

A HYPOTHETICAL CORPORATE RESPONSIBILITY EMPHASIS MODEL

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ABSTRACT

Corporate responsibility research has made major advances in mapping the area both in theory and practice. However, CR studies have so far paid little attention to the variations in the CR emphases between different business areas and between companies within the same business areas. This paper presents a CR emphasis model, which pinpoints the different approaches to corporate responsibility different kinds of companies adopt.

Eight different CR emphases are introduced: (1) suicidal, (2) ideal, (3) plutocentric, (4) anthropocentric, (5) biocentric, (6) patriarchal, (7) technocentric and (8) matriarchal.

It is possible for companies with different CR emphases to move towards ideal responsibility if they continue to increase their social and ecological responsibilities while holding onto the necessary level of economic responsibility. Of course pioneers will reach the ideal state first, but one should not give up with the followers either, because they will toddle behind and sometimes even stride along once they realize the image benefits or their real responsibilities in this world. Those companies that lag behind the general responsibility trend are a worry. They do not voluntarily take any responsibilities. Laws and market instruments, which compel business to bear economic, social and ecological responsibilities, are meant for these companies.

INTRODUCTION

In an American TV-documentary “Targeting the Majors” (Finnish TV2, 2.1.2005) major companies were submitted to a personality test by measuring their actions in the areas of economic, social and ecological responsibilities. The actions taken by those companies indicated that they were psychopaths as they fulfilled all the criteria of psychopathy listed in table 1.

Table 1. Are corporations psychopaths?

PERSONALITY CHARACTERISTICS OF PSYCHOPATHS	EXAMPLES OF ORGANIZATIONAL BEHAVIOUR
(1) Unconcern for others' feelings	- harsh treatment of employees, customers and partners - sudden terminations of employment contracts and business contracts
(2) Inability to maintain human relations	- transferring business operations from country to country in order to minimize production expenses - constant change of employees and partners
(3) Disregard for others' safety	- products and production methods endangering human health and the environment - dangerous working conditions
(4) Dishonesty and lying to one's own advantage	- keeping silent about the risks of hazardous products and production methods, covering them up and denying their existence - deceiving employees, customers and partners
(5) Inability to feel guilt	- when exposed of wrong-doing, asserting innocence (denial), blaming others (projection) and justifying one's action (rationalization)
(6) Inability to observe the laws and norms of society	- breaking human rights, labour, contract and environmental laws and agreements when it is economically more beneficial than observing them

Naturally, the documentary presented the worst deeds done by companies; therefore, the psychopathic characteristics do not represent their whole personality that incorporates also good deeds. However, a responsible company does not do good deeds with one hand and evil deeds with the other hand, but tries to do good with both hands. Psychopathic characteristics should be eliminated from a company in order that it could really be a responsible company and say so.

The psychopathic characteristics of companies often are established practices developed over the years or decades. They have started from an individual's or individual company's evil deed that has remained unpunished, and have consequently spread and become a common practice within a company and among companies, a line of business and the whole business community. New psychopathic corporate characteristics are developing all the time – every time a company gets off scot-free. It is the responsibility of companies themselves, business communities, business environments and society at large to see to that no-one's irresponsible deeds remain unpunished. Apart from discipline, positive incentives are needed to motivate companies away from psychopathic behaviour.

A HYPOTHETICAL CORPORATE RESPONSIBILITY EMPHASIS MODEL

Corporate responsibility research has made major advances in mapping the area both in theory and practice (e.g. van Marrewijk 2003, Panapanaan et al 2003, Takala 1999, Takala and Pallab 2000, Vos 2003, Welford 1997, 2002). However, CR studies have so far paid little attention to the variations in the CR emphases between different companies.

Companies have remarkably varied approaches to responsibility. Even within a single line of business many different attitudes can be found. For example of the oil companies the Finnish Neste Oil believes that their 'profit cake' can be cut between economic, social and ecological responsibilities while the American ExxonMobil sees responsibility as a zero sum game in which the economic responsibilities must win (Ketola 2005acd). The British BP and the British-Dutch Shell tend to lobby compromises between different stakeholders so that also the claimants of social and ecological responsibilities would be satisfied with what they benefit from the oil companies' profits (Ketola 2005abc, O'Rourke 2004, Rowlands 2000).

