



Corporate social accountability through action: Contemporary insights from British industrial pioneers



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ABSTRACT

Corporate social and environmental responsibility has become a major contemporary focus of business, government and community attention globally. With this increased attention and activity have come debates ranging across corporate authenticity, legislative necessity, and the scope of appropriate strategies. Through an historical analysis of four leading British industrialists of the 19th and early 20th centuries, this paper addresses the question of how corporate social accountability can be shaped and implemented by industrial leaders. It finds that while they may be motivated by a mix of business case agendas and their personal philosophical and religious beliefs, their accountability orientation reflects the latter. Social accountability in these cases, emerges as accountability rendered through action, reflecting organisational leaders' moral responsibility and their connecting their personal beliefs with action for the common good. In the light of parallels between historical and contemporary global industrial environments, the study identifies resonances between historical and contemporary corporate leader social responsibility values, initiatives and accountabilities through action. This opens up the possibility of a more nuanced understanding of motivations for and manifestations of corporate social responsibility and accountability.

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Introduction

Corporate social responsibility (CSR) has been an issue of increasing attention and importance in the accounting and management literatures since the early 1970s. As is often the case with such developments, advocates and critics alike have debated the rationales underpinning key stakeholders' attitudes and degrees of engagement. Much has been made of the 'business case' for adopting and reporting CSR strategies, with corporate critics pointing to the 'capture' of the social and environmental responsibility agenda by the corporate sector. This study is prompted by the underlying question of whether there

are earlier historical precedents for CSR and related accountability practices and the underlying drivers. This paper therefore investigates four historical cases of CSR practice by British industrial company leaders of the 19th century. The overall aim is to explicate their primary underlying CSR practice rationales and the forms of CSR and accountability practices they pursued.

The study employs an historical analysis of published business and management history research into early British industrial experiments in building 'model' factories and villages along with their associated employee and community welfare development strategies. Four particular individuals have been selected as cases of high profile industrialists of their day who became renowned for their industrial CSR and philanthropic initiatives and experiments. These were Robert Owen, Titus Salt, George Cadbury and William Hesketh Lever. Their profiles,

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corporate histories, and CSR strategies are analysed against the background historical context of the industrial and social conditions of their day with a view to eliciting both the CSR dimensions of their factory and village innovations and unpacking both their business motivations and deeper personal and social philosophies.

These four industrial CSR leaders have been selected for study from among a coterie of past British leaders including Jeremiah Colman, Jesse Boot, Joseph and Benjamin Seebom Rowntree and Hans Renold. Owen, Salt, Cadbury and Lever are the focus of this paper due to their respective high public profiles and significant levels of CSR activities, their work that collectively spans a period from the late 18th to early 20th centuries, their public advocacy of many of the values and innovations they promoted, the continuing physical existence of their industrial and related village sites, and the considerable volume of business and industrial history publications concerning their lives and work.

At this point it is important to recognise that CSR was not a concept or term employed in the historical lifetimes of these four industrialists. Nonetheless their social programmes, covering both employees and surrounding communities, anticipated philosophies and strategies labelled as CSR today. Owen, Salt, Cadbury and Lever are specifically recognised as forerunners of contemporary CSR by contemporary research studies such as [Smith \(2003\)](#), [Idowu \(2011\)](#) and [Caulfield \(2013\)](#). This study adopts [Fleischman and Tyson's \(1997\)](#) justification for employing contemporary language and concepts to represent historical beliefs and practices, thereby enhancing our understanding of the past through presentist eyes. Despite debate over this amongst some accounting historians, [Parker \(2004\)](#) argues for a historiographic intersection and overlap between concepts of past and present that can illuminate subjects of historical and contemporary occurrence. Thus the terminology of CSR is applied to the historical account presented in this study.

The analysis offered in this study is informed by theorisations of accountability that address the role of organisational actors who challenge institutional norms in seeking to exercise a responsibility for the common good. It follows [Sinclair's \(1995\)](#) call to pay attention to corporate leaders' internalisation and exercising of moral responsibility and accountability. This requires attention to their personal identity, sense of moral responsibility, and their mode of rendering an account, not only through discourse but through action ([Cho, Guidry, Hageman, & Patten, 2012](#); [Messner, 2009](#); [Sinclair, 1995](#)). As [Archel et al. \(2011\)](#) argue, actors do not exist in a vacuum, but are often defined by their institutional environment rather than by broader social movements, and may move to challenge their institutional environment's conventional wisdom. Of course [Malsch \(2013\)](#) warns of the risk that despite best intentions towards communal interests, such actors can fall prey to market self-interest. Nonetheless, as [Schweiker \(1993\)](#) has argued, an actor's rendering an account has moral dimensions including moral claims and emerging moral identities that arise through that process of discourse that in turn shapes attitudes and actions towards the common good. Thus accountability can be

conceived as a morally sourced responsibility for building relationships with others: with community ([Messner, 2009](#); [Shearer, 2002](#)). So organisational leaders can be conceived as moral agents answerable to 'canons of social responsibility' ([Schweiker, 1993, p. 236](#)), responsible for others and for each other ([Roberts, 2009](#)). Their identity emerges in the process of giving an account of themselves and their actions ([Schweiker, 1993](#)).

This study conceives the exercise of social responsibility and accountability as not confined to formal reports or discourses, but to the observable actions of corporate actors; in this case four leading historical industrial pioneers and philanthropists. Given the overall aim of the study as outlined above, and the accountability focus just articulated, the following central question is addressed. How was corporate social accountability shaped and enacted by pioneering industrial philanthropists? It further explores how the practice and potential for corporate leader's rendering of social accountability may be enacted in the contemporary corporate environment.

The paper begins with a discussion of the definition of contemporary CSR and philanthropy and their relationship such strategies and practices historically. It then presents a theoretical framing of the study from the perspective of accountability rendered through action, augmented by Christian concepts of moral responsibility and accountability that informed the pioneering industrialists' beliefs. This is followed by a summary of the contemporary 'business case' motivation for CSR involvement and a discussion of contemporary literature on ethical values motivations for CSR. Subsequently the profile of each industrialist, his organisation and their surrounding industrial environment, are portrayed. The four historical case study organisations are then examined through their social responsibility strategies, their model factories and villages, their leaders' social responsibility visions, the industrialists who emulated them and their approaches to education and philanthropy. Evidence for any business case or scientific management motivations is reviewed, and then the deeper level beliefs and philosophies of these four pioneering philanthropists are investigated. This leads on to a discussion of parallels between their historical environment and the contemporary business environment and on this basis canvasses potential implications for corporate social accountability today.

Business leader social responsibility: Yesterday and today

This study draws upon [Schwartz and Carroll's \(2003\)](#) CSR model: a development from [Carroll's \(1991, 1999\)](#) CSR pyramid and definitional construct, conceptualising CSR as three intersecting sets of economic, legal and ethical responsibilities. This study also embraces [Geva's \(2008\)](#) conceptual model of CSR that extrapolates from [Schwartz and Carroll's \(2003\)](#) conceptualisation. Geva defines economic responsibility in terms of pursuing the good of society rather than purely the economic good of the organisation itself. Further, Geva defines non-economic responsibilities as permeating and embracing the

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