

CSR: The Social Context of Management

Peter Challis



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ABOUT THE AUTHOR

Peter Challis is the director of his own company, Time 4 Social Change. After a career in accountancy, he moved into strategic systems management first as a senior civil servant and then into local government. His masters' degree in strategic management included a research paper on shared services in the public sector and he worked as an adviser to the Cabinet Office on the subject. After taking voluntary redundancy, he worked as a volunteer on one of the government's Big Society vanguard projects. He then helped several charities respond to austerity and Big Society and was a director of some of them. By becoming a reader in Northampton University library and then in Bodleian library at Oxford University, Peter taught himself the sociology of business. From his experience as a strategic manager, his knowledge of sociology and its application to management, Peter began writing for Bookboon. In his spare time, Peter writes science fiction novels and helps look after his disabled daughter.

INTRODUCTION

Corporate Social Responsibility has the word “social” at its heart. What does that mean?

Social relates to society. That is obvious. So why is CSR an issue?

CSR represents a clash of ideologies. These are beliefs that are held so strongly that anyone challenging them might be seen as an enemy. Proponents of ideology use psychological persuasion and create “us” and “them”.

Political capitalism is where politicians and the rich work together for mutual interest. One form of this, neo-liberalism, goes further and seeks to deceive voters and consumers so that they do not act in their own interest. At the other extreme is socialism where the means of production is owned by the state. It is this deceit or “fake news” that enables business and politics to be anti-social.

The deception extends into media and our education system. Civil society is based on community and is a counterweight to the influence of big business and government when these become self-serving and anti-social.

For anyone wanting to serve others rather than exploit them, there is way of thinking that can see through disinformation. Critical thinking forms the basis of sociology. Because sociology is the study of society, it exposes thinking that is anti-society or anti-social.

This book applies critical thinking to the meaning of the word “Social” in CSR. It shows that often CSR is merely a means to maximise profit. Through the use of psychological persuasion, CSR can become a sugar coating on a poisonous pill. To be “social”, business must serve society not feed on it.

Managers may be caught between their own beliefs and the behaviours expected of them from people above. Sociology provides them a way of seeing behind the words of what they are told so they can identify probable motives. The same method enables them to reconsider their own thinking.

Managers are part of a social system and a management system. The book shows how an integrated systems approach can be applied to the strategic management of CSR.

The issues around the “Social” in CSR are personal to each of us due to our individual place in society. I use personal pronouns to distinguish my own personal view and the need for all of society to take action.

A companion to this book, *CSR: Management as part of a social system*, is also published by Bookboon. It describes a practical strategic management system for CSR based on a technique commonly used for managing transformational change. This builds up to a possible practical alternative to political capitalism and describes the social change needed to make those to whom society entrusts power more accountable to society.

1 THE INFLUENCE OF IDEOLOGY ON MANAGERS

1.1 INTRODUCTION

To critically reflect upon

In recent years, the English term Corporate Responsibility is starting to replace CSR, as the word "social" is often misunderstood to mean supporting the socially-disadvantaged.

– Change in Context, 2018

The above quotation comes from a research paper on the different approaches of European governments to CSR. It mentions in its title “responsible business conduct”. The paper refers to the United Nations (2008) ‘Protect, Respect and Remedy Framework’ for business and human rights which “clarifies that the corporate responsibility to respect human rights exists independently of States’ ability or willingness to fulfil their duty to protect human rights”.

Most leaders choose their words carefully in order to obtain the support of others for their own personal objectives. Such use of words is important to individual social success. Social psychology is a means of persuading people to believe what others want them to. Politics and marketing apply social psychology extensively.

Who wants you to believe that the “Social” in CSR is about “supporting the socially disadvantaged”? Why have they used those precise words? They may not be socially disadvantaged themselves and perhaps they do not want to be responsible for the socially disadvantaged.

The trick of social psychology is to create perceptions in the minds of individuals that manipulate basic human desires to change what that individual would otherwise believe and do. As you to read this, you may or may not see that I am using language to influence you to believe what I believe. I am pointing this out so you can think critically about what I have written and not take it at face value.

Challenging what is being said is called critical reflection, critical thinking or critical inquiry. It is an approach the reader is encouraged to take throughout this book so they can make up their own mind about the meaning and importance of “Social” in CSR.

I have included text boxes throughout this book to help the reader develop critical reflection and to critically challenge what I have written. A short guide to critical reflection can be found in section 2.4. A summary is reproduced below.

Critical reflection is where a person reflects on their own beliefs, values and their role in society so they better understand who they are themselves.

Critical reflection is a cognitive technique that helps us to test our own reasoning and the reasoning of others.

