CSR/Sustainability and Populism
A New Charter for Business on 'Social Responsibility and Big Issues'

Dr. Michael Hopkins, updated August 11 2017

"Companies like Siemens must demonstrate how their business interests are aligned with the national development agenda, and play an active role in economic and societal development," the company says. "They must account for their social and environmental impact, and show how citizens benefit from business operations. Being a responsible company means working in partnership with society and being part of its long-term development." Ethical Corporation, March 2017

Did all our work with companies on CSR/Sustainability miss encouraging companies to be involved with the big issues of the day? In particular the link to the new wave of populism? Here I look at a major shift for companies and what they <u>must</u> do since, as Ricarda McFalls from Canada wrote to me recently,[1] *'It feels like CSR was for fighting a sneeze, now we are facing cancer stage 3.9'.*

What is CSR
Before I start, let me re-state my definition of CSR and the addition of a new sixth clause:

1. Corporate Social Responsibility is a process that is concerned with treating the stakeholders of a company or institution ethically or in a responsible manner. 'Ethically or responsible' means treating key stakeholders in a manner deemed acceptable according to international norms.
2. Social includes economic, financial and environmental responsibility. Stakeholders exist both within a firm or institution and outside and includes at least an organization's leaders, staff, shareholders and suppliers as well as the consumers and users of their public goods and services. It will also include media, Government and the wider society.
3. The wider aim of social responsibility is to create higher and higher standards of sustainable living, while preserving the profitability of the corporation or the integrity of the institution, for peoples both within and outside these entities. The key is how profits are made, not the pursuit of profits at any cost.
4. CSR is a process to achieve sustainable development in societies. Both CSR and Sustainability address multi-stakeholders and their materiality. Thus CSR and Sustainability are interchangeable concepts.
5. Corporate means any body private, public or NGO [our definition applies neatly outside the traditional private corporate sphere]
6. *There must be a business case for working with stakeholders. These include the wider society and, as such, being a responsible company or institutions means working in partnership with society and being part of its long-term development.*

Original Source: Michael Hopkins: A Planetary Bargain: Corporate Social Responsibility Comes of Age (Macmillan, 1998; updated and re-printed by Earthscan, 2003) and also re-printed in Michael Hopkins: CSR/Sustainability – From the Margins to the Mainstream 'A Text Book' Greenleaf, UK, 2016). Updated Jan 1st 2017 with clause 6 with thanks to Siemens and also Bob Munro for edits.

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[1] Private communication Feb 2 1017

Thus CSR is essentially treating key stakeholders responsibly, and Sustainability these days is just about the same. In fact CSR is simply business strategy with an eye on the long-term not purely the quarterly financial report. Note, again, from the above definition that CSR and Sustainability emphasise profit making with the rider that it is *'How'* a company makes profits not profits at any cost. CSR is also business strategy with a look more to the longer term than chasing the quarterly financial report or the daily stock market ratings.

What is populism?
Populism is a somewhat ill-defined term. The Oxford English Dictionary definition is: 'A member or adherent of a political party seeking to represent the interests of ordinary people'. But more recently it has more narrowly come to mean a leader, member or adherent of a political party who adopts or professes policies and views for the sole purpose of getting elected e.g. the attributes needed to gain political power are often the opposite of those needed to use it wisely[2].

But 'The Economist's analysis on Dec 19th last year goes further:

Populists can be everything from militarists to libertarians. So what does the word actually mean? It varies. Trump, the populist American president-elect, wants to deport undocumented immigrants. Podemos, the populist Spanish party, wants to give immigrants voting rights. Geert Wilders, the populist Dutch politician, wants to eliminate hate-speech laws. Jaroslaw Kaczynski, the populist Polish politician, pushed for a law making it illegal to use the phrase "Polish death camps". Evo Morales, Bolivia's populist president, has expanded indigenous farmers' rights to grow coca. Rodrigo Duterte, the Philippines' populist president, has ordered his police to execute suspected drug dealers. Populists may be militarists, pacifists, admirers of Che Guevara or of Ayn Rand; they may be tree-hugging pipeline opponents or drill-baby-drill climate-change deniers.

In 2004 Cas Mudde, a political scientist at the University of Georgia, offered a definition that has become increasingly influential. In his view populism is a "thin ideology", one that merely sets up a framework: that of a pure people versus a corrupt elite. (He contrasts it with pluralism, which accepts the legitimacy of many different groups).

Today I think populism applies to people, like Marie Le Pen who are anti-immigrant...as well as the many millions who hate anyone who doesn't look like them. It also means the end of the liberal consensus on democracy – freedom of speech, a free press, rule of law and human rights. But does it also mean low wages, poor income distribution and anti-robotics?

