

CSR: a strategic tool for business? Trick or Treat!

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Abstract

Purpose - This paper scrutinizes the strategic implications of corporate social responsibility (CSR) in three perspectives: from the viewpoints of the industry, resource and institutional-based. The various responses or actions taken by firms in discharging their CSR activities will be examined. The conclusion and recommendations will follow the 'CSR business case' as well as the concept of 'bad apples' versus 'bad barrels' discussion to enable both corporations and relevant stakeholders of CSR understand the concepts discussed.

Design/Methodology/Approach – The paper investigates, the paradox brought about in the line of duty of organizations, as management are torn between the issue of profitability and corporate social responsibilities in handling stakeholders with varying interest. Furthermore, it promotes on how multinational corporations (MNCs) can pursue a more balanced triple bottom line (Economic, Social and Environmental) responsibilities which gradually enables them to satisfy their diverse stakeholders rather than pursuing one-sided economic interest.

Findings – There are practical examples around the world which raises argument whether corporate bodies, MNCs and similar entities including in some cases governmental institutions uses common sense, ethical perceptions or the desire to be responsible as part of their business practices or vocabulary? Cases in question includes: car manufacturing giants lobbying to abolish established standards in the interest of lowering CSR standards or keeping mute over known flaws in their designs; Kyoto protocol fiascos; Copenhagen accord's stonewalling; the clear use of child labour to make headways in today's competitive markets, the list goes on.

Originality/Value: This study is an attempt to identify and address the 'handwriting on the wall' of our socio-economic life in the ever growing global saga on corporate responsibility. The result is aimed at re-positioning the existing models and theories in a new light.

Keywords: CSR, MNCs, Stakeholders, Industry, Resource, Institutional

Introduction

The idea of organizations being responsible in their business practices is gaining stronger root in modern business, and stakeholders being those that have interest in the existence of the organizations are demanding firms to be more socially-responsible. The ethical point of view within this concept on the other hand, demands that organizations develop the sense of right and wrong in their businesses instead of the classical one-way profit-craving business practices.

The purpose of this study is to examine the strategic implications of corporate social responsibility (CSR) in three perspectives: from the viewpoints of the industry, resource and institutional-based. Porter's strategy is used to address some of the concepts while the analysis of resource-based view goes further to address the competence and the organization's own strategic differentiation competences. The institutional-based view will then address both the formal and informal organs that directly or indirectly express their concern on the operations and existences of firms. The various positions also known as responses or reactions that firms do take in discharging their CSR activities will be examined. These responses classified as pro-active, reactive, accommodative or defensive will unearth the various strategic response-choices often available to firms. The conclusion and recommendations will follow the 'CSR business case' discussion to enable both corporations and relevant stakeholders of CSR understand the concepts discussed.

CSR: Trick or Treat?

CSR as a strategic tool can be said to be a *trick* if there is any cunning or deceitful action or device in play; it could also be described as an attempt to get one to do something foolish or imprudent or in most cases it will involve actions that are ludicrous in nature. On the other hand CSR as a strategic tool can be termed a *treat* if its use describes the act of negotiation between two parties or to subject to a process or treatment, with the aim of readying for some purpose, improving, or remedying a condition. This can be the case since a lot of firms are aptly adopting a dynamic transition from publicity stunts to social responsiveness in the way of executing their business. Any form of negativity derived from their actions or inactions goes a long way to proof the psychopathic tendencies associated with some organizational behaviour which includes but not limited to the gross disregard for others' safety as well as product and production methods that endanger human health and the environment (Ketola, 2006). In consideration to the aforementioned points this paper aims at unearthing tactics used by corporate firms and its stakeholders to either use corporate social responsibility as tool to either trick or treat the various sections of their stakeholders who are highly affected by their actions.

Understanding CSR:

Corporate Social responsibility (CSR) or Corporate Responsibility (CR) refers to *'the consideration of, and the response to, issues beyond the narrow economic, technical, and legal requirements of the firm to accomplish social benefits along with the traditional economic gains which the firm seeks'* (Peng, 2006; see also Masaka, 2008). This definition, among other points establishes the fact that, the traditional reason for the existence of most organizations is profit-making. However, the concept of CSR directly or indirectly calls for every profit making organization go further beyond the profit making boundary. Often argued as the *triple bottom line*, CSR must encourage the sense of organizations gradually considering the other two lines, social and environmental aspects along with their profit (economic) interest so as to be able to satisfy the interest of all the broad stakeholder groups surrounding their profit-making interest.

