests in material goods such as cheap energy will need to be reframed because the politics of climate change mean that those with interests in a fossil-fuelled economy, such as mineral extraction companies and the trade unions that represent workers in these industries, will have to accept actions that run counter to their immediate interests in the development of an extractive economy. Talk of interests necessarily brings discussions of power into focus (Clegg, 1989; Lukes, 2005).

Climate skeptics utterly dismiss the evidential basis for other positions on the basis of a very clear conception of interests, espoused more usually out of the strength of their ideological positions rather than the strength of their science. From their perspective, the real interests of the present generation are in jobs, lower taxes and living costs, and the claims of climate science on the IPPC model would threaten all these while being a Trojan Horse for radical green positions. From the perspective of the radicals the skeptics are ideologically deluded, protecting the real interests of the resource-based industry and capital and the unions that organize it, while the radical view of the IPCC position is seen as ideologically compromised by the consensus methodology used: it reflects climate science as if it were a paradigmatically cohesive enterprise which leaves the radical perspective as a fringe position. The radicals see the real interests of the long-term health of the planet and the legacy left for future generations being compromised because of the normatively induced consensus-based conservatism of the scientific community. From the IPCC position, the skeptics are clearly deluded, unable to grasp the science because of their overwhelmingly ideological position and articulation of interests that are clearly supported by the resource-based lobbies, while the radicals are seen to be drawing inferences from the data that are just as much based on their ideological commitments also, albeit radically green, rather than from the cohesive body of disconfirmed knowledge. In Lukes’ (2005) terms these positions are essentially contested because they are fundamentally moral positions rather than scientific ones: the radicals are self-evidently radical, the IPCC occupy the liberal position, while the skeptics are the conservatives. Lukes sees moral positions as the basis for an essential contestation that cannot be resolved. Essentially contested concepts are evaluative, delivering value judgments about inherently complex phenomena, which, for different interpreters, are characterized by quite variable and distinct properties. The debate over these concepts is not resolvable by evidence or rational presentation of the data; while supported by differential forms of evidence diverse positions tend to become dogmatically held in a conflictual way among proponents equally committed to the incontrovertibility of their position. Faced with an essentially contested concept such as climate change one might be tempted to assume that a rational analysis is impossible because of the strength of the diverse positions. What is at stake in essentially contested concepts is the truth of the different positions being held in a more or less organized way.

There are re-emerging discourses on limits to growth that also challenge the legitimacy of sustainable development, labelled by some as advocating the post-growth economy, which includes a number of discourses such as the circular economy and the steady state economy.
THE CIRCULAR ECONOMY

Present-day economies, as they have been since the start of industrialization, are based on use and waste: use something or other until it is no longer useful or wanted and then consign it to waste, usually to end up as landfill. Resources are dug up to manufacture products and infrastructure, then discarded to landfill or recycled when finished with. This has been dubbed the ‘take-make-dispose’ economy. The circular economy, advocated by the Ellen McArthur Foundation, addresses these unnecessary resource losses. Household names such as Unilever, Cisco, Philips, and Renault are some of the Foundation’s global partners. Through more recycling and design of products so they last longer, can be repaired and upgraded, reused or resold and their materials used in remanufacture, waste can be minimized. In The Conversation Suzanne Benn and Damien Giurco offer the following example of the sort of switch that might be involved, such as for businesses to sell services instead of products – for example, selling ‘hours behind the wheel’ rather than selling cars, which is what happens with car-share schemes such as GoGet, Hertz 24/7 and GreenShareCar.

THE STEADY STATE ECONOMY

Development of steady state economics is a response to the argument that economic growth has limits of ecology, demography, etc. While economic policies often assume that macroeconomic growth is good and progressive, the steady state theorists suggest that the costs pose biophysical limits to the desirability of continuous growth. If growth comes at the cost of species, habitat, ecology, sustainability, climate, and life itself, what’s the point in the long run? The International Society for Ecological Economics is a major venue for steady state ecological economics and argues that the economy is embedded in nature, such that economic processes are actually biological, physical, and chemical: economics is too important to be left to the economists and their simple single discipline assumptions.

Degrowth economics argues that developed nations (the Global North) will have to dematerialise and detune their current economies and lifestyles as they are already in overshoot. It’s major voice is Serge Latouche who argues that pursuit of economic growth causes inequality and injustice to increase; while more people may spend more on consumer goods and services they do so at great collective cost: degraded quality of air, water, and the environment generally; eating food that is factory farmed in conditions that amount to systematic torture and murder of animals denied a natural life before they enter the food chain. The costs of modern living increase as the quality of life is diminished as we need more in the way of medicine to combat the diseases of affluence, especially obesity, and we spend more and more time commuting greater distances from suburbs to work, consuming increased numbers of products made scarcer (water, energy, open spaces).

WHAT WOULD YOU DO?

Climate change

Against the relativism that the debate over climate change might seem to imply, perhaps we should also consider the precautionary principle? On the basis of this principle, which of the three camps would you align yourself with and why? What concrete policy proposals for organizations as well as governments would you wish to see developed? What would you do on an everyday basis to make your impact on the planet more sustainable?
THE CHALLENGE OF MANAGING ETHICS

AN ETHICS OF SUSTAINABILITY

Most organizations today profess a commitment to sustainability as a part of their overall code of ethics. The primary concern of codes of ethics is to assure compliance with organizational interests, with the code acting as a form of insurance: should there be ethical wrongdoing then the organization can point to the ethics it publishes and endorses and observe that their breach is against organizational policy. So, for instance, an organization might subscribe to a code of ethics that seeks to minimize the organization members’ ecological footprint. Individual members of the organization might be climate change skeptics who do not think that human behaviour is contributing to global warming, against the overwhelming body of scientific evidence, and thus do not feel that they have any need to reduce personal energy consumption or to practice ecologically sustainable styles of working. If they are responsible for outcomes that violate the code then they, not the organization, can be held accountable, because they are in violation of the code.

If there is a conflict between the ethics of the individual and those of an organization’s ethical code, then the common assumption is that the individual’s preferences must be secondary and subordinate. That this is the case requires that individual employees cannot have ethical autonomy; where their preferences, values, and interests conflict with those of the employing organization, whatever ethical autonomy they can exercise will be constrained by the implicit framework of their contract of employment.