The corporate responsibility emphases of different companies can be analysed with the assistance of a hypothetical corporate responsibility model illustrated in figure 1. The model takes account of all the combinations of corporate economic, social and ecological responsibilities. Thus an individual responsibility profile can be drawn for each company.

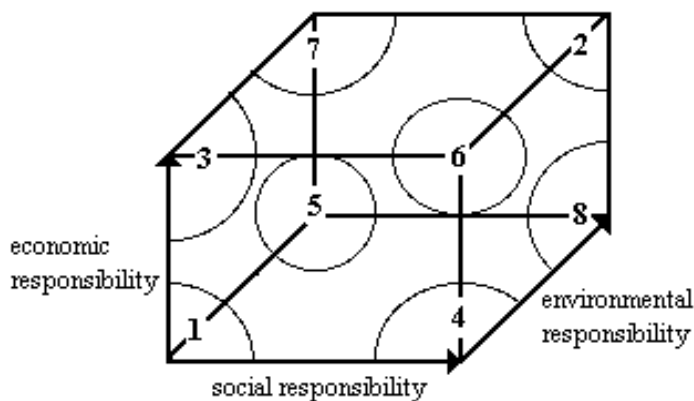


Figure 1. Corporate responsibility emphases (Ketola 2005a: 111):

1. *Suicidal*: minimum economic responsibility = social responsibility = ecological responsibility
2. *Ideal*: maximum economic responsibility = social responsibility = ecological responsibility
3. *Plutocratic*: economic responsibility > social responsibility = ecological responsibility
4. *Anthropocentric*: social responsibility > economic responsibility = ecological responsibility
5. *Biocentric*: ecological responsibility > economic responsibility = social responsibility
6. *Patriarchal*: economic responsibility = social responsibility > ecological responsibility
7. *Technocentric*: economic responsibility = ecological responsibility > social responsibility
8. *Matriarchal*: social responsibility = ecological responsibility > economic responsibility.

A company that minimizes its economic, social and ecological responsibilities is (1) a *suicidal* company. The lifespan of such an organization is very short because it does not satisfy the needs of any of its interest groups. Usually financiers and authorities close it down. Yet these kinds of falling stars keep on flickering like shadows of the dark side of moon on the outskirts of business communities. In some cases their dishonest owners snatch big money before they slip out, but in many cases it is just a question of unprofessional entrepreneurship that ends up in bankruptcy. During its short life the company may cause a great deal of damage to its shareholders, financiers, customers, suppliers, employees, neighbours – and even nature, if it has, for example, dumped waste in an irresponsible way.

(2) An *ideal* company in contemporary society is the direct opposite of the suicidal company. An ideal company maximizes its economic, social and ecological responsibilities. There are not many companies like this. However, some companies genuinely aim to become ideally responsible. The pioneers of sustainable development have come close to the idea, e.g. The Body Shop, although its cosmetic products are not necessary but luxury items. Also the Co-operative Bank aims at balancing its responsibilities. It is often easier to carry out holistically responsible actions in cooperatives than in incorporated companies where the profit and growth pressures are more acute – naturally depending on the values of the members of cooperatives and incorporated companies, respectively, and the way these values are implemented in practice.

The purpose of Fair Trade is to integrate the economic, social and ecological responsibilities developed countries should take for developing countries. In practice Fair Trade is marginal business among companies in developed countries and has remained the responsibility of only consumers and not of companies: the consumers, not the first world companies, pay the higher price in order that the producers in third world countries can get a reasonable price for their products. If the first world companies wanted to be regarded as responsible partners in Fair Trade, they should subsidize their third world producer-partners by decreasing their profit margins of each Fair Trade product.

Wangari Maathai, who won the Nobel Peace Prize in 2004, established a Green Belt Movement in Kenya in 1977. This African-wide movement integrates economic, social and ecological responsibilities in practice. Planting trees prevents erosion, enables biodiversity and gives directly and indirectly work to local women who can make a sustainable living in small-scale farming after the trees have grown. The Green Belt Movement combines genuine sustainable development with entrepreneurship.

