

An excuse to target those deep pockets?

Parth J Shah, DNA, 28 January 2006

Even at 'the end of history,' commerce qua commerce is unacceptable to many. Numerous movements and campaigns have tried to inject something ethical and social into plain commerce. The latest fad is corporate social responsibility (CSR).

CSR has such a nice ring to it that it is impossible to argue against it. When all corporate honchos are supporting it, why should anyone outside the corporate world stand against it? It makes any opponent look like a heartless soul, denying any good that one can do for society.

But majority support for an idea, however good it seems on paper, does not make it right. At one time, the majority believed in a flat earth, rain gods and caesarean section delivery. I invite you to stand alone and think for yourself.

First and foremost, commerce qua commerce is socially beneficial as long as it is in accordance with the rule of the law and does not involve force or fraud. Corporates do not need any extra justification; what they do every day is good for them and for society.

All that we want is that they earn their profits honestly and in good faith.

Second, CSR propagandists focus mainly on the use of profits once they are earned. I have no objection to any group vying for a share in these profits and using any tool to get it — playing on guilt, greed, moral exhortation or moral extortion — as long as it is peaceful.

But the profits of a corporate do not belong to its board of directors. They belong to the shareholders. Should not CSR advocates at least require that the company take prior approval at the annual shareholders' meeting on the use of its profits? CSR demands accountability from corporates but stops short of involving shareholders.

Insofar as CSR activity reduces returns to stockholders, it is spending their money. Insofar as it raises the price to customers, it is spending their money. Insofar as it lowers the wages of some employees, it is spending their money. Are they all consulted before their money is spent on someone else?

Is CSR simply a mask for activities that are otherwise profitable and good for business? Paying attention to the concerns of customers, suppliers, and communities makes good business sense. A majority of activities done under CSR can be honestly justified under PR, marketing, customer relationship. CSR is just a glorified tag.

A deliberate confusion is created to blur the distinction between what a corporation does and what a person in the corporation does. The Bill and Melinda Gates Foundation, the Azim Premji Foundation and others are touted as great CSR acts. But these are not foundations of the corporation but of individuals who run them.

They are personal and private charities of people who happen to be corporate executives; they do this not in their capacity as executives, but as people of wealth.

CSR champions focus only on corporates and rarely talk about the small businesses and traders, professionals like accountants, lawyers, teachers and doctors.

Do non-corporates have any social responsibility? Or are they targeting only deep pockets? Is the movement, then, for social responsibility, or for getting their hands on someone's money for a use they approve of?

Another side of this coin is that if we create separate ethics for corporates then do we need to advocate trader ethics, teacher ethics, doctor ethics, politician ethics, bureaucrat ethics?