Of course, ethical codes are not just concerned with recycling, energy minimization, and an absence of polluting behaviour. Increasingly, in the wake of contemporary scandals from Barings Bank (1995) onwards, including Enron (2000), Lehman Bros. (2008) and Barclays (2012) and continuing in the ongoing global financial crisis, many organizations have sought to link business interests, employee ethics, and legal compliance in formal codes that seek to stipulate organizationally responsible behaviour. The motivation is to ensure that an organization’s code of ethics has high visibility (Basu and Palazzo, 2008: 126) enabling enhancement of corporate reputation (Fombrun, 2005) or, as Milton Friedman (1970) described it, ‘hypocritical window dressing’ (Bartlett and Preston, 2000).

CODES OF ETHICS

Analytically, a corporation’s code of ethics is the documented, formal, and legal manifestation of that organization’s expectations of ethical behaviours by its employees. It is the visibility that a code offers that enables an organization to be judged as ethical. Indeed, according to one institution that benchmarks codes of ethics, scoring organizations’ performances against this benchmark and encouraging them to broadcast the results, the criteria for consideration as an ethical company includes having an ‘ethics and compliance program, governance and corporate responsibility’ (Ethisphere, 2015). Implicit within such corporate prescription of employees’ ethical behaviours is the organization’s ability to manage any allegedly ‘deviant’ behaviour by organizational members (Trevino, 1986) effectively for the benefit of the organization. There is a strong normalizing function in the deployment of these codes that suggest strategic risk is being managed (Fombrun et al., 2000; Husted, 2005).

Ethics are complicated, however. An ethically observant company may base its business on an ethically dubious proposition. Think of fast food chains that sell sugary drinks and fatty food to young children contributing to a nation-wide...
obesity epidemic – are they acting ethically when doing so, even if they have a code of ethics and members of the organization comply with it? Think of large multinational energy corporations that might exploit and pollute the environment they are working in (just remember the BP oil spill in the Gulf of Mexico in 2010) and cut deals with governments that do not respect human rights – are they acting responsibly? Or think of fashion brands that produce cheap shoes and clothes in developing countries, often employing children working in miserable conditions – are these companies doing the right thing? Many firms maximize profits through outsourcing production to developing countries. The unethical results of this strategy are that they employ workers who, by the standards of most of its customers, are poorly paid and oppressed. Moreover, some of them are under the age of 14 and work in ‘sweatshops’. Though in the developing countries in which they work there might be considerable competition for these jobs, the cost of the labour used in production hardly compares with the millions that firms such as Nike spend on marketing their products, especially through promotional tie-ups with leading sportspersons, such as tennis champion Rafael Nadal.

Spurred by these inequities, a critical audience (Boje, 1998) picked up these practices of Nike and protested against Nike management, successfully lobbying it to change. Nike was successful in terms of business goals but as the goals were achieved in ways that liberals in the developed countries could question, the strategy turned out to be counterproductive in marketing terms.

Of course, ethical issues are rarely clear-cut: the picture is much harder to calibrate from the perspective of the developing world’s workers themselves. Yes, they are exploited in global terms, and the work is demanding and detailed – but, in terms of comparable wages in their domestic economies, they are privileged. A young woman working in a factory sweatshop for a few dollars a day looks like exploitation; indeed, it is – but in the developing world such employment might mean the difference between starvation and survival for her family. In the light of these arguments it is not easy to answer the question whether Nike acted unethically or not. You might say ‘yes’ because it exploited workers; or you might say ‘no’ because it allowed workers to have a job in the first place.

Recent scandals in the corporate world – think again of the BP oil spill or the behaviour of investment banks such as Goldman Sachs that contributed to the 2008 global financial crisis – have made ethics central to public debate over the sustainability of business success. Often this concern with ethics is reflected in the shift to triple bottom line reporting – reporting on People–Planet–Profit – in which the impacts that are measured are not only financial but also those registered on employees and the natural environment. Put simply, rather than reporting the financial profit or loss of a firm, the impact of the firm’s doings on the planet and on people should be reported too. In this sense firms are not only responsible for financial success but also for human wellbeing and the environment. Accountability extends beyond narrow criteria and focuses on the link between business and society.

As we will argue in this chapter, there are no simple guidelines for prescribing right and wrong behaviour. What is ethically sound in one context might be seen as unethical in another. For instance, most of us would agree that torturing a person is unethical. However, what if this person is suspected of knowing about a planned terrorist attack and torture is the only way to get the vital information from them? In this case, would torture still be unethical? Or would it be unethical to let many potential victims die as a result of the planned attack? Questions such as this are not easy to answer: certainly governments in different countries do not agree on the answer to such questions, so some of their organizations torture or condone torture, while others do not. Hence, the objective of this chapter is not to argue
for one or the other side but to develop your sensitivity for and interest in ethics. Our aim is to encourage you to understand business activities and decisions not only as economic ‘facts’ but also as ethical issues.

A rapidly growing body of academic literature reflects the importance of business ethics. Although ethics has its antecedents in both ancient philosophy and religion, business ethics is an emerging discipline. Further, while a consideration of the ethics of business can be traced back to the seminal work of Adam Smith, whose focus was as much moral as economic, the explicit development of business ethics as a field of research and study is more recent.

**APPROACHES TO BUSINESS ETHICS**

**THINKING ABOUT ETHICS**

The core issue in business ethics is how businesses ought to act. What is an ethically sound way for business to behave? However, as we will see there are no simple answers to this question. Friedman (1982) argues that businesses are neutral instruments that have been created for the pursuit of goals that they do not control. In this perspective an organization can only fulfill its function; it cannot be judged ethical or unethical.

Think of a small boulangerie: it exists to fulfill a function, which is baking good bread. One could argue that this is its only purpose; the question of an ethical or unethical bakery would not make sense since it can only fulfill its function. If it performs this function well loyal customers who support the business and help it to grow will reward it; if not, the business will ultimately go broke as customers cease purchasing bread from that particular bakery. However, if in the process of selling its bread the bakery were to use non-biodegradable plastic bags which then get dumped in landfill, would it still be a good bakery, as one whose rubbish can end up in landfill for infinity?