Corporate responsibility in general promotes women's entrepreneurship also in the developed world because its way of integrating "hard" economic and "soft" social and

ecological responsibilities comes naturally to most women who do not find them incompatible.

(3) *Plutocentric* companies are plentiful. Nearly all present-day companies prioritize economic responsibilities over social and ecological responsibilities. These are the ethics of the market economy, which are difficult for a single company to avoid without special efforts.

(4) An *anthropocentric* company gives social responsibilities a preference over others. Charitable organizations follow this principle. They are financed by individual and organizational donors. Anthropocentrism is a part of the business idea of charities but it may sometimes be forgotten in their workplace human relations even when the objects of charity are treated well. However, anthropocentric companies can also be ordinary business companies aiming at profits. In Finland there are a number of so-called social companies, which employ handicapped people as well as fully capable people. If at least thirty per cent of their employees are physically or psychologically handicapped, the government subsidizes the company to cover the difference between average salaries and lower than average work contributions.

(5) A *biocentric* company emphasizes ecological responsibility over economic or social responsibility. Environmental organizations focus solely on ecological responsibilities. They rely on volunteers to do most of the work and expect other organizations and individuals to give funds to cover the costs of operations. In addition to ideological activities, environmental issues offer great business opportunities. Environmental service organizations, such as waste treatment, environmental technology and environmental consultancy businesses pay keen attention to their economic responsibilities. This does not necessarily prevent them from stressing their ecological responsibilities – some of them have been founded on the environmental values and concerns of the managers, and prioritize environmental benefits over business profits.

(6) A *patriarchal* company is a traditional form of business: during the first decades of industrialization in the western world companies often took both economic and social responsibilities in their local communities. Nowadays, as the welfare society is crumbling under the market economy pressures and the first world states are again decreasing their services to their citizens, demands for increasing corporate social responsibilities have re-emerged. Many companies have become internationalized and in many developing countries citizens still do not have any social services provided by the state. Most multinational first world companies accept some social responsibilities in the third world countries where they operate. Hence a company may be plutocentric in developed countries and patriarchal in developing countries.

A few companies have decided to be (7) *technocentric*. They take their economic and ecological responsibilities very seriously but do not accept more social responsibilities than the law requires. Particularly Nordic and German companies often believe that technology will solve their ecological problems and are willing to invest significantly in environmental technologies. The systematic mindset of these nationalities is at home with the systematic nature of technologies. Since technological education and research are high priorities in these countries, also experts in environmental technology are in abundance. Internationally respected academics – such as Professor Pentti Malaska (2005), a founding member of the Club of Rome, who established the Finland Futures Research Centre – have strengthened trust in technological-economic environmental solutions.

Economy and environmental technology are “hard”, task-oriented areas, which coincide with the behaviour expected of a traditional man. Social issues are “soft” and human-oriented, and traditional men do not feel comfortable with them. When creating and adapting technology a traditional man gets as a by-product some social contacts, which focus on tasks, not on people. By integrating economic and environmental technological responsibilities a manager or an entrepreneur can feel that he is making money and doing good at the same time in a masculine way. At least for Finns nature is an important spiritual resource; therefore, a chance to integrate the benefits of both business and nature is a welcome possibility.

The successful cohabitation between nature and technology in Finland, leading to the integration of ecological and economic goals, has been received by inheritance from the ancestors of Finns. The eco-centrally Pantheist Finnish epic, the Kalevala, which portrays the Iron Age in Finland, is full of technology. The cantos of the Kalevala describe the birth of fire, agriculture and iron; the manufacture and use of tools, vehicles and guns; the carving of boats and the making of a Finnish traditional harp, kantele, out of the chinbone of a huge pike (Niiniluoto 1994: 25). In the Kalevala technology is seen as old as the earth. The people in the Kalevala combine technology and nature in ingenious ways in their economic behaviour. Although they utilize nature as a resource they do it with respect: they remember to ask the trees for a permission to use them as raw material and will not use them if permission is denied; they also ask the gods of nature for help in order to be successful in their work (Ketola 2000).