In any case 'it' has led to Trump, Brexit a resurgent Le Pen, Wilders in Holland, given Russia new hope, but destroyed the dreams of Ukraine, immigrants, refugees etc.

So now what for companies and CSR/Sustainability?

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[2] Populist anecdote: "I must follow them because I'm their leader." A likely apocryphal quote attributed to French revolutionary Alexandre Ledru-Rollin, 1848 . Thanks to Bob Munro for adding this.

We are in a crisis in the world right now. A war on Islam from USA led by a President unfit to serve. The UK blindly going along the BREXIT[3] path without having seriously considered the future economic and social disaster. The consequent uncertainty in trade, recruitment of immigrants and the seeming loss of the new world order after the Second World War promoted by NATO, the EU and even the USA are all bad news for business.

Yet, companies were given tremendous power after the fall of the Berlin Wall in 1989 to conduct business more or less how they wished. Indeed, companies are not individuals and, in theory, should have little to do with democratic processes. But the Supreme Court in the USA, through Citizen's United, gave companies untold power, as much as individuals, to sponsor election candidates without revealing their names. The Koch brothers had a field day as detailed in Jane Mayer's book on 'Dark Money' (Doubleday, New York, Jan 2016).

Nonetheless many large companies have been amassing huge fortunes for their owners and share holders in the last two decades. Wealth equals power thereby allowing them to influence Government policy simply through their huge wealth that cannot be ignored by mere elected officials. In Kenya for instance the construction lobby is huge and rail lobby miniscule.

Since the early 1990s we have seen the rise of movements to control companies under the name of CSR aka Sustainability. The appeal was to each of a company's stakeholders to be treated ethically or responsibly.

The lack of involvement by companies in the social good has nevertheless hurt companies. For instance, Bill Clinton left a robust economy in the year 2000 that let in George Bush Jr (who brushed aside Al Gore's legitimate claims to the Presidency) who then proceeded to enter expensive and useless wars whose effects we feel until today. Companies may have benefitted from arms sales but little else. Then in 2008 Obama came to power and managed, despite total resistance by the Republicans, to pull the USA from a disastrous recession into once again a robust economy. Car companies and financial institutions did well but small business and private sector wages stagnated. But his inheritance led, mysteriously, to a current President who is clearly 'unfit to serve' through hacking by the Russians on a scale that took the election away from Hillary Clinton[4].

In the above processes, companies were rarely to be seen at the policy level yet were consistently hurt by the recessionary Presidents. Many company billionaires have left their former company post and joined the new USA Administration with pretty uncertain results as I write with scandal succeeding scandal with no end in sight. Never have the cards of incompetence been revealed so quickly as we have seen in the 'first' weeks of Trump. Finally, after attacking the Muslim world and invoking a travel ban on legitimate visa holders

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[3] The surprising vote for BREXIT has been claimed by most as democratic. Given that over one million UK citizens living in the EU were NOT given the possibility to vote in the June 2016 referendum. Democracy is debatable. I also suspect that, given the surprise of the vote that Russia was involved in some way – see http://cybernewsgroup.co.uk/uk-politician-accuses-russia-of-corrupt-involvement-in-uk-elections-amid-hacking-fears I have found to date no evidence for my suspicion although I am surpised that there has been no statement from the UK Secret Services despite several requests, including from myself.

[4] https://www.linkedin.com/pulse/us-election-hacked-dr-michael-hopkins?trk=prof-post Nov 2016

has led to serious action and major US reputational damage that has fed onto lower tourist numbers, fewer foreign students and increased uncertainty in the world.

Some companies have reacted: "97 major firms in the US[5] – including tech companies like Apple, Airbnb, Facebook, Google, Intel, Microsoft, Netflix, PayPal, Twitter, Uber and Y Combinator – joined hands in filing an amicus brief opposing President Trump's travel ban, which he recently detailed in an executive order. The brief, filed with the US Court of Appeals for the 9th Circuit, stated that the companies believe the order to be unlawful, discriminatory and harmful to business in the US."

Mark Zuckerberg, Founder of Facebook, has warned[6] of a growing backlash against globalisation and urged the public to respond by building a "global community" instead of "sitting around being upset". "Every year, the world got more connected and this was seen as a positive trend. Yet now, across the world there are people left behind by globalisation, and movements for withdrawing from global connection," he wrote. Leaders had failed to foresee the negative consequences of global changes. "For a couple of decades, maybe longer, people have really sold this idea that as the world comes together everything is going to get better," he said. "I think the reality is that over the long term that will be true, and there are pieces of infrastructure that we can build to make sure that a global community works for everyone. "But I do think there are some ways in which this idea of globalisation didn't take into account some of the challenges it was going to create for people, and now I think some of what you see is a reaction to that."