One influential view is that of Milton Friedman. He argues that businesses should stay within the rules of the game and must not engage in illegal or criminal activities. That is about the only limitation he imposes on business: as long as they respect the law they should, according to Friedman, be free to do whatever they want to increase their profits. The following quote by Friedman gained worldwide notoriety:

> The view has been gaining widespread acceptance that corporate officials and labour leaders have a ‘social responsibility’ that goes beyond serving the interest of their stockholders or their members. This view shows a fundamental misconception of the character and nature of a free economy. In such an economy, there is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition, without deception or fraud. (Friedman, 1982: 133–134)

It is easy to argue that this simple rule of social responsibility does not ensure ethical behaviour. Think of a global sports brand that manufactures its products in a developing country paying minimal wages to children: according to the law of the developing countries, the sports brand may act legally. However, from an ethical perspective the behaviour of the company might be unacceptable. It can be argued that Friedman’s position relies too much on a belief in the self-regulating forces of capitalism.
Not everything that is legally allowed is ethically sound: just because something is not illegal does not make it automatically ethical. Think of your own social network: would your friends find it acceptable if you cheated on your partner and covered it up with lies? How about if you cheat in an ethics exam?

The main theories in business ethics address ethically problematic issues. How should a business behave? What is the right thing to do? Who is ultimately responsible for the actions of an organization: the individual or the organization? And how can ethics be ‘managed’ and ethical behaviour ensured throughout a company?

In fact many consumers agreed with the critical views and put companies such as Nike or Gap under immense pressure to change their work practices in developing countries (see Chapter 10 on communication). Further, we would not overlook the power dynamics that contribute to the creation of laws. In many developing and developed nations corporations and corporate interest have a disproportionate influence in the creation of laws – especially those directly relating to their costs of production such as the cost of labour or public utilities. This influence has increased, albeit in a complicated fashion, with the increase in multinational corporations the world has recently seen.

NORMATIVE AND DESCRIPTIVE ETHICS

Broadly speaking there are two different schools of thought in the business ethics community. For some, business ethics is conceived of as a normative ethics. Normative ethics can assist managers in dealing with moral dilemmas or to enable past actions to be judged in terms of their ethicality. Business ethics uses normative models in order to investigate the ethical nature and consequences of particular events or practices in business. In this normative approach, business ethics is generally understood as being related to the rules and/or cultural norms that govern, or should govern, organizational conduct. In organizations this commonly means that managing ethics is done through formalized codes of conduct that should govern everyday actions and decisions. Indeed, it is reported that 78 per cent of the US top 1,000 companies have a code of conduct (Nijhof et al., 2003). Theories of business ethics that develop normative models for passing ethical judgment on business practices also often use this ‘codes’ approach (e.g. Brass et al., 1998; Gatewood and Carroll, 1991), proposing the development of ethical rules for organizations (e.g. Beyer and Nino, 1999).

The study of business ethics has also been pursued through a descriptive approach, which uses scientific analysis to describe the actual behaviour of organizations and their members.

The key question in both approaches is whether ethics is relative to history and tradition or whether there is a set of absolute norms that are valid at any time anywhere in the world. For instance, although gift-giving to facilitate business might be an established part of one country’s business culture, it might be considered unethical in other countries: giving and receiving gifts might be seen as normal in certain countries, whereas it might be understood as bribery in others. In this example, values are relative. Whether an action is ethical or not depends on the cultural context with which you are dealing as well as the cultural norms of your own business culture. Where the two do not coincide then there is always the possibility of behaviour being construed as unethical by one or other party. For instance, it is evident that, depending on the culture, giving or not giving gifts to facilitate business could both equally be construed as unethical.

Normative ethics seeks to establish means of judging whether business practices are right or wrong.
The descriptive approach to business ethics would not seek for normative guidelines that ought to be applied in practice, but rather monitor and describe what actually happens.

ETHICS AS CONTROL

An organizational code of ethics is a normative means of managing and controlling employee behaviours in terms that are desired by management. In their efforts to control employee behaviours some organizations increase the numbers of business practice officers and include ethical values and compliance in performance assessments in a tick-box fashion, and investigate infractions and take remedial action (Paine, 2010). For others less active, the code of ethics is assumed to provide legitimacy for an organization as a survival strategy (Long and Driscoll, 2008; Meyer and Rowan, 1977).

Paine (1994: 106) argues that ‘ethics has everything to do with management’ because it reflects an organization’s ‘operating culture’. Culturally oriented ethics rely on managerial responsibility for ethical behaviours in combination with legal compliance, a position also argued by Christensen (2008). Paine’s concern is with what ought to be done rather than what is done or may be done by organizational members. She describes various corporate initiatives such as those related to ‘diversity, quality, customer service, health and safety, the environment, legal compliance, professionalism, corporate culture, stakeholder engagement, reputation management, corporate identity...’ and more (Paine, 2003: 3).

Some elements of codes have the force of national regulation and law behind them. Such is the case with occupational health and safety legislation, equal employment opportunity and other areas where the state mandates acceptable behaviours. However, Paine (2003) dissolves the discursive boundaries between legal compliance (such as diversity, health and safety, and the environment) and self-governance strictures (quality, customer service, professionalism, corporate culture, reputation, corporate identity, etc.). The latter are not legally constitutive, mandated by juridical decree, as with an Act of Parliament, being locally preferential rules. These rules or structured ‘guiding principles’ (Paine 2003: 111) in codes of ethics are a key part of a top-down strategy: they express strategic preferences with respect to areas of behaviour deemed significant.

In essence, reciprocity between the organization and its members is neither presumed nor left to chance. What are promoted are routines that seek to align the moral integrity of the individual with that of the organization. These routines are rarely arrived at as a result of any form of democratic participation by organizational members premised on their conception of interest in formulating a code of ethics. That the organization sets out the frame for ethical behaviour presumes a great deal about the ethicality of the organization. Moreover, it is a frame that has to deal with the extreme contingency of events; its ethicality is tested for each new event that the organization encounters (Deroy and Clegg, 2011). Indeed, it is only really tested by such events to the extent that organizational members predicate its ethicality on rule-following behaviour, where there is no necessity for decision and judgment and hence no ethicality is at stake (Clegg et al., 2007).