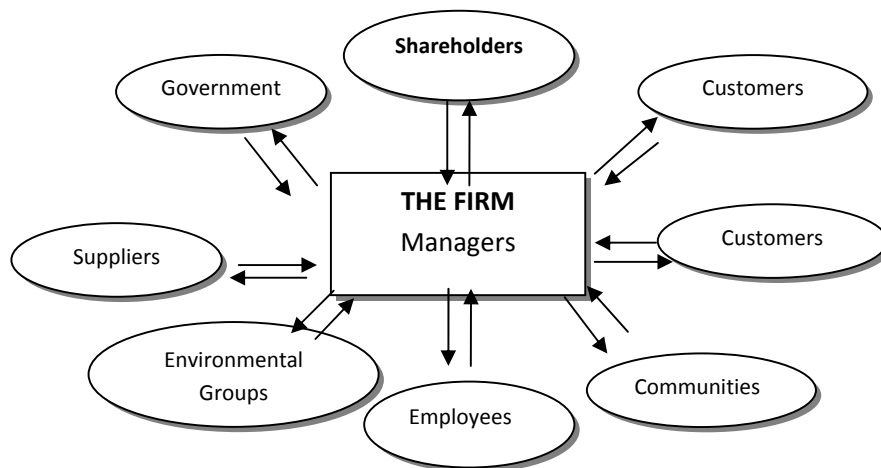
Corporations are expected to take sustainable actions and accept that they are responsible to their stakeholders: customers, suppliers, employees, shareholders, communities and the environment who often become victims of their profit-making operations. Being responsible in modern business practices is seen as a way to win the heart of the customers and the entire stakeholders who are directly and indirectly related to the organization. Arguably, CSR differs from ethics in the sense that naturally, ethics becomes the moral sense of humans to see the difference between right and wrong actions whereas being responsible is not naturally embed in codes of practices. In that sense then, ethics becomes the fuel to control the sense of being responsible and thus works hand in hand with CSR. Ethical concept explains the reasons why a firm may choose to be responsible or not. Ethics as a standalone discipline means that the sense of right and wrong is dictated by the sub-conscience and not under compulsion implying that organizations should not always be compelled before being responsible (see also Resnik, 2010). Corporations must morally and rationally feel the sense of right and wrong actions in their business practices and to see and accept in situations where their profit making operations do cause harm to the innocent victims (Ketola, 2006). The conclusion being that ethical behaviour is natural yet the reactions of organizations at one point in time make this conclusion arguable as to whether corporations are ethical or they need to be forced and reminded before developing the sense of right and wrong in their operations.

Identifying the stakeholders of MNCs

The wide range of stakeholders who are connected to the operations of any firm especially MNCs make it a huge challenge for these firms to be able to be ethically responsible. It can be argued that, due to the diverse background and members within the stakeholder group with their individual and personal interest in an existing firm, any CSR program at one point in time may favour one group and disfavour the other. For this reason, firms at times embark

on public relations to prove to the general public that, they are philanthropic instead of detailing their sense of responsibility to the individual stakeholder. Often it ends up becoming conflict of interest within the stakeholder groups if firms try to satisfy the individuals accordingly. Yet the interest of stakeholders who are connected both directly and indirectly to the live of the corporations cannot be ignored if the firms really want to increase their profitability. This always raises a paradox or a dilemma.

The diagram below attempts to establish the various groups of people and institutions termed as stakeholders of an organization as used in the discussion.



Adapted from Mike W. Peng

The diagram points out connection and communication link between the firm and each one of its stakeholder groups. This implies that communication is two-way, from both ends – the firm to the stakeholder and vice-versa. It can also be established from the diagram that shareholders are the *immediate stakeholders* of every profit making institution with their primary interest being profit. However, pressure groups that form part of the indirect stakeholders have their own interest as well, being to scrutinize that the profit interest should favour the rest of the stakeholder not only the shareholders. To ensure that their interest is established, they often scrutinize every action an organization takes to see if it favours the rest of the stakeholders. They often can halt the operations of a MNC with demonstrations, legal backing and press activities to tarnish the image of defaulting firms. Such pressure groups may range from international to national and sometimes community or local level activists. The international stakeholders as an example could be Green Peace or the Action Aid who have their offices in many countries presenting themselves to the world as '*friends of the under-privileged*'. Other Local stakeholders who are the media may serve as the mouth-piece for the consumer-customers and are part of the environmental pressure groups and are often seen as picking on the flaws of irresponsible firms. This is an example of conflicting stakeholder interest since shareholders at times may only make profit maximization their primary interest in a firm, pressure groups on the other hand, may not have any interest in

the billions of profit the organization makes but rather serve as justice-seekers and fair play advocates. So while the shareholders collectively may say *yes* to 'profit-at-all-cost' activities to satisfy their interest and achieve high return on investment, pressure groups stakeholders may say *no* to some of the 'profit-at-all-cost' practices. This could at times lead to lost investment by shareholders.

