Political Corporate Social Responsibility: Some Clarifications

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A RESPONSE TO Pierre-Yves Néron, "Toward a Political Theory of the Business Firm? A Comment on 'Political CSR'", *Bus Ethics J Rev* 1(3): 14–21.

ABSTRACT

Multinational corporations (MNCs) engage in various political activities, can have significant political impacts, and can be designed with different political concerns in mind. In arguing that there is much theorizing to do in these regards, I recently outlined a critical research agenda for what I term the political perspective of corporate social responsibility (or political CSR for short). Whilst Néron acknowledges that the agenda I set out is important and valuable, he also suggests that the label I use – i.e., political CSR – is too constraining. I here make a number of clarifications that explain why this is not the case.

IN A RECENT comment on my paper, 'The Political Perspective of Corporate Social Responsibility' (Whelan 2012), Pierre-Yves Néron (2013: 15) suggests that the critical research agenda I construct "could represent a great intellectual journey." Nevertheless, he also has a number of concerns as to what I propose. Given that some of these concerns are based on a misapprehension of what I aimed to achieve

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in the paper, I here provide some clarifications as to how I conceive political CSR, and how I believe normative and positive theorizing in political CSR can progress.

Avoiding a Label War: An Inclusive Understanding of Political CSR

Néron (2013: 15–16) is broadly supportive of my concern to develop the idea of political CSR, which I associate with the "broad literature … concerned to normatively prescribe, and positively describe and explain, the political duties and activities of corporations, and MNCs in particular" (Whelan 2012: 711). However, he also thinks that my "use of the 'CSR' label" is "unfortunate" because it "does not capture" or "unveil" the full political complexity of "business organizations," and "issues concerning the fair distribution of goods and resources" in particular (Néron 2013: 19). He thus proposes that, rather than speak of political CSR, we should speak of "a political theory of the firm" (Néron 2013: 19).

Whilst I am not too concerned as to what label is ultimately used to signify the literature concerned with the political activities, duties, and/or nature of corporations, a key purpose of my paper was to build an understanding of political CSR that transcends the confines of the "business and society, international relations and political philosophy" fields (Whelan 2012: 710). More critically, the paper sought to move beyond what I consider the too narrowly focused, and sometimes mistaken, literature, on what I term 'political' CSR: which includes work on 'extended corporate citizenship' (Matten and Crane 2005), what has been referred to as the 'political conception of corporate responsibility' (Scherer and Palazzo 2007), and the idea of 'corporations as government' (Crane et al 2008: chs. 3–4, 8; Whelan 2012: 709). Put otherwise, I suggest that, rather than being limited by the relatively specific agenda of these 'political' CSR writings, the idea of political CSR should be used to refer to all of the politically important aspects of MNCs.

As this indicates, I conceive of political CSR capaciously, and make it inclusive of the multitudinous political economy/philosophy issues that Néron (2010, 2013), Heath et al (2010), and various others suggest are relevant for business ethics (e.g., those regarding distributive justice). Further, and given my explicit interest in MNCs, I conceive of political CSR so that it is inclusive of fundamental issues

in world politics (e.g. those regarding state sovereignty and human rights), and inclusive of concerns regarding relationships between, and issues of concern to, states, non-government organizations (NGOs) and MNCs (see, e.g., Whelan et al 2009).

Normative Theories of Political CSR

Néron (2013: 16) suggests that when

> Whelan is evaluating (and rejecting) Rawlsian and Habermassian [sic] frameworks, he is … assessing their usefulness for justifying this specific and strong view of corporate political engagement [i.e., 'political' CSR].

Néron is both correct and incorrect in this regard. He is correct in that, unlike Scherer and Palazzo (2007), I think that neither Habermas nor Rawls is of much direct use when it comes to justifying 'political' CSR. Néron is incorrect, however, to suggest that I am only interested in Habermas and Rawls for this reason. Further, he is incorrect to imply that I think 'political' CSR has strong normative credentials. To clarify these various issues, I note three points.

First, in my discussion of 'Democracy, Shareholders, and Corporate Governance', I suggest that 'political' CSR needs to be associated with a 'political' model of corporate governance if it is to do more than describe the fact that profit-focused MNCs commonly impact upon political 'goods' such as human rights, and are commonly involved in such things as multi-stakeholder initiatives. Specifically, I suggest that 'political' CSR should be associated with a 'political' model of corporate governance that gives voting rights to leading NGOs and various other stakeholders: e.g., employees, customers, stockholders (Whelan 2012: 720).