Challenging what others believe, particularly challenging a director, has to be considered very carefully.

Critical reflection is also useful when told to do the impossible.

Critical reflection is not making personal criticisms of someone else.

To be critical is to challenge assumptions in a thought process.

If you have ever helped someone in extreme need, you will have experienced the personal cost in emotions and resources. You will have quickly learnt that you cannot solve your own problems to perfection let alone those of everyone else. This tension is behind the “Social” in CSR. Some people believe that society is divided into business, government and “civil” society that includes community and family. Government and civil society are responsible for the socially disadvantaged. Others believe that such a distinction leads to increasing social inequality.

This chapter is about developing your beliefs about the part business should play in society.

1.2 SOCIOLOGY FOR THE STRATEGIC MANAGER

Businesses are organisations and organisations are part of society. Sociology is the study of society so managers need to know some sociology so they can understand the relationship between their organisations and society. Managers also need to know about how they are influenced by and can influence others in their organisation. Social psychology is a means of understanding and persuading people. By understanding social psychology, managers can also see how their own thoughts, feelings, and behaviours are influenced by the actual, imagined, or implied presence of others.

Management is a word we use to label people who control other people. A control system is where targets are set, performance checked and changes made to keep on target. People can be expendable resources to meet short-term targets. This is anti-social management where Corporate Responsibility means the manager must ensure that essential people inside and outside the organisation do not react in a way that is adverse to achieving the organisation's targets.

Corporate Social Responsibility and responsible management are words where we label people who work in partnership with those who might be adversely affected by the organisation's activities in the long-term and not just the short-term. As managers, such people still set targets, check performance and make changes to keep on target but also include targets agreed with their partners.

These two very different views of business in society are expressed in the different words they use: Corporate Responsibility and Corporate Social Responsibility. The strategic managers in each organisation choose where on the scale of responsibility for people who are disadvantaged they want their organisation to be. At one end will be managers who seek only to enrich themselves and the owners of the organisation without personally suffering from society reaction. At the other end will be those who see society as having entrusted them with a social contract and who want to live up to that trust.

1.2.1 SUSTAINABLE AND RESPONSIBLE MANAGEMENT

Many, especially young people, aim to maximise their current enjoyment of life. Risks and behaviour may be such that, when looking back with the benefit of hindsight, they are left with a deep sense of regret.

In the real world, no-one is isolated from suffering. Eventually blind optimism is crushed by reality. Actions have consequences. We may be extremely selfish and isolate ourselves from those suffer the consequences of our actions. But people without a conscience are rarely happy and fulfilled. Eventually our conscience catches up with us. Such feelings cannot be repressed for ever.

In our dream world, we can detach ourselves from reality and enjoy ourselves while the dream continues. But when we wake up to the real world, the consequences of our actions whilst "living the dream" can hit us. To "live the dream" we have to ignore self-limiting beliefs and negative people.

United Nations (2008) was an international agreement to create an environment, at the national and global levels alike, that is conducive to sustainable economic development, poverty alleviation and environmental sustainability. It set principles for responsible management education. Soon “responsible management” became an essential part of market image and brand value, tarnished after the 2008 financial crash. There was a risk that society would wake up to being exploited by big business and the super-rich and change the system. The answer was to change on the surface without changing underneath.

The world’s largest economy, the US, only occasionally has a government that agrees with such UN values. In 2018, the US withdrew from the UN Human Rights Council when resolutions were passed accusing Israel of violations. In the UK, people like Opposition leader, Jeremy Corbyn are accused of being anti-Semitic when they point to such violations. Such politics show the prevailing political mood in the US and UK in which business operates. We are encouraged to “live the dream” and to ignore (or pay lip service to) those with knowledge and experience who point to the probable consequences of our actions which we justify by our beliefs.

Some business exploits this short-term political environment that encourages us to dream. Banking and investment businesses took unreasonable risks and caused the 2008 financial crash. Most rich investors soon recovered their losses but nearly everyone else paid for the actions of these few. This social alliance between the owners and managers of irresponsible big business and the politicians able to make voters submit to it, is a feature of Corporate Responsibility without the “Social”.

An individual’s politics are a matter of personal choice. Currently, political parties divide society rather than unite it. Conservative and Republican parties tend to attract older, wealthier supporters whereas Labour and Democrat tend towards younger, poorer people. Government policy is then aimed at their base of supporters and divides society. Government rhetoric on the other hand is designed to appeal to the majority of voters. Persuading voters is less about the facts and more about psychological persuasion. Governments develop in-groups who vote for them not because they have thought through the misrepresentation and voted on facts but because of a group identity formed through abuse of social psychology by political leaders.