These stakeholder groups discussed can broadly be categorized or classified also as *primary* and *secondary* stakeholders.

Primary stakeholder groups:

The firm relies on these for continuous survival and prosperity - Shareholders, managers, employees, suppliers, customers, local communities, and the host governments whose laws and taxes must be paid to enable the firm operate. Since this groups have a direct effect on the life of the company, ignoring them will mean disastrous and can jeopardise the performance of the firm heavily. For example, if employees decide to go on strike, the performance of the firm will halt. Likewise, if suppliers decide to reduce their quality because they are not satisfied with terms and contract agreements that will surely heavily harm the organisations' output. On the other hand, if customers boycott the patronage of an organisations product or service, there wouldn't be the need for profit making companies to exist. Finally, if government and communities impose heavy taxes and regulations on the firm, then profit will highly be undermined.

Secondary stakeholder groups

These are those groups of stakeholder who are not directly engaged in transactions with the corporation and are not essential for the survival of the company, but influence or affect, or are influenced or affected by, the corporation. Examples of this category are the media and the numerous social and environmental groups.

Greenpeace and ActionAid for instance in Ghana, have influenced and affected the operations of many corporations by publishing comprehensively negative reports of the adverse effects that operations of MNCs have on their stakeholders. At times, they go further to solicit government and legal actions/justice against these irresponsible corporations just to ensure that justice is met for less privileged stakeholders. A typical example is the report on the effect of mining activities of AngloGold Ashanti (British-Ashanti) gold mining company in Obuasi, one local community of Ghana. Several journals and international articles by Greenpeace and ActionAid, Ghana were published; some affected stakeholder groups were interviewed and featured in these journals. The adverse effect of this mining activities were listed as land pollution, water pollution, leaching of toxic chemical into the soil, air pollution

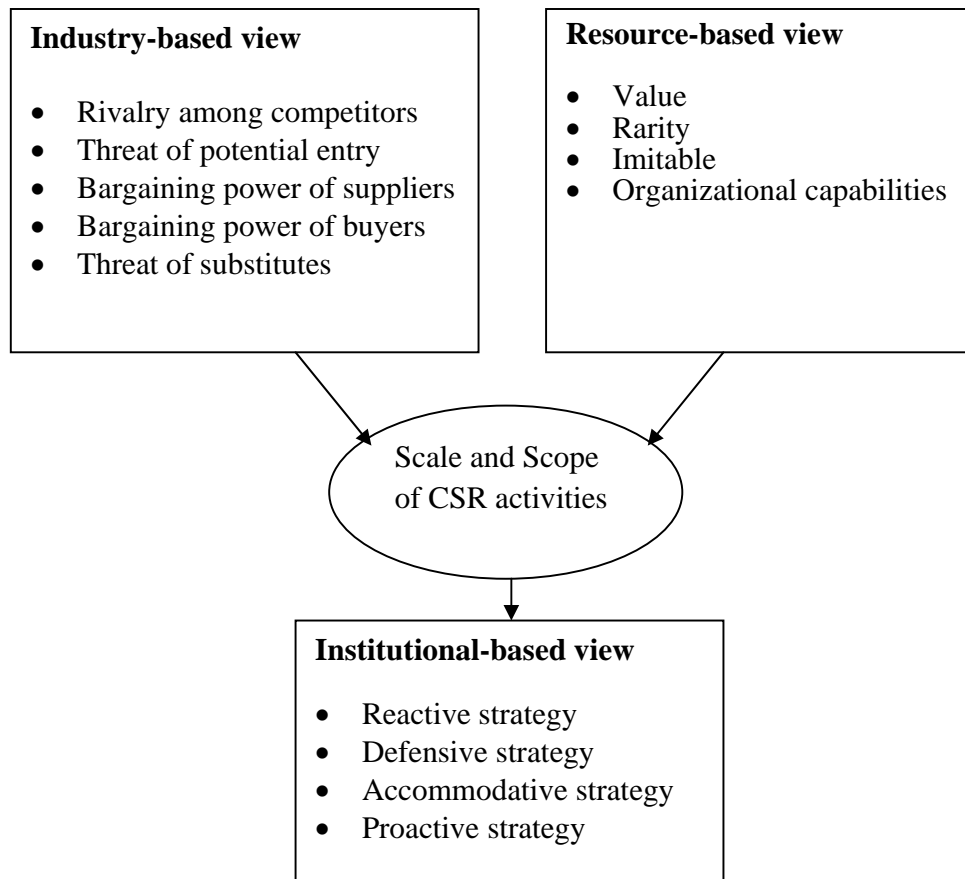
and less concern or harm to local farmers among other. This exerted intensive pressure on the performance of the company, forcing them to abandon certain mining sites and heavily compensating for affected local inhabitants since their image was brought to the international community (ActionAid, 2006 see also Lenahan, 2006). This adversely turned a potential CSR trick to a treat.