Blacksmith Ilmarinen forges out of gold, silver, iron and steel a wonderful device, the Sampo, which the tribes of Kalevala and Northland fight for. The epic describes the Sampo as a machine: “on one side there’s a corn mill / on the second a salt mill / a money mill on the third. / And then the new Sampo ground / and the bright-lid rocked.” (Lönnrot 1989: 116). The Sampo represents high technology – the fulfilment of everyone’s economic dream, which in reality leads to wars that cause serious social and ecological problems.

The technology of the Kalevala's Iron Age made it possible to manufacture individual goods. The Industrial Revolution brought another kind of technology, mass production, which developed further during the Industrial Age into process production. Our current Information Age has introduced the even more sophisticated technology, the information technology for both products and services.

Information technology has changed our world radically during the past few years. Many people believe that it will bring solutions to all our problems, whether economic, social or ecological. Kamppinen (1999: 136–137) suggested a few years ago that information society might change the hierarchical order created by Christianity in which humans are situated above animals and plants but below angels. He thought that the Information Age could be the time of angels for us because it might call forth people's latent talents, which have not been able to flourish before. Consequently, humans could develop an ability to live the Thomas Aquinas' (1225-1274) time of angels, which is more spacious than human temporariness but not as abstract as the eternity of unchanged gods (Kamppinen 1999: 13).

Naturally, the lengthening of human time horizon would be advantageous also from the corporate responsibility point of view since the consequences of companies' social and ecological negligences reach years, decades and centuries into the future. However, so far the time horizon of companies and societies has not lengthened, rather it has shortened as a result of information technology utilization. Nowadays all information, goods and services are available immediately while earlier people had to wait for them. The time perspective of people has shrunk, and the readily available information, goods and services are now just as readily disposable commodities. Their production and consumption have increased exponentially compared to their predecessors, the more old-fashioned durables.

Technocentrism has not redeemed its promises of spiritual development. Instead it has created novel problems at least at the same rate as it has solved some. The warning message given by the Kalevala – the break-up of the false god, Sampo, during the fierce battle over its ownership, leading to the loss of the sun and moon, conflagration, disease, famine and death – has fallen on deaf ears. No one seems to care about the Sampo's negative corruptive, conflict-inflicting influences on humans particularly now that large corporations operate with the mechanistic efficiency of the Sampo mill, and grind more and more material wealth – but at what cost to the human soul? We follow blindly the technocentric footsteps of Kalevala's heroes, Väinämöinen, Ilmarinen, Joukahainen and Lemminkäinen, without seeing any further than the next step in the snow.

(8) A *matriarchal* company – represented by the epic's other tribe, Northland, and its leader, Louhi, the Mistress of Northland – finds social and ecological responsibilities more important than economic responsibilities. A matriarchal company is a rare phenomenon

because our contemporary market economy based society expects companies to yield profits in order to survive. Some non-governmental organizations and communes strive for matriarchal objectives initially, but usually economic issues gradually take priority. Biocentric, anthropocentric and matriarchal companies can survive only if some of their external interest groups, such as citizens or governments, bear their economic responsibilities. Fair Trade aims to combine social and ecological responsibilities in first world companies. However, since these companies want to gain profits from fair trade, they exploit the consumers by charging more than a really fair price on the products. This is not economically responsible, nor does it genuinely integrate economic, social and ecological responsibilities.

The matriarchal alternative for companies is possible as soon as our society is not based on market economy values any more but on shared responsibility of the wellbeing of humans and nature. Profits and growth do not need to be the goals of companies at all. Instead companies can be established to fulfil other values, such as social and ecological strivings: elimination of poverty, violence and discrimination; promotion of human rights, children's rights and equality; striving for zero-emissions; and protection of different ecosystems, biodiversity and individual species. I believe that during the next few years is possible for the humankind to move to the Age of Responsibility (introduced by Wilenius 2005).