Big business has now entered into liberal politics in order to protect their image. Stuck in their Republican and Democrat in-groups and seeing each other as the outgroup and the enemy, US citizens have lost the ability to form a social consensus through the political system. Both Republican and Democrat parties depend on the super-rich for the money to get elected. One effect of this polarisation on issues other than inequality and irresponsible business is to protect the super-rich from criticism.

This influence of the super-rich on US politics encourages a social system that benefits the super-rich. Although business corporations donate money to political campaigns, some will back both sides in an each way bet so they cannot lose. Other business corporations are more controlled by their super-rich shareholders so will donate accordingly.

The willingness to abuse psychological persuasion so that feelings are put before facts and logic has increased over the last few decades fuelled by the growth of the internet. Some of the richest people in the world acquired their wealth through their internet business. Facebook provides a means of psychological persuasion by allowing “fake news” on its platform and continues to refuse to identify originators to the authorities who themselves do not change the law enough to protect those being manipulated. This suggests that governments are more influenced by the super-rich than they are by the principle of social responsibility. It could be argued that the current Conservative and Republican governments act like this because “fake news”, much of it originating in Russia, helped Trump and Brexit.

To critically reflect upon

Social responsibility only works if those to whom society delegates responsibility are controlled by social and political systems that make them accountable. Transparency of information in possession of those people with social responsibility is essential to provide feedback to society so irresponsibility can be exposed and punished to discourage anti-social behaviour.

Modern economics is based on the assumption that the top 1% of the population (the super-rich) is able to increase their wealth indefinitely at the expense of everyone else. Their logic is that there is no limit to this concentration of wealth. Such inequality is a fact of human existence, they say. Their business model is also built upon debt so they gamble with other people's money. Governments have reformed some financial institutions but there is an unreformed “shadow” market. China, which is a significant part of the global economy, does not always play by Western rules. The global business model is also based on technology like the internet that is open to subversion. Most of all, the business model relies on social peace. Social unrest can lead to lower investment, lower sales and lower profits that reduce investment prices further. Inflated asset prices can fall leading to increased bad debt. Quantitative easing made the rich richer and poor poorer and may not work again.

The current business model is unsustainable which is why many businesses with longer-term investors now lead the drive towards sustainability. But others remain rooted to short-term gains, owned by shareholders happy to hide behind limited liability companies where they avoid paying debt having taken the profit they wanted.

People who believe that public spending can increase without limit to help the socially disadvantaged are also in a dream world. Even taking away the wealth of the super-rich would only provide a temporary fix.

Issues such as sustainability and responsible management are social issues. To understand them we need to know how to study them. We need to understand some sociology.

1.2.2 A BASIC INTRODUCTION TO SOCIOLOGY FOR MANAGERS

Sociology is the study of human relationships. It is as much about institutions (such as business) as it is about personal social relationships. An institution is a social construction. It is an institution because people believe it is. A business is not just about the goods and services it provides, it is about the people who it affects, its stakeholders, all of them.

A social construction is something that owes existence to society creating it. Ideas and beliefs are social constructions. There can be a logic behind social constructions but more often such constructions are woolly and each person sees the object differently. Everyone has their own unique view. The more people with social power who support a particular view, the stronger the construction becomes. That does not mean the view will not lead to disaster. People with less power who hold a different view may be ignored or even persecuted even though it might be better for everyone if those in power listened to it.

A limited liability company is a social construction because society has given them power not to have to pay debts beyond the guaranteed limit. Government represents society and if enough people with power band together they can force the government out of power irrespective of the political system adopted by that nation.

To critically reflect upon

Management is about people and society, so it should include some sociology. As all managers are people and part of society, sociology can tell us a lot about management.

Sociology is a vast and complex subject so we will touch only on a few strands that are relevant to managing CSR.

Every individual person interacts with, and depends on, many other individuals. People who are entirely selfish particularly rely on others, from babies to billionaires.

We all have a personal “worldview” according to sociology. We live in the “world” and have our own individual view of it. Our view is different from every other person’s view. As individuals, no-one else has exactly our knowledge and experience. Nations also have worldviews as does every group of people.

Sociology is important in the teaching of organisational behaviour. It provides a unique way for managers to understand their roles in a social context. If their role is simply to behave in a way that their superiors have taught them or had them taught and the manager sees no reason to go beyond such training, then sociology would show them how much influence this small social group has over them. If the individual manager wants to retain their integrity where they aim to be consistent with their beliefs and values in all their roles in society, then knowledge of sociology may be very important to achieve such an aim.