From the above example, we understand that there are stakeholders whose interest in an organisation is merely to exist as justice-seekers/ fair play advocates and to fight for rightful course and to ensure that firms are responsible and are brought to justice if found irresponsible. Most of these secondary stakeholders receive high funding and have well-established system to ensure that justice is meted out at all cost to default firms and for the affected groups of the stakeholders. It can be seen however that shareholders often ignore the cries of other affected stakeholders by making profit maximisation their only interest in the firm. Therefore, if management of firms ignore the potential threats that these pressure-group stakeholders can cause to them by treating them with blind eyes, then their profit making operations as well as image will severely be brought to question. Thus these advocates promote instances of CSR as a strategic tool being used as a *treat* to adequately cater for the wellbeing of all stakeholders.

For the purpose of the study, the next topic considers *why* organisations should give primary concern to their CSR programs and *how* these organisations can incorporate CSR into their strategic plans to benefit themselves in a much more balanced profit-seeking business amidst diverse competitors and stakeholders' interest thus re-emphasizing the strategic role of CSR as a *treat*.

A comprehensive strategic model of CSR: considering CSR in three lenses.

The purpose of the model is to attempt to integrate CSR as part of organizations strategies. The model involves distinct strategies that can be integrated to give an overall picture or lenses to the CR strategies that are available to firms.



The three strategic lenses of CSR

1. Industry-based Consideration: - Porters Five-Forces.

- **Rivalry among competitors:** This concept explains that the more the industries, the higher the degree of relapse into the old business practices, thus ignoring the high CSR standards. The concept implies that if the players within an industry are highly concentrated, they can easily lobby or come together to abolish established standards and relapse to their lower CSR standards. E.g. the Big Three car manufacturers in the US came together with the Oil industry to challenge the science of global climate change. Finally in 2001 the Bush administration and its oil allies pulled out of the Kyoto Protocol, signed by US in 1997 which aims at reducing higher emission levels (see also Claussen, 2004). A typical situation of CSR being used as a *trick* strategic tool.

In contrast, if rivals increase instead of getting concentrated it becomes difficult to boycott high CSR pressures. As an instance, coordinating US-based firms appears easier especially in the automobile industry; on the other hand, it appears very difficult for these coordinated-US industries to entice European and Japanese competitors into boycotting high CSR practices. In that sense, Japanese firms can easily embark on efficient high-standard CSR practices in their auto-industries. For instance, Honda and Toyota unleashed the world's first commercially available fuel cell cars, which do not burn gasoline and are powered by electricity converted by hydrogen, thus out-competing the US-based 'eco-enemy' car models. Consequently, the Big Three faced by this CSR pressure attempts to change their unhealthy and unfriendly design standards and to become interested in environmentally friendly vehicles. The most environmentally friendly car for 2010 is the Honda Insight (Epps, 2009).