Not all issues are on the other side of the Atlantic. The BREXIT vote is disastrous for the UK through its loss of access to the largest consumer market on earth numbering some 600 people with zero trade barriers[7]. Financial institutions that have done so well under the Conservative Government are now scattering as the implications of change sets in. While in France the toxic message of the Far Right from Marie Le Pen shook previously held values of Liberté, égalité, fraternité! Happily the new French President Macron has taken a firm hold on France, and resisted the many Russian hacking attempts to disrupt the political process.

Few Companies have focused upon 'Big Issues'

To date none of the CSR methods (eg GRI, ISO26000, UN Global Compact, OECD Multi-National Principles) have focused on societal issues. Perhaps the furthest along is the WBSCD with its 'Building the Social Capital Protocol' where, for instance, its 'Insights into employment skills and safety provides an insight into the ongoing development of the Social Capital Protocol.' The results of a collaborative process between 15 WBCSD member companies, Accenture, AkzoNobel, BASF, BMW Group, DSM, Deloitte, EY, Evonik, KPMG, Lafarge Holcim, Nestlé, PWC, SCA, Siemens and Solvay[8]. The aim of the project is to

[5] https://thenextweb.com/us/2017/02/06/google-facebook-uber-and-nearly-100-others-team-up-to-take-on-trumps-travel-ban/

[6] http://www.independent.co.uk/news/business/news/mark-zuckerberg-facebook-globalisation-backlash-essay-social-networks-a7584751.html

[7] https://www.linkedin.com/pulse/why-mps-must-vote-reject-article-50-brexit-dr-michael-hopkins?trk=prof-post Feb 2017

[8] http://www.wbcsd.org/Clusters/Social-Impact/Resources/Building-the-Social-Capital-Protocol-Insights-into-employment-skills-and-safety

provide[9]: 'a harmonized approach for businesses to measure and value their interactions with society, to bring together the currently fragmented landscape of social measurement and valuation, and to provide the universal processes, principles and tools needed by business to ensure social risks and opportunities are considered alongside financial and environmental issues in corporate strategy and decision-making. It will also lay solid foundations for integrated reporting.'

The WBSCD initiative fits well into expanding the role of companies from focusing upon key stakeholders to enter the wider policy discourse. As Beth Jenkins noted[10] it was 20 years ago when her colleague Jane Nelson, Director of the Corporate Responsibility Initiative at the Harvard Kennedy School, introduced her 'famous "three circles" diagram – suggesting that business could play a positive role in society through core business, social investment, and public advocacy and policy dialogue. In that time, her last circle has received relatively little attention'.

The UN's SDGs may provide a pathway for companies. Amazingly companies see that and were active in the preparations of the 17 goals. Even the highly conservative US Chamber of Commerce's Foundation have stated 'the private sector can get involved … aligning CSR strategies with the SDGs…and raising awareness of the SDGs and efforts to achieve them among staff and the public11." My main quibble with the SDGs is that they list development issues rather than create s system with clear goals and processes…in another paper I have argued that the SDGs can actually boil down to one main goal – improving human well-being. But the SDGs do offer a route for companies to become even more involved in big and longer term issues than their usual focus on reducing taxes and regulation. Failed economies are no answer to business progress and it is surprising they are not more positively involved as suggested in Table 1.

Table 1: Examples of private sector involvement per SDG

SDG Goal	Meaning	Private sector involvement?
1.Poverty	End poverty in all its forms everywhere	Pay living wage, reach out to families and communities
2. Food	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	New methods of sustainable crops and products
3. Health	Ensure healthy lives and promote well being for all at all ages	Word with public health sectors to develop cheaper and more appropriate products

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[9] http://www.wbcsd.org/Clusters/Social-Impact/Social-Capital-Protocol

[10] By Beth Jenkins, Insights Director, Business Fights Poverty: http://community.businessfightspoverty.org/profiles/blogs/beth-jenkins-a-new-era-of-corporate-statesmanship Thanks to Martin Summers for drawing my attention to this.

[11] See US Chamber of Commerce FoundationL https://www.uschamberfoundation.org/blog/post/corporate-engagement-will-be-critical-sdgs-success/43828