Not everyone chooses to act with integrity. Some people may see integrity as a disadvantage and may believe that different (even contradictory) beliefs and values are appropriate to different roles. A manager may think it all right to beat up his wife at home but must restrain such violence at work or lose his career. He may be under his wife’s thumb at home but may bully his subordinates at work. Studying and applying sociology enables a manager to understand their social context and improve themselves according to their beliefs and values.



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Sociology enables us to be constructively critical of our own beliefs and values and those of others so we become the person we want to be and be of help to others, maybe helping them become the people they want to be.

Sociology is a science. It uses scientific method of hypothesis, testing, analysis and conclusion. Sociology informs social policy, or rather should inform social policy as some political ideologies do not like its approach to equality and social justice. Social policy is not just made by politicians in government. We all have a say. We all have social influence. The way in which strategic managers decide organisational policy is not unlike politicians decide on social policy. They both have to form a big picture, often based on insufficient and even contradictory evidence. Sometimes their gut feeling may take precedence over scientific evidence. To be “social”, their behaviour needs to be acceptable to wider society.

Sociology is based on what is good for society as a whole. It seeks to avoid social breakdown where everyone suffers. Social tension is the state of society or individual social groups that causes social conflict in the form of discontent and protest activities. A revolution is when a government, social order or social system is overthrown. Revolutions can be peaceful or violent. Social consensus is where there is general agreement about a social system and no significant minority with the power to undermine that consensus.

This is the social and political background where the “Social” in Corporate Social Responsibility is being forged. There is social and political division over the “Social” in CSR just as there is over who is responsible for the socially disadvantaged. This book assumes that “Social” relates to all in society.

To critically reflect upon

Throughout history, political and economic systems have been kept in place by the use of psychological persuasion and abuse of power. How easy can our emotions be influenced so we do not think matters through to their logical conclusions?

One of the main tools in sociology is critical thinking. That means not taking what is said or observed at face value but to take care not to be deceived. Anti-social capitalism exists to the extent it does because of massive use by its leaders of deception and other forms of psychological persuasion against society.

Political capitalism is the name given to a system where the economic and political elite co-operate for their mutual benefit and not for the benefit of 99% of the world population in other social groups.

Critical social theory can be applied to sustainable development which has many of the characteristics of an ideology. There is not much that is “social” about sustainable development policy documents that do not include reference to communication and culture or to class and capitalism as problems negatively impacting sustainability. Sustainable development in business often has long-term profitability of business as its main objective and not human rights such as protecting the environment. It often puts the needs of business before those of society including a refusal that business should pay in cash for all the social and environmental costs it incurs.

Sociology can be applied to management and managers. A manager is a “social actor” on the stage of society. He or she is an autonomous individual who is influenced by and influences others in society. Sociology describes these influences and how they work. Many of these work through discourse, what people say and write. A critical analysis of discourse can separate deception from fact.

Connected with the idea of being an actor in society is that of participation in society. Participation is a transformative concept. If everyone actively (not submissively) participated in society then society itself would be transformed. Its philosophy is founded on principles of peace, justice and equality.

By having a critical and questioning approach we can find that beliefs that have been sold to us as “common sense” no longer make any sense at all. We may begin to discover an interconnected network of powerful people and groups that create inequality.

Thus managers are “actors” in society as well as their organisation. Their actions affect society as well as those of their organisation.

To critically reflect upon

We are all part of society. Both our thinking and our beliefs have been shaped by others through the process of education. “Fake news” has always existed. Much of our education was biased according to the bias of our teachers and lecturers. Their own bias may have come from those they learned from.

When we follow a role model, we may take on their biased beliefs as well as all the good things. Managers, because they have power, can become self-serving without them realising it. This ideology has a name of its own: managerialism.

1.2.3 IDEOLOGY IN THE EDUCATION OF MANAGERS. MANAGERIALISM

Education tends to be more theoretical whereas training is about acquiring skills. Business ethics may be a theory paper but values such as honesty and compassion tend to be passed down through on the job training. There may be pressure on employees from superior managers to act unethically in order to gain advantage for the business. Education is a formal process that is carefully controlled by those having power over it. Re-education is what communists do to unbelievers. Our capitalist society also uses education as a means of social control. A limited perspective of economics is an example where it fails to link to sociology with its values of equality and justice.

Because education is based on others deciding what is good for an individual, it can have roots in ideology and influence what students believe. The education of managers contains unchallenged assumptions about the world. Sociology at university is not generally like that. Based on critical theory, assumptions are identified and challenged with the student left to make up their own mind. But sociologists tend to make assumptions that equality and social justice are socially desirable values. Sociology teaching and publications therefore tend to be opposed to ideologies without those values. Capitalism can include the values of equality of social justice but, like many ideologies, its leaders may exploit others for their own social advantage.