Codes of ethics are closely tied to organizational objectives since managerial and organizational objectives are enshrined in them. As Rasche and Esser argue, these objectives have a relation to matters of compliance both externally (compliance with the law) and internally (compliance with organizational regulations) (Rasche and Esser, 2007: 109). Christensen (2008) argues
that while models of ethical decision-making typically do not include the law, its norms are implicit even if they are exogenous to moral thinking. While law and ethics may be related, they are not the same (Christensen, 2008: 451). Yet by folding both corporate rules and legal compliance into a strategic discourse of integrity-based ethics, managerial preferences become a natural and normal part of what is constituted as legal compliance. While such compliance is stipulative, managerial preferences are not: they lack legal sanction and remit and are preferential rather than constitutive rules for conduct (Shwayder, 1965). Such strategic ethics not only require organizational members to make interpretations that management deems correct and then to take appropriate action but also that, ethically, as a matter of principle, each employee should accept the legitimacy of doing so. Corporate governance and legal compliance are entwined within the code of ethics.

NORMATIVE INTEGRITY-BASED PRACTICE

The overarching culture of an organization may be inherently coherent, robust, and freely shared by its employees, such that they will feel free to give voice (Hirschman, 1970) or it may be characterized by differentiation or fragmentation (Martin, 1992a). Where employees do not tacitly or explicitly resist the imposition of ethical codes they hold their counsel. Acquiescence may be taken to be loyalty but could just as easily be domination and subordination. An absence of dissent may signal either authentic consensus or one that is more apparent than real. The conditions for democratic consensus are rarely to be encountered in the normal conditions of organizational life; more likely, preferences will be compromised in the interests of established authority and its power relations. The simple management response is: if you don't like the way we operate, you can work somewhere else. However, this may not always be possible.

Essentially, within the organizational ambit we are dealing with a localized problem of order and management intentionality. Codes of ethics per se are not legally binding enactments but local social contracts. They are preferential rather than constitutive rules. Organizations align the authority of legality with organizational self-interest to define the limits and extension of their sovereignty. Such are constitutive of employment relations. The aim is to restrict organizational members from articulating ‘unauthorized’ behaviours either by conduct not contained in the code’s preferences or by their interpretations of the code. To counter any such tendencies, the code prescribes the authorized and ‘appropriate’ behaviours that it licenses.

When considered as a sphere for strategic risk management, a code of ethics presents an ethical problem. How ethical is it for an organization to serve up a utilitarian mélange of legal compliance inseparable from management-designed governance through which organizational members’ moral autonomy is filtered? In other words, is it ethical for organizations to try to influence the ethical subjectivity (Clegg et al., 2007: 107) of their members and persuade them to act in particular ways to protect the interests of the organization, if doing so denies employees’ own ethical views?

While rhetoric about the organization may well seduce top management teams, it is rare that rank-and-file employees will be so easily pleased. Many ethnographic studies detail the considerable cynicism and distance in ‘the ranks’ (Collinson, 2003; Collinson and Ackroyd, 2005; Collier and Esteban, 2007; Fleming and Spicer, 2002, 2003, 2007; Mumby, 2005; Trevino and Nelson, 2011). Clegg et al. (2007) conceptualize that, analytically, the gap between prescribed business codes of ethics and their subjective interpretation by organizational members hinges on mundane practices (see also Gordon et al., 2009a, 2009b). The relationship
between rule following and rule violation is an indication of ethics-as-practice (Clegg et al., 2007: 107–108). In context, ethics do not exist on paper or in a virtual space but in concrete practices: it is not what the rules stipulate but what the actors do that is important (Gordon et al., 2009a, 2009b). Daily practices by organizational members rather than executive management’s dictates frame mundane organizational behaviour and it is in this mundanity that the practice of ethics resides.

Although research into how organizational members can and do interpret codes of ethics day-to-day is relevant and worthwhile, we wish to draw attention to the codes of ethics themselves and the rhetoric that is inscribed within them. Such rhetoric typically incorporates both prescriptive behaviours and disciplinary actions for deviance with clear warnings about levels of tolerance. What such rhetoric reveals is the tacit domain assumptions by management in the organization in question. Such codes may have little to do with the ethical world of the individuals employed: they do not serve to enhance the moral autonomy and integrity of organizational members so much as bind them in subservience. Ethics become another face of domination through their capacity to restrict organizational practices.

Many management and organization studies scholars, as well as students of ethics, are concerned with the way organizations deal with ethical issues through formalizing and enforcing ethical rules (see Bauman, 1993; Bowie, 1999; Jackson, 2000; Jones, 2003a; Kjonstad and Willmott, 1995; ten Bos, 1997). Organizations typically prescribe forms of ethical behaviour through rules that focus on framing members’ intentions and limiting the consequences of their actions (Rasche and Esser, 2007; Trevino et al., 1999; Trevino and Nelson, 2011). Such formal rules tend to focus exclusively on motivating employee behaviours that benefit the organization and serve to protect management from blame and legal consequences (Trevino et al., 1999: 133). Indeed, the primary objective of codes of ethics is often to minimize business risk rather than produce ethicality. The reduction of risk is sought through corporate affairs guardians monitoring and auditing compliance to enforce ethical rules (Donaldson, 2003).

MANAGEMENT OF RISK

Businesses that wants to move beyond a legalistic framework of risk management and Paine’s (1994; 2003) organizational values-regulated-by-management approach and create empowering ethics, as suggested by Kjonstad and Willmott (1995) as well as Clegg et al. (2007), need ‘to complement the construction and appreciation of moral rules with the development of moral learning and the exercise of moral judgment’ (Kjonstad and Willmott, 1995: 447). To do so requires flexibility in the way a code of ethics may be interpreted and acted upon by organizational members (Clegg et al., 2007; Gordon et al., 2009a; 2009b).

Bowie (1999: 121–133) establishes a case for Kantian ethics (of doing one’s duty) in business saying that business managers – and we would argue other organizational members – should do ‘the right thing’ out of duty rather than personal interest. The essence of Bowie’s argument is that if a manager claims to act out of duty and is later found to have acted out of self-interest, then others will be cynical about any claims made by that manager, thereby compromising both the manager’s and the firm’s reputations (Bowie, 1999: 135). Jones (2003a: 235) suggests that once a business manager begins calculating risk and benefit in making a claim or performing an action, such actions fall outside of the realms of ethics. Jones (2003a) reasons that ethics have a value to business because they can minimize risk, such as limiting legal responsibility,
influencing employees through organizational culture, managing the firm’s image and brand.