4. Education	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Work with public sector to ensure supply of appropriate skills and education
5. Women	Achieve gender equality and empower all women and girls	Gender equality in companies
6. Water	Ensure availability and sustainable management of water and sanitation for all	Neslte has shown the way with big push on clean and available water
7. Energy	Ensure access to affordable, reliable, sustainable and clean energy for all	Govt to provide incentives and adequate tax and pricing structure to mobilize alternative energy private sector
8. Economy	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Private sector led
9. Infrastructure	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	Sustainable construction to lead to many new companies
10.Inequality	Reduce inequality within and among countries	Accept fairer tax regimes
11. Habitation	Make cities and human settlements inclusive, safe, resilient and sustainable	New technologies for Construction will lead to more new companies and innovation
12. Consumption	Ensure sustainable consumption and production patterns	Major efforts required by retailers and supply chains
13. Climate	Take urgent action to combat climate change and its impacts	Needs massive private sector innovation
14. Marine	ecosystems Conserve and sustainably use the oceans, seas and marine resources for sustainable development	Shipping and fishing industries to innovate and then expand rapidly
15. Ecosystems	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	Millions of new products and companies required with Govt incentives
16. Institutions	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	Companies to respect local laws, weed out corruption and benefit through enhanced reputation
17. Sustainability	Strengthen the means of	Huge opportunities for public-

	implementation and revitalize the global partnership for sustainable development	private partnerships in sustainability agendas

A Charter for Companies on 'Big Issues'

To fill in the gap of CSR/Sustainability and even traditional business strategies in ignoring the big issues of the day, I propose a new Charter for large companies to map out their progress on 'Big Issues' and some of these I list below.

Why this new approach? In my CSR work of the past twenty years, I had stated that CSR should emphasise key stakeholders and also to focus on the business case. We have been successful in that approach (ignoring those who still see CSR/Sustainability as merely philanthropy) since it is rare to find a company that does nothing on CSR/Sustainability - well the Trump Organisation (lowest score ever on CRITICS[12]) – and that is the problem. My overly limited definition in the first five clauses above allowed companies to ignore bigger issues affecting everyone such as income distribution, low wages, poverty, unemployment etc. Now I think it is in their interest to be involved even though you may think democracy might be threatened by business interests. In fact business is often involved in big issues, mainly secretly and not always for the better as we have seen with the Koch Brothers, Rupert Murdoch's organisation etc. Hence the need for a Charter, which is a statement from each company, on how they currently, or will address, the big issues of the day.

So I plan to ask all companies to state their position on big issues that concern them through a written statement on how they will deal with external stakeholders as part of their CSR/Sustainability Strategy for each of the following issues both in their HQ and main countries where they are active.

What are some of the key big issues that can be addressed – some I list below:

1. Democratic participation (human rights, freedom of the press, rule of law, freedom of association) and the new cybernetic world

2. Poverty (both relative and absolute) and income distribution
3. Illiteracy

4. Appropriate skills and human capital

5. Ethical treatment of stakeholders

6. Key areas of interest to work for the social good with other companies

7. Climate change

8. Anti-terrorism

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[12] https://www.linkedin.com/pulse/trump-organisation-socially-responsible-sustainable-hopkins?trk=prof-post
Dec 2016

9. Anti-racism

10. Immigration including international migration and refugees

11. Cybernetic control

12. Robotics

13. Education and skill development

14. Health and life expectancy

15. Anti-corruption

16. Quality of jobs and Un-and under-employment

17. Youth alienation

18. Hunger and famine

19. Defence (military, terrorist, drug industrial complexes)

20. Ethical treatment of stakeholders

Should these be compulsory or, like GRI, be essentially voluntary but certified. I prefer voluntary for the Charter but some aspects, such as human trafficking, must be supported by the law.

Key questions to be addressed in the 'Charter on the Big Issues of the Day'

I plan to ask each company to prepare an annual report of ten pages maximum to cover the following questions:

1. What do you see as the most pressing issue for society today?

2. Do these issues also affect your company and if yes, how?

3. Can your company do anything about these issues

4. What steps, if any, are you currently taking or plan to take?

Next steps

You will note that many of these issues are also in the SDGs of the United Nations. So each company may wish to link the two reports into one. I suggest a short annual report of ten pages maximum with links to the company's activities as discussed on its website. I would

also suggest that each company produce such a report toward year end, say Nov 16th, so that it can be used for reflection and potential action in the following year.

These reports[13] are not just needed in a post-Brexit/Trump world? Indeed, there has been much debate over the past few decades over whether managers (including in the private sector) should be professionalised, with codes of ethics. That is a long way off and, in the end, people have to take responsibility onto their own shoulders. One cannot legislate for everything and that should be reserved for excesses. Without personal responsibility legislation is anyway ignored.

Some guidance can be gleaned from professional associations which have for long been regulated by codes of ethics and disciplinary procedures? Hence professional service firms in accountancy and law and corporate professional workers can, for instance, be mobilised to work with companies and institutions to draw up the annual Charter.

The envisaged Charter should be both national and international in scope? International law is, in the end, only administered by national law or groups of countries coming together such as the EU. This enforcement is not envisaged again taking the basis of the Charter to be responsibility. Happily, to date, two organisations are supporting the Charter – Globethics and UNITAR.

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[13] Thanks to Prof. Mike Saks former Rector Suffolk University for suggesting many of these points