- **Threat of potential entry:** The first-mover concept in pollution control is seen as a potential technology that can create entry barrier. Adapting the pro-active strategy of managing CSR effects always helps first-movers to adopt an advance technology aimed at reducing defects, and cleaner alternatives (e.g. the use of fuel cells) technology as mentioned earlier. This paves ways for good high recognition in CSR practices by this first mover. For instance a technology that seeks to capture pollutants before they are discharged seems to be an uncommon move, thus leading to a more competitive edge as a first mover. Another example is the 3M's (3P's) Pollution Prevention Pays which delivers a triple-bottom line benefits and served as an active entry barrier strategy.
- **Bargaining power of suppliers:** In such strategy, if suppliers aim at providing unique and highly differentiated products, they gain more bargaining power. E.g. IKEA's use of chlorine-free recyclable paper (Ford *et al*, 2002). This refreshing CSR practice lead to winning the heart of numerous eco-friendly customers thus finally leaving IKEA with virtually no direct competitors.
- **Bargaining power of buyers:** If buyers insist on patronizing environmentally friendly products, organizations are forced to practice harmless ecological business activities and to accept environmental friendly CSR standards. Pressure groups like Green Peace and other environmental movements often campaign against the harmful activities of MNC to help push them towards greener and harmless practices. E.g. "I am no Lab Rat" is a unique consumer awareness campaign aimed at sensitizing the citizens of India on the perceived harmful impacts of producing and consuming genetically modified (GM) foods. Such process of sensitization finally instils fear to less informed consumers thus leading to MNCs being more ethical and responsible in their businesses (Singh, 2008). This concept is therefore seen the power of the consumer to fight for high CSR standards and to ensure that it is upheld by firms.
- **Threat of substitutes:** If alternative products are vastly available with relatively reasonable prices, then it becomes more apparent that customers may switch to

environmentally friendly options. This possible threat of substitutes requires firms to be more careful and widen their scope of operations within the environment to see if 'better' options are available instead of narrowing their scope of operations to the traditionally focal industry. For instance, Wind and Solar Energy is becoming more preferable to fossil fuel (coal and oil), seen as environmentally unfriendly. Thereby a better environmentally friendly option for an energy company is to switch to Wind and Solar power generation. This explains the reasons why innovative and responsible energy companies are now turning their attention to Wind and Solar energy, thus leading to the influx of renewable sources of energy in recent times. Although some may argue that wind-energy have some unfavourable repercussions by covering large land surfaces with their massive sizes, yet most environmental conscious consumers in the energy market prefers that as an option for cleaner and less threatened environment. The advantages are seen as far outweighing the disadvantages of fossil fuel. Governments especially in developed countries like Europe and other parts of the world now grant heavy subsidies when players in the energy industries adopt the generation of wind and solar power instead of the conventional energy system. Example, some European government gives a lot of tax-free and feed-in-tariff on solar and wind energy companies who want to establish greener energy plants as well as incentives for households who want to adopt it (Shirkey, 2005; see also Austria, 2008)

Industrial based view conclusions

The conclusion to the 5-forces-based view is that, not all firms are exposed to the same level of CSR challenges. For instance, the chemical industry is more vulnerable to environmental scrutiny by its various stakeholder groups whereas the labour market is highly exposed to fair labour challenges. In spite of these disparities, none is completely immune from increasingly external pressures of being socially responsible. This phenomenon calls to the mind of industries to re-examine how to convert threats from this ever increasing activist groups into opportunities. To be successful in converting threats to opportunities, firms must engage the communities and enlist relevant stakeholders' approval in other business practices before going ahead into operation (Peng, 2008). By so doing organizations attempt to be more proactive than reactive in being socially responsive. Adopting far-sighted and sustainable practices certainly leads to complete differentiation and a commanding lead within the respective industries of operations.

- 2. Resource-based consideration:** - This view considers the notion of rare and valuable resource that is difficult to imitate by competitors. The concept of resource-based consideration involves both tangible and intangible frameworks: Value, Rarity, Imitable and Organizational capability (VRIO). The **tangibles** involves: technologies, processes

and alliances whereas the **intangible** involves skills, attitudes and commitments expressed towards CSR endeavours.

- **Value:** Value in respect to CSR means that the firm's financial, technological and human resource capabilities must add value to its CSR causes. For instance, firms may decide not to do business with manufacturers of tobacco producers or the gambling industry. An attempt to avoid doing business with these and even countries that violate human right standards theoretically, adds value the firm's businesses. It could be argued that, adding value by this means might lead to reducing shareholders value for profit, yet overall socio-economic values cannot be over-emphasized and runs into the future. For instance, in 2004 Coca-Cola was accused of using child labour in El-Salvador sugarcane plantation. This attracted a lot of Human Right Actions and international press attentions and criticism. The conclusion is that the 'value' of Coca-Cola was highly reduced in that year embarked by countless disapproval from numerous stakeholder groups (Veracity, 2006).