Management is about planning, organising, resourcing, leading and controlling an organisation or a group of people. To do that, managers have to act with authority. In most organisations, authority is hierarchical. Devolved authority means the boss remains responsible. If a senior manager is to trust a junior manager, they need to trust that person as they trust themselves. An easy way is for managers to educate juniors to be clones of their seniors. That means having the same beliefs and ideas about management. It may mean having the same ideologies.

The ideology of managerialism in business is characterised by the exclusion of democracy. A democracy is a social unit wherever everyone has an equal vote. The majority view is used in decision-making. In a business, that social unit is the meeting of shareholders with most decisions delegated to the board of directors and sometimes to committees. Employees, customers and other stakeholders may be consulted but do not get a vote at all unless represented by a director.

The use of deception by politicians undermines democracy as they are trying to fix the vote. Politicians who refuse to answer questions properly do so because they have something to hide where, if known, they might lose power.

The prevalence of deception discourages many people from making the effort to discover the facts. The rise of political populism suggests many people are more driven by emotion than facts. This subjects them to the control of others against their own interests.

Managerialism derives its power from deception.

Managerialism is a combination of exclusive management knowledge and ideology. It establishes itself systemically in organisations and society and deprives owners, employees and civil society of effective decision-making powers. It is similar to unaccountable bureaucracy and a ruling establishment that has lost accountability to the people who gave it power in the first place.

Managerialism justifies the application of managerial techniques to all areas of society on the grounds of superior ideology, expert training and the exclusive possession of managerial knowledge necessary to efficiently run corporations and society.

The main aim of business is to maximise shareholder value. Economies of scale lead to larger businesses that are more complex to manage. To avoid bureaucracy, shareholders delegate to directors. As directors gain more power, as a social group they become a power unto themselves. This collective belief system turns into an ideology called managerialism. There has been a significant increase in the number of occasions where shareholders vote against directors at Annual General Meetings. Directors abuse their power to get re-elected and to be paid more. This illustrates the ideology of managerialism among directors.

Managerialism infiltrates many social groups, including the family as in “daddy knows best”. The UK government has a Behavioural Insights Team whose job it is to devise ways of using psychology to persuade citizens what is good for them. Marketing uses psychology to persuade us that we need their products and services when we have no need for much of what they offer. Some businesses create demand in this way. The use of the internet for example has changed society and is damaging people’s health and is undermining democracy because of lack of regulation.

Individual experience of being a manager in an organisation very much depends on the culture of the organisation. Since managerialism sees people as resource and not as human beings, bullying is seen as efficient management. In seeking to protect power, managerialism keeps tight control on the availability of information, particularly evidence of management acting without social responsibility.

An example of the lack of leadership in social values by powerful social groups at the top of society was a report in a newspaper of hired “hostesses” being allegedly groped, sexually

harassed and propositioned by guests at a men-only charity dinner attended by senior figures from business and politics. Clearly there is a culture in politics and business where those with power may abuse that power so as to be able to do things that are socially unacceptable.

Recent social pressure is forcing those in power to change behaviour or risk losing power.

To critically reflect upon

1. Managerialism uses its power of psychological persuasion to suppress and oppress any challenge to its ideology. Bullying and attacks of self-esteem are key weapons. It is a hidden and self-perpetuating system.
2. Managerialism rationalises the irrational by using "alternative facts". Climate change is an example. Although some business may make profits out of climate change markets, they themselves would not be willing to bear the full cost of the environmental damage they cause.
3. Managerialism promotes authoritarianism. It is neither capitalist nor socialist but aims to make the rich richer. It uses words like "we are all in this together" to persuade us that they are one with us so they can exploit us. It demands obedience and obtains it through a bias in the education system. (Managerialism may be for the public good in some situations. Churchill's managerialism was useful in wartime but not in peacetime.)
4. The mindset of managerialism is derived from wartime Nazis. The Nazis were very efficient. Their efficiency was based on abuse of Human Rights.
5. Managerialism attempts to establish its own version of the truth through control of the media. It identifies with populism and uses the same media outlets of social media and tabloids.
6. Managerialism is opposed to critical thinking in management training. Training may lack academic content and focus on producing clones of its masters.

The power of managers and the reality of managerialism are shown by the relatively uncontrolled rise of executive pay over pay in general. Executives are not in a free market for their labour. Managerialism is an ideology that the super-rich and rich who control and manage their business perpetuate through mutual interest.