At the moment, however, it is possible for companies to move towards ideal responsibility if they continue to increase their social and ecological responsibilities while holding onto the necessary level of economic responsibility. Of course *pioneers* will reach the ideal state first, but one should not give up with the *followers* either, because they will toddle behind and sometimes even stride along once they realize the image benefits or their real responsibilities in this world. Those companies that *lag behind* the general responsibility trend are a worry. They do not voluntarily take any responsibilities. Laws and market instruments, which compel business to bear economic, social and ecological responsibilities, are meant for these companies.

Figure 2 illustrates the corporate responsibility emphases of some retail chains operating in Finland in 2004. This is the usual story about *plutocentric* companies. As expected the roof of the cubicle, i.e. economic responsibility is the first priority for all these retail companies. For the supermarket chain Lidl economic responsibility remains the only responsibility. Department store chain Stockmann also takes account of the principles of responsible imports by the International Chamber of Commerce. Furniture chain Isku pays attention to environmental issues. In addition to economic responsibilities, supermarket chain S-group has started to take both social and ecological responsibilities very seriously. Supermarket chain Kesko has developed its social and ecological responsibilities even further. However, the furniture chain IKEA is the most advanced in its three pillars of responsibilities.

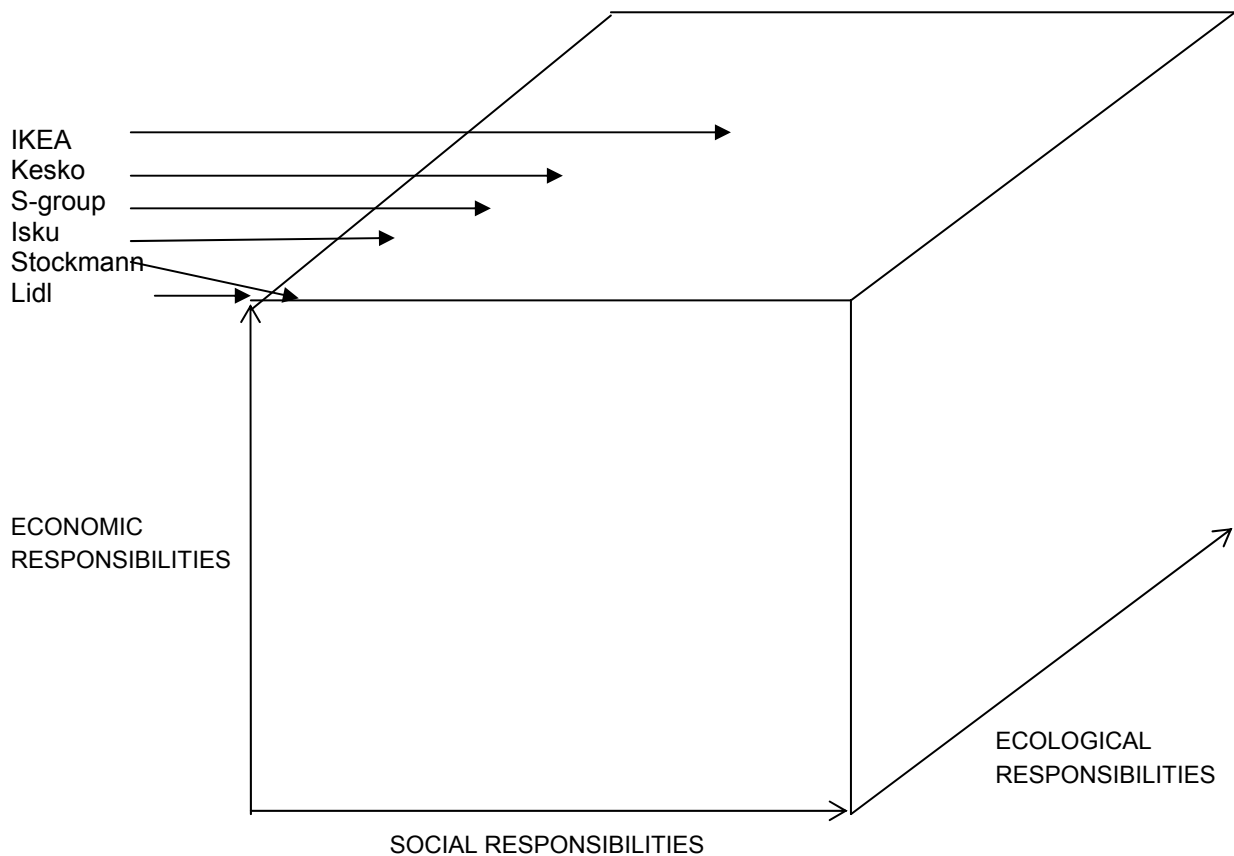


Figure 2. The corporate responsibility emphases of some retail chains operating in Finland (Ketola 2005a: 116).