More critically, I suggest that this 'political' model of corporate governance "is unlikely to be widely endorsed" due to it suffering multi-principal problems; conflicting with modern understandings of an efficient division of labour; not obviously benefitting 'core' stakeholders; and due to it facing a probable lack of voluntary capital supply (Whelan 2012: 720–721). I thus suggest that one or more of these four reasons would likely result in the 'political' model of corporate governance, and hence 'political' CSR, being rejected by the participants of a practical and/or moral discourse. I also suggest that any work that can defend 'political' CSR by directly countering these (and other potential) concerns "could prove particularly influenti-

al" (Whelan 2012: 730). Nevertheless, and whilst I would not suggest that this is a Sisyphean task, I do suggest that it will prove difficult.

Second, I engage Habermas and Rawls to highlight that their works can be built upon to provide two alternative political CSR perspectives (Whelan 2012: 722–728). Given the broad scope of my critical agenda, I only scratch the surface in these regards. Nevertheless, I take some important first steps. In particular, I suggest that, for Habermas, the political duties of MNCs would ideally be determined by a tri-level 'League of (Democratic) Nations'. Further, and given that I do not explicitly make this point in the paper, I note that this general idea might be used to argue that MNCs also have the duty of helping construct, or not preventing the construction of, such a League.

In terms of Rawls, on the other hand, I highlight that his idea of the 'Law of Peoples' suggests that MNCs are obliged to respect the national laws of 'liberal' and 'decent' societies, and/or, to discharge the duty of non-intervention. Further, I note that Rawls can be used to argue that MNCs are obliged to assist burdened societies: i.e. to help them become 'decent' (but not necessarily 'liberal'). Interestingly, this duty does not appear to require MNCs from relatively rich ('decent' or 'liberal') societies to redistribute a great deal of wealth towards relatively poor (and not yet 'decent' or 'liberal') societies. Also, it does not require MNCs from 'liberal' or 'decent' societies to redress any inequalities that may exist between them. Accordingly, Rawls' global perspective on justice can be said to differ quite significantly from the egalitarian principles that Néron (2013: 16–17) suggests should shape corporate governance structures.

Third, and whilst I begin to develop these two alternative perspectives of political CSR, I did not use my paper to argue for either of them. In light of such, I here note my belief that both of these alternative perspectives are preferable to 'political' CSR. Further, I suggest that those who fear imperialism will prefer the position I construct with Rawls, and that those who celebrate cosmopolitan ideals will prefer the position I construct with Habermas. Given that I see both positives and negatives in the global spread of democracy and the 'full list' of human rights, I currently oscillate between these two positions. I probably need to get off the fence in this regard, and would welcome arguments from others that would help me do so.

(Un)Enlightened Self-Interest and the Political Activities of MNCs

A key element of my paper that Néron does not address is the effort I make to differentiate between normative and positive theories of political CSR, and to re-situate positive (i.e., explanatory and/or predictive) theories on a more or less economic (or 'rational') foundation. Given Néron's explicit concern with normative issues, it is reasonable for him to be so focused. Nevertheless, I also think it important to emphasize that, in addition to being inherently worthwhile, positive theories of political CSR are of (indirect) importance for normative reasoning.

As this indicates, I believe there is considerable work to be done in terms of theorizing the full diversity of political activities that (profit-focused) MNCs currently engage in. Accordingly, and amongst many other things, I used my paper to briefly discuss Google's attempt to influence the Chinese Communist Party's position on internet censorship and freedom of speech. More pointedly, and to employ informal terminology, I suggested that 'good' manager arguments should be avoided, and 'bad' or 'selfish' manager arguments employed, with regard to such matters (see Whelan 2012: 718 for the more nuanced position).

To briefly expand, I note that Google has a fairly obvious economic interest in a 'free' internet, and also has a history of riding roughshod over normative concerns when they get in the way (e.g., those relating to intellectual property). Thus, I suggest that what we need are theories that can explain why MNCs 'rationally' decide to do political 'good' in one instance, and political 'bad' in others. Further, we need theories that explain why MNCs decide to do political 'good' or 'bad' in different ways: e.g., through multi-stakeholder initiatives or unilateral action; through alignment with NGOs or alignment with states; through altering 'hard' laws or constructing 'soft' regulative structures.

Further to these immediate explanatory and predictive purposes, I suggest that positive theorizing is also of (indirect) importance for normative debates. The reason why is that we need to know how (profit-focused) MNCs act, and what their impacts are more generally, if we are to establish whether or not a change to their corporate governance structures (and/or their political activities) is warranted. If profit-focused MNCs, for instance, are currently doing what people

want – e.g., participating in multi-stakeholder initiatives; promoting democracy; helping provide for human rights – then there would be no need for change. If, on the other hand, they are thought to give rise to undesired outcomes, then something would need to change (e.g., corporate governance laws). Clearly, much here hangs on one's moral understanding. Nevertheless, the point to emphasize is that normative theorizing that does not take positive theorizing seriously, is unlikely to prove convincing to anyone.

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