Managerialism has an ally in neo-liberalism. A supporter of managerialism is likely to also be a neo-liberal in their politics.

1.2.4 IDEOLOGY IN THE EDUCATION OF MANAGERS. NEO-LIBERALISM

Political capitalism is where politicians and the super-rich co-operate for mutual benefit. It combines political and economic theory with some sociology. Much of this book describes political capitalism but we are thinking here not so much about academic theory but as how to see through a mass of competing beliefs and attitudes to understand the relationship between business and society. To do this, we need to build up a picture to better understand that relationship without making it so detailed that we lose focus on the big picture.

Neo-liberalism is a label used by sociologists to describe the ideology and specific beliefs and values of politicians whose ideology is similar to that of the social group of the super-rich. There are other groups of politicians who might not be classified as neo-liberals who co-operate with the super-rich but neo-liberalism is well-documented and has origins that point to its underlying nature.

To critically reflect upon

Politicians determine the system within which business operates. They define what social responsibility of business means in the state the politicians control. In learning the management system, a manager may accept the associated political beliefs as if there could be no other system - whereas much of the system has been politically determined.

Political capitalism dominates all management because the power of managers flows from the top of the organisation to the bottom. At the top are the economic elite who own most of the capital that funds the organisation. The economic elite co-operate with the political elite for mutual benefit. If an organisation is not dominated by the economic elite, if it is a large organisation, then its senior management will still have to work within the political elite allows. Power is everything for without power, a manager has no authority. Individuals, or small groups of individuals, only have power because others do not combine their own power to challenge them. Economic, social and political power will be possessed by different individuals and groups in different measures.

To critically reflect upon

The elite exercise their power over organisations through managers. A member of the elite may also be a manager but the role of the elite is to rule and of managers to carry out the will of the elite.

In carrying out their role, just as the economic and political elite co-operate for mutual benefit, top-management also co-operate with each other so that they also have a larger than fair slice of the cake made by the mass of employees.

Managerialism is an ideology of managers. Neo-liberalism is a political ideology. Many managerialists are also neo-liberals as their beliefs overlap. Neo-liberals are said to believe in market deregulation, state decentralisation and reduced state intervention into the world of business. Although neo-liberalism appears to have such simple beliefs, the actions of neo-liberals indicate they want some regulation of markets (presumably for the benefit of the rich funders of neo-liberals by making entry to the market difficult). Thus neo-liberalism is not a so much coherent set of political policies but a label to broadly identify a group of people in society.

We must take care in applying labels to people. It can dehumanise them. This is anti-social and would undermine my aim of presenting a view of the “Social” in CSR. Ideology is promoted by people. We can love the people and hate the ideology they hold. We are all fooled by ideology. The “Social” in CSR is an ideological debate. My own beliefs and values may be seen as ideological. My aim in this book is to expose the ideology in the CSR debate and to provide readers with the tool of critical thinking to make up their own minds. Of course, we are all influenced by others so totally independent thinking is probably a myth in itself. We can never be free of ideology. Indeed, ideology exists in all close knit groups of people as shared valued and beliefs. Ideology is part of the “social”.

Social changes in the last century led to rise of neo-liberalism. The First World War brought about the end of the gold standard that was one of the pillars of world trade. It also brought political and economic power together. There had been a consensus that personal ownership of property did not change when armies marched across the land. Aristocrats and owners of business remained almost untouched. The world order of the super-rich was now under threat. To neo-liberals, there are two kinds of worlds: the imperium where governments rule human beings and dominium (lordship), the world of property ownership. The former should serve the interests of the latter.

The Great Depression of 1929 brought disorder to the world economy. Neo-liberals saw the problem as political not economic. Nations needed to work together to restore the world economy. They came to believe that the world economy was a system that was too complex for everything to be known about it. Neo-liberals believed the world economy was sublime and could not be reduced to equations although some international systems such banking might be.

The third social change was not the Second World War or the Cold War but the 1973 oil crisis where the Global South exercised their power in the global market and the UN upheld claims for a fairer geographical distribution of wealth. Neo-liberals began to deconstruct the Welfare State demanded by voters after the War as they sold the idea that the state needed to give more ground to business because business systems worked better for the economy.

Each of these social changes brought a response from neo-liberals. International bodies that helped to keep nations in check and that provided rules for trade were encouraged by neo-liberals after the First World War. They built upon these in later years as they encouraged trade and flows of capital across international borders. States were needed to keep order and protect free trade. Nation states where democracy caused governments to change and therefore policies were not liked as much. Neo-liberals see democracy as liable to cause changes such as nationalism where free trade may be threatened.