Rarity: Rarity denotes distinctive resources and capabilities posed by a firm. In situations where competitors possess similar competence, rarity becomes less advantageous to a firm. On the contrary; rare resources become a power to take a competitive edge in social responsibility activities. Valuable but common resources on the other hand, can only afford competitive parity not better competitive advantage. The resources must be both valuable and rare to provide advantage to the firm. For instance, if a firm has a sole distributor or a supplier of a renewable source of material, this can mean gaining competitive advantage over other players in the same industry. It could mean that the supplier has a unique and quality form of product that no supplier have. Thus, enables the firm to own economic, social and environmental responsibilities over its competitors.

- **Imitable:** Valuable and rare resources can only provide temporal advantage to firms if they can be imitated by competitors. On the other hand, such competitive advantage can last if they are hard to imitate by competitors. For instance, *pollution-prevention* technology provides a firm with a significant advantage than *pollution-reduction* technology since pollution reduction is easier to imitate than pollution prevention. Pollution prevention is highly integrated with the *entire production chain* and involves every single face of the technology and thus becomes a complex set of inimitable technology which rivals cannot trace throughout the chain. Managerial competence, skilful employees and attitudes posed by workers who are socially conscious can hardly be imitated, thus leading to a unique possession for the firm who owns these resources.
- **Organizational capability:** how organized the firm is leads to its ability to exploit CSR resources and competences. The control systems, production engineering approach to handling complaints that are well-organized and accepted by the complaining stakeholders may be unique to a firm. At any point in time, a firm may be capable of

doing something special for the community which could be seen as a corporate arrangement that complement themselves from top-to-down management, and this various capable assets are pulled together to form the whole advantage. For instance, the perfect combination of firm's complimentary assets would enable it to cease the opportunity to utilize properly the other three resources: value, rarity and imitable.

Lessons from the VRIO framework

The most important lesson within this VRIO framework is for managers to know themselves first. This implies that they should know their complimentary assets and the specific differentiating strategy that they can employ to become pacesetters instead of merely following the same pattern that is already in use by competitors. This is important because CSR practices can easily disappoint stakeholders if they really do not benefit and feels the impact as they expected. Also, merely chasing newer CSR practices may possibly contradict the firm's complementary assets implying that managers within the firm do not know themselves, their capabilities as well as the areas they best fit in the discharge of their CSR practices.

3. Institutional-based considerations

The institutional-based view attempts to explain how organizations often respond to various pressures that come from CSR activist (institutions). These institutions are made up of both the formal and informal groups. The formal institutions are fundamental whereas the informal are the pressure or the supporting institutions. The various forms of response strategies available to firms include:

- **Reactive:** Reactive strategy if CSR denotes that MNCs often wait to respond to the effects caused by their activities. Top management has little interest initially and may not act usually at the beginning of the complaints. The firm usually remains cold when the public outcries begin, a typical symptoms of stonewalling. Often it is the formal regulatory bodies that have to enforce firms adopting this strategy to comply. This reactive strategy is entirely opposite to the proactive, where organizations foresee and draws plans to handle the consequences of their actions. Manufacturing firms may know the consequences of their activities on both the environment and the health of consumers; yet they often attempt to ignore them. This concept of reactive strategy further explains that in so far as the organization may know through their ethical sense of right and wrong, all the same they often choose to treat the consequences with blind eyes until the angry stakeholder institutions have intervened. A typical example is the Coca-Cola El-Salvador scandal in which Coca-Cola employed child labour to work in sugarcane plantations. It was clearly stipulated within its policies that Coca-Cola will not use Child Labour in any form. Management should therefore have known that, pressure group institutions will react with time to this irresponsible behaviour nonetheless, the signals were ignored. The issue later became public through various humanitarian institutions (Veracity, 2006). This implies that the sense of combining ethics and corporate responsibility are often

overlooked until organizations receive backlashes to activate their ethical senses. This reactive strategy is usually practiced by companies that lobby for the governments and authorities to regain favour or the power to continue their activities. It could be viewed also that this strategy is often employed alongside by companies that have made huge innovative investments that often go wrong. It then tends to be justifiable for them to try to recoup their investment at all cost, thus ignoring the outcry and the negative impacts of their activities. Another example is some Ford automobiles catching fires. After Ford realized that there was a technical design errors in their car that often makes the car catch fire leading to many deaths, Ford company remained silent for a long time and keep doing their business of selling the cars. This resulted in many deaths until later the problem was attended to (Jensen, 2008; see also Leggett, 1999).