Jones (2003a) argues that tying ethics to strategy is problematic for ethics, since motivations by an organization to act ethically derive neither from virtue nor moral obligation. A strategic sense of business ethics is not based on ethical intentions but on calculated instrumental benefit to business. If being ethical is good for business it is because business achieves success by using ethics as a tool rather than ‘doing the right thing’. If a particular activity has been modified or eliminated by the code, an ethical problem arises for any employee who has pursued an activity based on their understanding of the code at a particular time, only to find subsequently, by virtue of the reaction that their actions elicit, that they have violated the code, leaving them in an untenable position with the company.

The flexibility of ethics depends on the circumstances. Minkler (1999) sees a problem when the calculability of ethical action for a business in purely economic terms is deployed as a decision-making framework, describing it as ethically questionable. He discusses motivations for action in terms of an expectation of utility (benefit), either from the external recipient of the action, or from an internalized feeling of satisfaction that will come from performing the action (Minkler, 1999: 4). Minkler (1999) argues that regardless of whether the utility of such an act provides benefits to others, the motivations serve primarily to satisfy the preferences of the doer; thus, they are hardly ethical.

THE ETHICS OF BUSINESS AND THE BUSINESS OF ETHICS

It could be suggested that business ethics is merely an extension of the business of business, with most large corporations presenting their codes of ethics or ethical standards of business conduct as another part of their websites, like a product range or a list of business partners. It may be viewed as a cynical exercise in Friedman’s ‘hypocritical window dressing’ that corporations want to be seen as behaving ethically, as shown by the Ethisphere Institute awards. Most companies regale website visitors with documents explaining their code of ethics usually in confusing, effusive, and convoluted rhetoric and with many linking documents.

Jones (2003a: 236–237) suggests that one limit to business ethics is that it may be considered to be analogous to law. In courts of law, it is judgment about the intentions of a defendant that play an important part in judicial decisions, including the degree of remorse shown by the defendant when the outcomes of what are taken to be determinations of intentions negatively affects others. The situation is as applicable to institutional cases as it is for individuals at a personal level. Where remorse is shown, sentencing is lighter. In any potential legal case relating to unethical actions by its employees, a company with a code of ethics can show through publicly available documentary evidence that the company’s intentions are ethical and that it exhorts its members not only to be ethical but also to help others to improve and to encourage their compliance with values. The company can show that its intentions are not only good but also legal and thereby minimize its potential risk exposure to actions on its behalf by its employees.

Codes of ethics afford protection: to employees who are supposed to abide by them; to customers, who know what they should expect; and to organizations, for whom they are a classic example of risk management and insurance against malfeasance. Codes of ethics can limit the impact of malfeasance; however, it is less likely that they can stop it. Of course, if there were a universal set of absolute values that all agreed on the story would be different.
IN PRACTICE

Is there a set of absolute values that are not negotiable?

It has been argued that men and women should be treated equally regardless of religious belief or the culture in which they live. The Universal Declaration of Human Rights from the United Nations, written in 1948, has as Article 1 the following:

Article 1: 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.

Ethically, we need to ask how consistent Article 1 is with cultures in which women’s sexuality is celebrated either in advertising representations of them in scanty dress with product placement or where their whole body and face are totally covered while men’s are not? When some societies embrace sexual display of parts of the body as the norm and others insist on total coverage – but only for women - is this treating everyone as free and equal in dignity? What should international businesses do ethically in their employment and advertising practices? Article 1 might be problematic if we think about it enough – but what about Article 5?

Article 5: No one shall be subjected to torture or to cruel, inhuman or degrading treatment or punishment.

Certain countries, including the US, engage in practices that are very close to cruel, inhuman, or degrading treatment. The report on the use of torture in Guantánamo Bay prison provided evidence that the US interprets Article 5 differently.

If not everybody agrees on such basic values as the unethicality of torture, one can imagine how hard it would be to agree on other ethical values universally. For instance, we might all agree that workers should receive a fair wage for their input. However, what constitutes a fair wage in a developing country? If it is two times more than an average local salary could one argue it is fair? It may still be only a fraction of the market value at which the products are sold for in developed economies – so is it fair that the organization’s shareholders increase their value by diminishing the wages of their employees by moving production to a cheap-wage economy?

In answering these questions it could be argued, for instance, that it is only inward investment from more developed economies that will raise wage levels in the less developed ones. From this point of view, the relativities are not so important. As you can see, it would be very hard to develop universal rules around such issues: they very much depend on personal values and beliefs that differ from person to person.

ETHICS PAYS: GOOD BUSINESS EQUALS GOOD ETHICS

One prominent argument is that ethics and business are, or at least can be, aligned in order to create competitive advantage. The core argument here is that ethics does not contradict the driving forces behind business organization and that there is no conflict of interest between profits and principles. Francis and Armstrong (2003), for instance, argue that an ethically informed risk management strategy increases commercial outcomes, prevents fraud, and lifts corporate reputation.

In this argument, an organization’s ethical commitment is driven by its self-interest: because it wants to make profits, the company will behave ethically, or in short: ethics pays. Such a perspective dates back to Adam Smith’s argument that
maximizing personal advantage will lead, through self-interested actors competing in the market, to a maximum of collectively beneficial outcomes. In sum, this suggests that ‘good ethics is good business’. Thus, profits and principles are mutually inclusive rather than mutually exclusive frames (see *The Shell Report* (2003) for a business example).

‘Ethics pays’ is the argument behind ‘strategic philanthropy’ (Seifert et al., 2003), as ‘intangible resource for competitive advantage’ (Hall, 1993), as ‘marketing instruments’ (Maignan and Ferrell, 2004), or as means to increase organizational commitment (Cullen et al., 2003). For instance, Porter and Kramer (2002) argue that companies should use their philanthropic budget only to improve their ‘competitive context’ — that is, philanthropy should enhance the quality of the business environment in those locations in which businesses operate (2002: 58). The education of the workforce, the availability of economic infrastructure, and the promotion of business aims would all fit the bill. Such investments are proposed as simultaneously good both for business and for the various stakeholders involved. So, for instance, McDonalds may support neighbourhood schools or provide Ronald McDonald houses for sick children, which may benefit children in the community as well as promoting McDonalds.

Such examples raise questions, however. How disinterested is this as philanthropy or how much is it a marketing exercise? And does it matter? You could argue that if it is doing good and putting resources where they would not otherwise go, if it is also marketing, so what? But on the other hand, is it marketing food that is basically unhealthy and contributes to childhood obesity, excessive waste from the packaging, and provides a McDonaldized model for business that is uncreative and inimical to innovation? What might appear to be ethical behaviour in one dimension of an organization’s remit may be counterbalanced by equally unethical action elsewhere.