The Second World War brought many and deep social and political changes. After that war, Keynesian economics became the norm. Nation states encouraged demand by running budget deficits. Those towards the left of politics loved it because it helped form the welfare state and provided money for nationalisation of state infrastructure. The neo-liberals looked forward to the rise of Friedman and the fall of Keynes. The oil crisis helped bring them to power.

Neo-liberalism is a social policy. It sees competition between people and organisations as bringing out the best in them. Inequality is a natural hierarchy and encourages the poor to work harder and longer. Wealth will trickle down. Citizens are consumers and their choices in the market are the only rights they need. The state should not interfere by giving workers rights. The only public services needed are those to preserve the smooth operation of markets. The market ensures that everyone gets what they deserve.

1.2.4.1 Case Study: Northamptonshire County Council

Both neo-liberalism and managerialism can be illustrated in a case study. Northamptonshire County Council (NCC) is a Conservative led local authority.

Rhetoric is where words are used in a way that corrupts their meaning and is a key way in which politicians deceive in order to gain their objectives. Rhetoric is based on ideological beliefs, in the NCC case this was neo-liberalism. Ideological beliefs are based on a perception of reality.

Conservative Big Society policy was an extension of a Labour policy called the Third Way. Both were neo-liberal. The policy includes shifting responsibility for supporting the disadvantaged from the state to the community. Where once government gave grants, it now awarded contracts. Charities became businesses. Government workers had to tender for their own jobs against businesses such as Carillion and Interserve. Others were transferred into government-owned businesses (as in NCC). Neo-liberalism has the belief that business culture is better than public sector or charity culture in the delivery of services.

To critically reflect upon

NCC turned the most of the council into businesses.

Now you might expect that people who managed their own businesses well would apply the same standards to the council businesses for which they were responsible as councillors. Psychology would lead you to believe that. But sociology teaches us that each social group of which we are a member influences us differently. For example, we probably do not manage members of our family the same as we do employees as the social consequences are different.

Conservative NCC councillors did not keep tight control over the council businesses. Neo-liberalism made them believe that business was better than public sector. They had no proper business plan where services could be efficiently transferred. They simply set up a structure that looked on the outside as a business. They had evidence to support their rhetoric.

The council businesses went bust. The council went bust.

The behaviour of these councillors may shock you. It may seem like they lost their minds. Where people are deeply mired in ideological dogma, they shut out of their minds anything that challenges their thinking. This includes beliefs they hold that relate to a different role in their lives.

Managerialism is where senior managers are set a target by those who have power over them. The aim of a managerialist manager is to consolidate their power and increase it if possible. Facts are there to be manipulated so as to convince those with power over them that targets have been achieved. The deception of managerialism sits well with the deception of neo-liberalism. In this world of deception, the politicians and managers do not want to recognise reality. They use deception on everybody to maintain the illusion.

Proponents of managerialism and neo-liberalism run a system where they are unlikely to lose personally. The system does not even make them accountable. They may have to resign a position but another one can be waiting for them. The losers are the lower echelons of society, the silent majority who believe the system cannot be changed. Neo-liberals and managerialists have sloping shoulders.

The above basic sociology used an example from the public sector because what goes on in the boardroom receives little publicity. We are now ready to think about the role of business organisations in society.

1.3 BUSINESS IN SOCIETY


Both neo-liberalism and managerialism paint very bleak pictures for most people. It could be said that they dehumanise people. But other ideologies can also be inhumane. Communist Russia embraced a mixed economy as has China. These states are also repressive, particularly of the poor and anyone who challenges their ideology. In recent times, many democracies have embraced neo-liberalism. Political parties to the Left have found themselves without the money to implement their dreams because the world money system to which their states belong is based on neo-liberalism.

The International Monetary Fund, an organisation set up with support from neo-liberals, has now open criticised neo-liberalism as part of the problem not the solution. It points to free movement of capital across international borders and national austerity as two neo-liberal policies that should have more limited application because of the damage they do for the majority of people in certain circumstances.


Culture includes vision, values, norms, systems, symbols, language, assumptions, beliefs, and habits. So culture revolves round a social group of people. China has a different culture to the US. Every organisation has its own culture. Organisations that are businesses include people who during their careers work across many businesses. Specific training organisations such as business schools have been set up to educate managers in the culture of business.

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1.3.1 BUSINESS CULTURE

Traditional US business culture is based on working hard to achieve your dreams. Financial success was everything. Helping others could be achieved if financial wealth permitted it. After ten years of low salary increases and working harder, change might be on the way. US business is being forced to recognise that the market for labour is moving in favour of the employee because of high employment rates. Employees value work-life balance more and the work ever harder culture is beginning to change. The CEO of Nike even had to call a meeting of all staff to apologise for company culture.