Similar situation exist in most oil and extracting industries. This may be due to the fact that the investment in the operations is often so high and stopping the activities of extractions is seen by management as cost and loss thereby overlooking the harmful effects and the complaint of the community.

Defensive: When firms completely shield the negative impact of their operations from the various stakeholders, then it could be said that that company employs defensive strategy. Even if they admit the harm, they tend to justify themselves. Firms that term CSR as unnecessary, costly, a burden or nuisance often employ this strategy. For instance, when products are defective or contaminated, some organizations see no need to recall them. Also when the defective component was outsourced it often becomes the case of firms shifting the blame to the other party. Then the consequences of the final product will be shifted to other parties involved in the supply chain. Nike in the 90s was accused of bad working conditions for its workers, the use of child labour and the abuse of workers among other scandals in major parts of Asia like Pakistan, Cambodia, Vietnam, and Korea among others. Upon confrontation by major international stakeholders, one Korean supervisor in Vietnam plant blatantly took a defensive position on behalf of Nike. A Vietnamese newspaper headlined: "Violent Acts against 15 Workers" reports the response of one Korean supervisor after being confronted: *"In defines, the Korean supervisor was quoted as saying: "It's not a big deal. It's just a method for managing workers."* A Vietnamese court later suspended the supervisor from the country and asked her to leave (Senser, 1996; see also Locke, 2002).

Other specific abuses brought to light due to the protest of these workers in the thriving factories managed by Koreans include:

- A woman's mouth taped shut because she was "talking during working hours."
- The incident in which 45 women were forced to kneel down and hold their hands up for 25 minutes straight.

- Sexual molestations by a supervisor who was allowed to escape on a midnight flight back to Korea.

These Nike scandals often were the case that, the Koreans were rather blamed while the name Nike was kept in a low profile, unblemished (Senser, 1996).

It could be seen that in such defensive cases as it was in Vietnam, it was the media (CBS) and other Human Right groups that fought to unearth the hidden protest of the employees. Also, when the court and the government intervened, justice was meted out on behalf of the underprivileged employees (see also Senser, 1996). It is often the case that when industries team up together to adopt a defensive position not to comply with existing laws governments are seen to be the main stakeholder to establish standards to check these firms. In such cases, firms are forced to comply with the established standards thus making firms more responsible in their businesses.

Accommodative: In this strategy, management supports CSR and being responsible is seen as a worthwhile course. Organizations often accept the blame and react to comply with standardized codes. The idea of diffusion standards in CSR may be viewed as negative, instrumental or positive by others. For those that view it as negative often argue that being universal and commonly accepted standards implies that some firms are only following competitors in doing similar thing. For the instrumental viewers, they may conclude that CSR is a good tool for increasing profit of the organization by adopting standards instead of doing the contrary. Finally, for the positive viewers, this strategy is seen as to encourage firms to be more ethical in their businesses. In all, the accommodative strategy seeks to make firms well-behaved.

Although this may at times be highly expensive costing the company millions of dollars, however the sense of responsibility supersedes interests of profitability meaning the long term future benefits outweighs the current losses in investment for being responsible. It could earn the firm a favourable image and enhance customer loyalty. In many parts of the world and especially where many MNCs extract oils and minerals, some firms have decided to rebuild a new city or village for communities whose lands are affected by their practices including: land, air and water pollutions. This practice of being accommodative and accepting standardized requirements wins the heart of the stakeholders.

Proactive: This strategy implies that companies tend to foresee the possible effects of their activities on the stakeholder and designs the best approach to this before commencing operations. Naturally, it could be argued that rational thinkers should be able to foresee the future of their actions and implement responsible strategies ahead of time. In such cases having foresight becomes the best CSR practice in which potential harm is envisioned and reversed to win the hearts of stakeholders. To be able to achieve this strategy profitably, corporate bodies and their primary stakeholders must try to get involved in policy making earlier enough and try to steer the course towards a favourable

direction. Also, stakeholders must be involved and be consulted for their consent prior to the establishment of the operations of the firm. Finally, firms must engage themselves in voluntary and philanthropic activities which not just entertain but directly help the stakeholders in the community or place of operation with the intention to win the support of most of its stakeholders (Peng, 2006).