Porter and Kramer argue, ‘the more closely a company’s philanthropy is linked to its competitive context, the greater the company’s contribution to society will be’ (2002: 68; see also Handy, 2002). For example, doing something good and improving the organization’s prospects are aligned. Providing good education to people is not only an altruistic act; it also ensures that the organization will have a pool of educated people that it can employ when needed. In this case smart business thinking equals ethical behaviour. The ethical rules and the rules for organizing efficiently and profitably are positioned as being the same. Just following the rules will produce just and profitable outcomes. In sum, behaving ethically means rigorously applying the rules of good management. According to this view, there is no need to be concerned about ethics for, in the long run, good management will by definition be a harbinger of both profits and ethical outcomes: the two will be conjoined like Siamese twins.

**ETHICS AS AN INDIVIDUAL RESPONSIBILITY**

An alternative approach argues that ethical conduct is more a matter for individuals as opposed to businesses or organizations (Soares, 2003). Following this approach, it is ultimately the individual human being (manager or employee) who has to defend ethical values and make ethical choices, often in spite of their organization. Unethical organizational behaviour can then be seen to result from the individual actions of ‘bad apples’ that are either amoral or guided by immoral principles.

The ‘individualization’ of ethics suggests that the individual manager is ultimately responsible for ethical behaviour and that the organizational requirement is for ‘empowering ethics’, which supports moral learning and development, instead of restricting ethics through codes (Kjonstad and Willmott, 1995). The
heroic individual, so the argument goes, needs to listen to their inner voice or ‘moral impulse’ (Bauman, 1993; 1995). Such organizational members are ‘morally assertive’ and use their personal ethics to mediate corporate priorities (Watson, 2003). Ethics here is understood as a moral task for managers, who have personal responsibility for ethics.

If ethics are essentially a matter of individual behaviour, then organizational ethics would reside solely in the free will of the individual. In this scenario, the organization (and its rules) is a powerful framework within which an individual should act ethically. Conceived this way, an organization is an ethically questionable entity based on rules that individual members respond to according to their own personal ethics.

WHAT WOULD YOU DO?

You are an employee of a global company. You learn from social media that the company is implicated in questionable employment practices in terms of your personal ethics that are occurring in sub-contracted organizations in its supply chain. What would you do as an individual and as an employee?

ETHICS AND BUREAUCRACY

In sharp contrast to the above view, some have argued that the shape of the organization is more important than the individuals in it. This argument is often expressed in terms of the reform of public bureaucracies in the image of market-driven organizations (du Gay, 2000a). Changing bureaucracies into more entrepreneurial organizations that are ‘post-bureaucratic’ (Heckscher, 1994) will, it is argued, shape the ability of members to behave ethically. In principle, making these organizations more flexible will allow their members to exercise more discretion. Think of a service such as a hospital. These are complex professional bureaucracies, with an extensive division of labour. Within each profession there are strong ethical codes and a sense of the right thing to do – usually expressed in terms of an ethic of patient care. What happens if the hospital becomes a ‘Trust Fund’, with a budget that has to be managed by the professionals within it? It will certainly become more market-oriented, because the managers have to think about alternative uses of scarce resources. However, this may mean that they will have less time for a patient-centred ethic. They may also be urged by hospital administrators to respond more to the health issues of their wealthy and privately insured patients, rather than poorer people. In this case, bureaucracy guarantees a more patient-centred ethic of care, though this may involve more waiting or queuing. Thus, the argument for bureaucracy is that it preserves ‘a certain ethical dignity … in the face of … persistent populist, philosophical and entrepreneurial critiques’ (du Gay, 2000a: 9) coming from arguments for the superiority of markets. Against markets an ‘ethic of personhood’ is argued for. Such an ethic would stress ‘autonomy, responsibility and freedom/obligation of individuals to actively make choices for themselves’ (du Gay, 2004: 41).

When choice is associated with markets, the focus on individuality suggests that ethical people should be enterprising and individualistic and, above all, steadfast in their privileging of economic rationality. Markets that empower individual choice see no place for trust, mutual dependence, social bonds, and honorable commitment (Sennett, 1998).
THE LIBERAL ETHICAL ARGUMENT FOR BUREAUCRACY

Some thinkers have argued that bureaucracy may well act as a guardian of ethics. They argue that the formal rationality found in bureaucracy ensures that everybody is treated as a ‘case’, regardless of their status, religion, ethnic or class background (du Gay, 2000a). A formally rational bureaucracy would be one in which every case is treated the same. If this formal rationality was replaced with what Max Weber called substantive rationality, where the way that a case is treated is determined by the substantive status of the people involved, then, for instance, capacity to pay, religion, gender, class, or another (substantive) reason would determine the treatment that you receive. The core argument for bureaucracy is that such a substantive rationality would lead to the domination of a set of values in which market economics become the ethical basis of society (du Gay and Salaman, 1992). Such ethical values are dominated by notions of enterprise, economic rationality, free-market principles, and individuality, conceiving of individual responsibility primarily in terms of ‘financial accountability’ (du Gay, 2004: 176).

The argument against the market is that bureaucracy’s ethicality derives from the training that it provides in ‘the rules’ for bureaucrats, in terms of technical expertise. Through a clearly defined hierarchy members understand everybody’s responsibilities, duty, and rights. They are conditioned to think of the office that they hold in terms of a ‘vocation’, something detached from personal privileges, passions, and emotions (du Gay, 2000a: 44). Bureaucratic modes of organizing provide an institutional framework for responsible governance (du Gay, 2004) in which individual responsibility and ethical conduct can be framed. According to this view, if we want ethical behaviour we should have more old-style Weberian bureaucrats who stick to their rulebook. In this view it is not that humans would, by birth or definition, be ethically sound beings who are led astray by bureaucratic routines; rather, it is bureaucracy that provides the possibility for ethics by providing a framework beyond personal desires, needs, and fantasies.

