



An ongoing journey of corporate social responsibility



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ABSTRACT

The purpose of the following discussion is to consider how a progressive multinational corporation constrained by the demands of global market capitalism responds to the maelstrom of corporate responsibility. Employing a normative framework for considering corporate responsibility, a case study of Intel Corporation is undertaken that identifies the meaning and operationalization of corporate responsibility and its various dimensions. The process is followed over time through various responsibility centers. While corporate responsibility is important, it is always viewed through the fiscal viability dimension of the maelstrom. The business case dominates the representation and operationalization of corporate responsibility. Due to the increased public sensitivity to corporate responsibility, the attitude has evolved from one of unnecessary intrusion, through a proactive, operations focus, to a compliance based one residing within shareholder relations and legal.

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1. Introduction

How does a large, progressive multinational corporation represent, understand, and operationalize corporate responsibility (CR)?¹ In addressing this question, we analyze Intel Corporation's publicly available information, primarily its Corporate Responsibility reports, in light of the recollections and reflections of a retired Intel executive who observed, and was extensively involved in, CR functions over his career.² We consider the public face of CR and the relationship between this public personae and the related activities of the corporation, enhancing our ability to understand and evaluate CR reports. We explore the meaning and operationalization of CR, and its various dimensions, and follow them over time through their operational manifestation in the areas of governance, ethics, compliance, risks, and controls. In doing so, we assess the company's programs and procedures in terms of motivation and change. The analysis represents not only the face the corporation wishes to present to the world with regard to CR, but also addresses the conflicting and contradictory forces confronted as the corporation engages with, and responds to, the demands of its various constituencies. This "CR maelstrom" reflects the, at times, irreconcilable enabling and constraining pressures constantly faced by corporate decision makers as they attempt to meet the demands associated with legal and regulatory requirements, corporate norms and values, constituency expectations, and shareholder requirements. We also consider the practical changes that have been made as the company has evolved to its 2008 Corporate Responsibility Report (CRR) (Intel, 2008b) reviewing and extending our previous work (Dillard

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¹ In this discussion, we use the terms *corporate social responsibility* and *corporate responsibility* synonymously in that Intel generally prefers the term corporate responsibility. Economic, social, and environmental dimensions are presumed to be included in both terms.

² The executive is the second author on this study.

& Layzell, 2009). We observe the continuing action directed toward addressing the maelstrom and the somewhat paradoxical mutually supportiveness of self-interest and altruism as they play out in the changing global business environment.

We deem Intel a “poster child” for corporate responsibility. As one of the over 80 corporate responsibility (CR) related awards received by Intel in 2008, was the top ranking in *Corporate Responsibility Officers* magazine’s 100 Best Corporate Citizens. The world’s leading manufacturer of micro processors, Intel is a Fortune 100 firm and possibly the most successful business enterprise in history. From its inception, Intel has espoused a consistent set of core values such as innovation, creativity, technical expertise, proactive competitive spirit, and uncompromising integrity that provide the context for decision making and corporate action. Given its market position and economic strength, Intel enjoys significant discretion in its social and environmental programs and practices. If Intel cannot be a model corporate citizen, then we question whether anyone can.

We investigate how Intel frames, and responds to, its perceived social and environmental responsibilities. The historical origins and evolution of Intel’s CR strategy and structure provide the basis for its culture and values as well as insights into the influence of the increased societal awareness on Intel’s response to, and attitude toward CR. For Intel, sustainability represents a component of this responsibility that has to do with the resources affected by the corporation’s activities. Sustainability originates in manufacturing, has an operational flavor, and is monitored through input/output ratios. Corporate responsibility organizationally resides in public affairs and shareholder relationships and takes on a decidedly external perspective oriented toward monitoring compliance to regulations and expectations. Both, we believe, must be integrated and firmly embedded within the management philosophy of the corporation.

Within Intel, we consider the meaning and operationalization of CR by following it over time through its application in the areas of governance, ethics, compliance, risks, and controls. We identify the perspectives taken by Intel in the 2008 CRR report and argue that these reflect, in some ways, the company’s perceived, and intended, identity (Milne, Tregidga, & Walton, 2009; Roberts, 2009) that has arisen out of its own values as well as its interaction with its various constituencies. The aim is to neither disparage practices nor curry favor, but to better understand how a successful, well run multinational corporation (MNC) conceives of, and responds to, its corporate social responsibilities within the normal constraints of global market capitalism.³

Our analysis of the company’s public statements, primarily reflected in its CRRs, in conjunction with our historical contextualization provides the basis for our observations. We analyze Intel’s words and actions within the theoretical context of perceived societal rights and responsibilities that give rise to a maelstrom of internal and external competing forces within which managers of multinational corporations must function. These forces arise from the competing, and complementary, interests and must be addressed for the long term health and well being of the organization. We categorize the interests as follows: government (legal and regulative); owners/shareholders; business and external stakeholders; the corporation and its culture, norms, and values.

The discussion is organized as follows. After the introduction, we provide a brief description of the corporation. Next, we present a normative context for considering CR and discuss the maelstrom of competing and complimentary demands that arise out of the presumed rights and responsibilities. The third section reviews the historical context, culture, and strategic goals of CR within the company. The penultimate section describes the public face of Intel’s CR activities as revealed by the CRR. Closing comments conclude the discussion.

2. The corporation

Intel is a Fortune 100 firm, the world’s leading manufacturer of micro processors, and one of the most profitable business enterprises in history. As such, within the normal constraints of global market capitalism, the company enjoys substantial latitude and discretion in setting and carrying out socially responsible programs and practices. Alternatively, Intel’s public visibility invites continual and intense scrutiny from a wide range of parties. We evaluate the historical origins and evolution of Intel describing its culture and values as they relate to constructs, practices, and procedures.

Intel was founded in 1968 by Robert Noyce and Gordon Moore in California and was one of the primary catalysts for the technology revolution centered in and around Silicone Valley (California, USA). As the world’s largest semiconductor manufacturer, Intel provides advanced integrated digital technology platforms and components for the computing and communications industries. In 2008, the company reported net income of \$5.3⁴ billion and a gross margin percentage of approximately 56% based on net sales of \$37.6 billion. Total assets were \$50.7 billion, and cash or cash equivalencies totaled \$3.6 billion, after a \$7.1 billion stock buyback and \$3.1 million in dividends.

Intel’s strategic goal is

to be the pre-eminent provider of semiconductor chips and platforms for the worldwide digital economy. As part of our overall strategy to compete in each relevant market segment, we use our core competencies in the design and manufacture of integrated circuits, as well as our financial resources, global presence, and brand recognition. We

³ Intel represents a progressive company, probably on the leading edge in responding to its corporate responsibilities; however, classifying it as a sustainable entity is currently unjustified, as with any multinational corporation.

⁴ Intel (2008a). Monetary figures are denominated in US dollars unless otherwise stated.

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