Responding to CSR criticisms:

As much as the concept of CSR is genuine, it is often used as a tool by which organizations 'throw-dust' into the eyes of their stakeholders, thus can be seen as a typical trick deployed by many a business to maneuver around critical issues pertaining to their social responsibility. Most unsatisfied stakeholders, usually the secondary type of the stakeholders view MNCs as not doing enough to discharge their responsibilities. More than the usual demands put on MNCs in the discharge of their CSR activities states that MNC's should rather pursue more balanced triple bottom line (economic, social and environmental) responsibilities gradually to enable them satisfy their diverse stakeholders rather than pursuing one-sided economic interest. Some also argue that CSR is a mere public relation tool or publicity stunt for developing favourable image 'all talk no action'. To others, CSR is only practiced by larger corporations and never are smaller organizations contributing back to the community.

On the positive note however, CSR should be seen as a tool that goes a long way to serve its stakeholders interests. More recent trends in the performance of socially responsible organizations are seen in the following area: MNCs can influence the economic, political, social conditions of its stakeholders. MNCs are now held accountable for making the working conditions of their workers more favourable. The economic developments of most nations are directly related to the operations of MNCs in most emerging economies. Within the light of globalisation trends, organisations are becoming powerful actors for change implying that MNCs are contributing positively and on a global scale.

Conclusion

Convincing arguments available justifies the controversies surrounding the Kyoto protocols due to some actions or inaction of some countries, institutions and stakeholders at large. With all the good intentions one will wonder whether the Kyoto protocol is a fiasco or not? If not why has it morphed into the Copenhagen accord which in itself had instances of blatant stonewalling gimmicks? An attempt to discuss the concept of 'bad apples' versus 'bad barrels' may partly explain this situation and help re-position existing models and theories in a new light.

It is believed that the environment in which one exists often influences him positively or negatively (Who We Are, 2010). Which one produces the other; bad management (apples) producing unethical companies (barrels) or unethical companies producing bad management? Others wonder if management is already corrupt before they assume their positions in the company or they are corrupted by the companies in their course of executing their managerial or role of oversight after they assume offices.

No matter how complex solving this puzzle may appear, one fact stands out clearly that the companies (barrels) are non-entity and can rather be made corrupt by unethical management (apples) instead of the opposite. We can reasonably conclude therefore that, a company by itself cannot get corrupt, but can be corrupted by the managers who steers the affairs within the company. A discipline and ethical management produces success, conversely, lack of it will surely lead to failure. According to Tang *et al* (2008), *“One of the real root causes of the corporate scandals is the overemphasis American corporations have been forced to give in recent years to maximizing shareholder value without regard for the effect of their actions on other stakeholders”* Profit-based mechanisms create a huge amount of pressure and opportunity for individual managers and may have some serious flaws. It is known that Enron’s executives were provided with substantial bonuses in the form of stock options. For instance, *“due to the perverse incentives, some corporate executives deceptively manipulated accounting procedures by cooking the books and intentionally engaged in unethical behaviours”* (Tang *et al*, 2008). These examples, helps us to draw an indisputable conclusion that the ‘barrel’ being the literal company cannot corrupt itself, nevertheless, it proves that unethical-greediness and white-collar crimes tend to corrupt both managers (apples) and which in itself affects the companies (barrels).

For instance, in the light of the recent economic crisis where most US companies are asking for economic bailouts, most of the giant companies still fly their executives in luxuriously expensive private jets (Jacobs, 2008). In spite of the extent of criticism that these managements may receive from the public their luxurious private economic interest still overrides the expectations of their stakeholders. The high cost of flying these jets could have been used to subsidize the economic crisis or sustain the firms’ in some way instead of asking for government bailouts. Managements in these practices often forget that the barrels cannot corrupt them but their unethical behaviours end up corrupting the barrels.

Conclusively, if the barrels have a damaged reputation then it is the apples that have to restore the reputation. But if the leaders themselves are corrupt then there is no way the barrel can gain dignity since the barrel (non-entity) cannot decide but rather its’ dignified image hinges upon the management (apples). Management who often use defensive and reactive CSR strategies may attempt to justify themselves that the firm’s image was damaged before they assumed positions in the firm thereby choose to continue the same

old-pattern. Yet there have been a lot of instances where companies with damaged reputations were restored to dignity by ethically responsible management. Example, new management of a school whose standards have decreased over a period of time can work harder to restore high standards and improve grades of students.

Therefore, to solve the puzzle we can agreeably conclude that the success or the failure of any company (barrel) is highly related to the management (apples) of that company and that the apples should be made answerable to most of the tainted reputations of the barrels. So if CSR could be considered as a strategic tool for business, will it be a trick or treat?

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