BUSINESS ETHICS AS A PARADOX: CRITICAL PERSPECTIVES

More critical approaches to ethics in organizations question the convenience of the ‘ethics pays’ arguments outlined above. They are skeptical about the possibility of profit-seeking organizations, premised on the exploitation of the people that they employ, being ethical (Jones, 2004). The critical approach suggests that the core assumptions of classic management and organization theory do not position moral principles as ‘a higher priority than firm profits’ (Quinn and Jones, 1995: 22). Therefore, if profits are paramount, ethics will inevitably suffer: that is, if ethics potentially compromised profits, it is the former that will be sacrificed. Ethics is seen to be opposed to business rationality: their values are incompatible.

This critical approach asks whether business ethics is possible in a system that is driven by the pursuit of profits. The attempts by writers such as Porter and Kramer (2002) to align profits and principles, responsibility and performance, philanthropy and strategic advantage, would be ridiculed by critics such as Jones (2004). The critical argument suggests that business ethics is a paradoxical concept: businesses are there to make profits; and making profits means maximizing one’s own advantage, which more often than not will imply damaging someone else’s. Take for instance a furniture manufacturer: if it wants to maximize its profits it will pay minimum wages to its employees, buy the cheapest raw materials available (which might mean, say, wood from rainforests in Brazil), and only implement those environmental filters that it is forced to use by law. All three practices will definitely contribute to increased profits; however, all three practices might be seen as unethical.
ETHICS AS CATCH-22

From the critical perspective, the essential principles of capitalist society do not value ethical behaviour. That is, commercial success and good behaviour are seen as mutually exclusive. Even where companies choose ethically sound practices, this does not mean that the companies themselves are necessarily ethically sound. For instance, The Body Shop does not rely on animal testing for its products. Whereas some might argue that this is an ethically sound decision, radical ethicists argue that the Body Shop engages in these practices only so it can promote itself. Put simply, being ethical becomes a marketing slogan that is adopted because it contributes to the bottom line. From a critical perspective, no action based on such a motivation can be called ethical. Business is by definition selfish, hence there can be no such thing as business ethics. So, this is a Catch-22 for business. If you do nothing to be seen to be ethical, then the business will be judged unethical. If, on the other hand, you do something that is seen to be ethical, you will be rebuked for ‘being ethical’ as a marketing ploy.

CORPORATE DIPLOMACY – OR HOW TO BEHAVE RESPONSIBLY?

On 29 March 2010 the Jerusalem Post featured an article entitled ‘Google searches for a foreign policy’. The accompanying illustration showed three statesmen (no women, we are afraid) from Iran, the US, and China plus one corporate statesman from Google.

Of course, governments develop foreign policies to protect their citizens. And citizens can check on their governments through elections and other institutions of democracy such as parliamentary inquiries. But in our globalized world, organizations increasingly face challenges that used to be the business of states. As the Jerusalem Post article argues, Google and other high-tech firms have to develop foreign policies, as national governments are unclear on what to do and how to act in the face of change. Google and its China business are a good example in case. In 2006 Google entered the rapidly growing Chinese market. Google came under pressure because it offered in accordance with the Chinese government a censored search engine to the Chinese public. For a company whose mantra is Don't Do Evil it seemed pretty close to evil to collaborate with an autocratic system that does not believe in freedom of speech or search. In its defence Google argued that it is better to have a censored search engine than none at all. However, over the years, tensions mounted and Google reported that the Chinese government had hacked into human rights activists’ G-Mail accounts and its network had been infiltrated. In 2010 Google decided that the tradeoff did not work and decided to re-direct Chinese Google users to its Hong Kong site. The Chinese government was not impressed with Google's evasive strategy and threatened not to renew Google's operating license, which means Google would go dark in China. Google would lose access to 400 million users, representing the world's largest Internet population. The long-term economic consequences of such a move for Google are hard to imagine as Chinese competitors, including the search engine Baidu, are increasing their market presence in China. Google's ethics pose a quandary: which do you value more – shareholders' money (as Friedman would define your responsibility) or the freedom of the Chinese people?

The question cannot be reduced to an economic calculation, however. Clay Shirky, an academic from New York University, argues that Google does not export a simple product or service – but freedom. Hence Google needs to think about the impact it has on the democratic and institutional settings in the countries where it operates. In other words, Google has to balance its own values with the
values of the countries it operates in. Other high-tech providers such as Twitter or Facebook share a similar challenge: when Iranians demonstrated against their regime after elections in 2010, Twitter became the medium of choice to organize protests. Deliberately or not, technology companies become entangled in politics and questions of what’s right and wrong.

**WHAT WOULD YOU DO?**

Imagine you are head of the corporate social responsibility department at Google. What arguments for and against doing business in China can you think of? How would you make a decision? How do you explain to your shareholders that the decision to leave China was the right thing to do – despite the rapidly developing billion people market it represents? Prepare a short press statement that explains your reasoning and anticipate some of the points of critique that others might raise.

**SUMMARY**

In this chapter we have reviewed contemporary approaches to corporate social responsibility (CSR), especially sustainability objectives, and embedded them in the broader context of ethics.

Topics such as CSR, sustainability, and ethics are sometimes seen as ‘soft’ topics but they have become more and more important for businesses in the twenty-first century. The environment now is at the core of contemporary concerns. The triple bottom line is increasingly the reporting standard of choice for global organizations. Organizations and their managers now have to relate to a much wider set of stakeholders, concerns, and interests in a meaningful way. Managing without a simple bottom line ethics implies dealing with paradoxes, ambiguities, and trade-offs rather than being a simple and easy matter of applying clear rules to identifiable cases. Ethics are today often codified and most significant organizations will have a code of ethics. Such codes, above all, offer risk management and legal protection for organizations against the actions of their employees. They cannot protect employees or customers from fundamentally unethical practice by organizations such as Enron.
EXERCISES

1. Having read this chapter you should be able to say in your own words what each of the following key terms means. Test yourself or ask a colleague to test you.

- Shareholder value
- Corporate social responsibility
- Sustainability
- Stakeholders
- Corporate greening
- Codes of conduct
- Greenwashing
- Climate change skepticism
- IPCC views of climate change
- Radical green views of implications of climate change
- Ethics

2. What is corporate social responsibility?

3. What sorts of things must organizations do if they wish to become more sustainable and lessen their ecological footprint?