The figure shows that it is possible for companies to move from plutocentric responsibility towards ideal responsibility if they continue to increase their social and ecological responsibilities. This continuous improvement, favoured by many companies and business associations is a slow process. Pioneers reach the goals first. Followers toddle or sometimes even stride along, following the pioneers' footsteps, as soon as they realize the image benefits or wake up to see their broader role in society. Those who lag behind are the worry: they will not take further responsibilities voluntarily. It is the laggards for whom legislation and market instruments are needed to force them to increase their social and ecological responsibilities under penalty of economic sanctions.

CONCLUSIONS: CORPORATE RESPONSIBILITY VIA VIRTUE ETHICAL VALUES

Suicidal, plutocentric, anthropocentric, biocentric, technocentric, patriarchal and matriarchal companies can move towards ideal responsibility by developing their economic, social and ecological responsibilities in harmony. Ideal responsibility integrates the economic, social and ecological responsibilities of a company so that economic goals do not take priority over

social and ecological goals. The company will not do business at the expense of the wellbeing of humans and nature. This kind of a company needs to establish its mission and business strategies on truly ethical values (Ketola 2005f). This calls for virtue ethics, which allow people to be humbly proud of their virtuous actions (Ketola 2005ae).

Virtue ethical values include justness, generosity, kindness, moderation, loyalty, flexibility and reliability (Ketola 2005ae). Everyone (managers, employees and external stakeholders) can feel humble pride for a company that operates on the basis of these kinds of values. Table 2 gives examples of ideally responsible actions of a company. It is quite possible to put these values into practice in responsible business companies.

Table 2. Examples of ideally responsible corporate actions following the principles of virtue ethics.

VIRTUES:/IDEAL ACTIONS:	Economic responsibilities:	Social responsibilities:	Ecological responsibilities:
Just:	The company divides its profits between all stakeholders, humans and nature, in proportion to their contributions.	The company treats all human stakeholders all over the world according to the same fair play rules.	The company treats nature and its creatures all over the world according to the same fair play rules as the humans.
Generous:	The company supports disadvantaged and crisis-stricken humans and other creatures proportionally at least to the same extent as the private citizens.	The company helps its internal and external stakeholders to achieve a healthy, safe and happy life, and promotes the local culture.	The company gives in its all operations priority to biodiversity, and invests much time, money and expertise to promote it.
Kind:	The company helps its employees, partners, customers and local communities to keep their economy in order.	The atmosphere in the company is open, friendly and happy. The company treats its employees, partners, customers and local communities like friends, looking after their wellbeing.	The company treats nature and its creatures like friends, looking after their wellbeing both locally and globally.
Moderate:	The company sees to that the highest salary with its increments is not	The company finds human wellbeing more important than	The company finds the wellbeing of nature more important than opera-

	more than five times as high as the lowest.	operational efficiency, and adapts working hours and paces accordingly.	tional efficiency, and takes this into account in all its operations.
Loyal:	The company holds on to its employees, partners and locality for better and for worse.	The company defends its internal and external stakeholders against the abuse and exploitation of others.	The company defends nature and its creatures locally and globally against the abuse and exploitation of others.
Flexible:	The company gives a stakeholder, who has run into financial difficulties, more time to meet its obligations, and helps it to conquer its troubles.	The company takes account of the individual circumstances of its every employee, customer, partner and neighbour in its operations.	The company takes account of the individual circumstances of nature and its creatures in its operations.
Reliable:	The company fulfils its contracts and holds onto its promises.	All the stakeholders can trust the company to act in their best interests under any circumstances.	Nature and its creatures can trust the company to act in their best interests under any circumstances.

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