4. What are the different types of stakeholder interests? Which are the most contested?

5. What distinguishes involuntary from voluntary stakeholders?

6. How would you differentiate CSR as ‘greenwash’ from other commitments?

7. What can corporate codes of ethics do?

TEST YOURSELF

Review what you have learned by visiting:
https://edge.sagepub.com/managingandorganizations4e or your eBook

- Test yourself with multiple choice questions
- Revise key terms with the interactive flashcards

CASE STUDY

Granby Zoo

Emerging from the private menageries of royal families in Europe during the eighteenth century, public zoos remained primarily focused on entertainment until the second half of the twentieth century. Costumed chimpanzee performances, elephant rides, orangutan tea parties, and displays of human ’savages’ were common spectacles in various zoos around the world during this period. From the 1960s, leading zoos increasingly concentrated on animal conservation, breeding endangered species in more natural habitats (as their enclosures began to be called), and on eco-efficiency. Granby Zoo, one of the most popular zoos in

(Continued)
Canada and a major economic driver in its region, is an example of the metamorphosis that such institutions have undergone.

Granby Zoo began as a private menagerie of the humanitarian, industrialist, animal lover, and charismatic mayor of Granby for 25 years, Horace Boivin. Wanting to create a beautiful city where all would feel happy, he established several parks including the celebrated Granby Zoo that officially opened in 1955. It immediately became a major tourist attraction, receiving nearly 300,000 visitors in its first season and supporting many local businesses in the process. Despite its popularity, it was a financially strapped small- and medium-sized enterprise (SME) that employed a skeleton staff with a few retired farmers as zookeepers. These zookeepers fed the restaurant scraps to the animals and allowed visitors to interact with them like they were domestic species. They were unable to recognize the animals’ stress signals and were unaware of how inappropriate the animal care was or how prematurely these animals deceased. By the 1970s, with increased habitat destruction, species extinctions, the emerging environmental and animal rights movements, new conservation networks, and growing knowledge in fields such as zoology, zoo conservation efforts at Granby Zoo began. Despite several attempts by the vet to improve animal care, most calls were not heeded. Zookeepers repeatedly blocked her efforts and management was focused solely on survival following several years of financial losses (blamed on poor weather, union strikes, and subsequent negative publicity, as well as several pay rises). This vet left in the early 1980s and expressed her frustration with the lack of progress being made to improve animal care by publishing a scathing book.

Granby Zoo had returned to profit by this time, largely assisted by a new attraction that saw visitor numbers increase by 35 per cent in 1984. When the management staff left in 1985, the president hired a new vet who was also given two new responsibilities previously held by the director of infrastructure: animal curator and zookeeper manager. With this new power, the vet was able to replace rapidly half the zookeepers with trained specialists who supported his efforts to improve animal care. The vet’s vision was inspired by a best-practice zoo conference he attended in his first year, where he learned about the potential of exchanging or breeding animals with other zoos rather than purchasing them from dealers (which was increasingly difficult and expensive as wild species numbers diminished). This required good animal records and healthy specimens, so the vet began improving animal diets, care, and habitats. With financial resources available and management behind him, the vet applied for accreditation from the network of leading American zoos that focus on conservation. While certification was not initially awarded, the recommendations stemming from the evaluation assisted the vet in pushing through a series of improvements, which saw Granby Zoo accepted into the prestigious Association of American Zoos and Aquariums by the end of the 1980s. During this period Granby Zoo began focusing on housing and breeding endangered species in international networks, supporting conservation efforts worldwide, reintroducing certain almost extinct species back into the wild, and educating thousands of visitors each year about such issues. By the 1990s, animal conservation and education were firmly anchored in the zoo’s mission.

The early 1990s saw Granby Zoo enter another period of financial difficulty. Facing repeated poor weather, increased competition, union problems, bad press, and aging infrastructure, the zoo made one loss after another. No longer able to care adequately for several charismatic species, Granby Zoo decided to part with them and visitor numbers further diminished. During this period certain employees began environmental initiatives such as recycling cans, an environmental club, and saving energy. While some assisted in raising revenues or decreasing costs, the lack of follow-up and coordination meant that they were often short-lived. With the zoo facing closure in 1996, the board members decided to recruit a new CEO who had a reputation for saving enterprises in difficulty. This individual immediately began installing a culture of ‘wow’ service, which saw visitor satisfaction and union relations improve considerably. Then he began championing an idea that would end the zoo’s financial insecurity: an aquatic centre. While many employees were concerned that it would dilute the zoo’s conservation role, they were quickly
won over. When the aquatic park opened in 1999, visitor numbers and visit time increased by 39 per cent and 60 per cent, respectively, where they have remained ever since, making new investments in animal habitats, infrastructures, and conservation efforts possible.

By 2003 Granby Zoo had paid back its debts and began planning a major modernization project to celebrate its 50-year anniversary. The board chose a new CEO with a background in communication and the environment. She saw the potential to create a 'greener' zoo and immediately established green principles to guide all those involved in the modernization project. Early in 2004 she hired an environmental coordinator to organize, evaluate, and follow up several projects collectively referred to as the 'Green Zoo'. By 2006 Granby Zoo had: decreased its water consumption by 70 per cent; become one of Canada’s largest users of geothermal energy; built 72 per cent more energy-efficient ecological constructions; banned all non-organic cleaning products; and increased recycling substantially. While this process continues, Granby Zoo has already won several prestigious prizes, received much positive publicity, and set new profit records.

QUESTIONS

1. How have criteria for measuring zoos as ‘good’ or ‘ethical’ evolved? How and why did Granby Zoo’s raison d’être evolve?

2. When did Granby Zoo become an ethical organization? What made it so?

3. Which factors contributed to the success of ethical initiatives in Granby Zoo? Which factors limited such progress?

4. How did certain individuals (the vets, zookeepers, environmental coordinator, or upper management) facilitate or hinder such change?

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ADDITIONAL RESOURCES

• We can recommend Al Gore’s movie, An Inconvenient Truth (Guggenheim, 2006), a timely and interesting film that helps to understand the pressing needs to change (corporate) behaviour.

• Global Warming: The Signs and the Science (Morisette, 2005) is a documentary that examines the science behind global warming and shows how people in different locales are responding in different ways to the challenges of global warming to show some of the ways that the world can respond.

• Thin Ice (Lamb and Sington, 2013) is a documentary film following geologist Simon Lamb on a search to understand the science behind climate change. He travels the world and meets a range of scientists, from biologists to physicists, who are investigating the climate. The film’s conclusion emphasizes the scientific consensus on human-induced climate change.