Business vision is to help us achieve our dreams. Values, norms, systems, symbols, language, assumptions, beliefs, and habits are all sub-servient to this dream of material wealth. Business produces products and services for those who can afford them. The products and services must be wanted by customers who must also perceive that they need them. Marketing works on the minds of customers so they believe they need a particular product or service. Since the legal objective of business directors is to make money for shareholders, anti-social practice such as psychological persuasion of customers is a useful tool. After all, customers are able to choose to buy or not. The business directors and shareholders are only pursuing material wealth like almost everyone else.

Society within which business operates makes laws so as to promote social order. Business needs social order as uncertainty is bad for business with people buying and investing less.

The culture of an international business is often not international but based on where the parent company is. US business culture is prevalent throughout the world as the US is the largest economy.

Business culture comes down from the CEO. Company publications will always report a good culture and policy documents will follow suit. The reality is likely to be very different. Psychological persuasion is used to promote the image best suited to maximising shareholder value. In sociological terms, it is about the balance of power between different stakeholders with often conflicting objectives. Competition creates a competitive culture and win at any cost creates a culture of unfriendly conflict.

To critically reflect upon

Organisations as well as individuals have a culture. So business can have a neo-liberal culture based on neo-liberal beliefs.

Neo-liberal culture passes down blame. Sir Philip Green, who took money out of BHS and then sold it for £1 leaving a £571m deficit in its pension scheme, feels he is being personally victimised by M.P.s seeking more money from him. He thinks M.P.s should

leave him alone and focus on Carillion. The accountant who supported Green by signing off the BHS accounts that gave a false picture of the business and its pension fund lost his job while the big audit firm he worked for said it was against such bad practice and that he had broken the firm's rules.

Business culture exists with the wider culture of society. Since culture includes beliefs, values, customs and traditions, there are as many cultures as there are groups of people. However, the culture based on capitalism is dominant throughout the world and that includes communist countries. Business culture is part of capitalist culture.

The ideology of capitalism forms our lives. Capitalism is not just an economic system because it depends on a certain social and political system to support it. Neo-liberalism is the main political system on which the current form of capitalism depends. Consumerism supported by psychologically persuasive forms of advertising includes values and beliefs essential to capitalism. Effective demand is based on ability to pay and the disadvantaged are marginalised. "Cash is king" is another mantra which leads to outcomes and assets that cannot easily be valued in cash, particularly those of no value in generating cash, to be excluded from measures of successful business. Capitalism is based on inequality. It promotes selfishness and individualism. These can become the main aim of our lives under capitalism. We are persuaded that the money value of the economy (Gross Domestic Product) must grow if the state is to be able to fund social and environmental need. Of course this is Ponzi economics and eventually the debts we leave our children, grandchildren and great grandchildren will be too much to pay.

The global nature of capitalism means that no individual country can get off the roundabout on its own. International organisations like the United Nations and the International Monetary Fund recognise the need to reform global capitalism as its negative social and environmental consequences grow. Many businesses also recognise the need for reform if they are to be sustainable. But many super-rich perpetuate the system in the belief that either their offspring will need make their own wealth in the jungle or they will inherit wealth and so maintain their social position. Super-rich wealth exceeds the size of the economy of every individual country so they control the economic policies of nations who depend on their "investment".

Capitalism grew out of the industrial revolution and belief in technology. The belief that science and technology can solve every problem such as climate change is widely held by capitalists. Nuclear power, for example, was once believed as a source of energy whose cost would be negligible. Now we cannot safely dispose of nuclear waste. Workers left the land to work in factories. Automation reduces jobs. We are told we will get more leisure time through our jobs being done by robots. The reality is longer hours with less pay for

those still able to compete in the labour market and poverty for those who cannot. The beliefs behind capitalism have social implications where business needs to act in a socially responsible manner. Neo-liberals may recognise a need for social action to keep society supporting capitalism but they have a reputation for acting without compassion.

The above describes the culture of profit maximising business. It is a culture that depends on the acceptance of profit based on not including social and environmental costs other than those for which cash charges have been made.

Business organisations, because they seek to maximise profit, will try to influence society in a way that maximises profit. Society may place expectations on business that if not met may bring social sanctions that damages profit. Avoiding those sanctions that might significantly impact profits is called Corporate Responsibility, without the “Social”.

1.3.2 THE INFLUENCE OF BUSINESS ON SOCIETY

Business today follows a capitalist economic approach, although China has a socialist market economy. In capitalism, individuals own the capital and have a great influence on politics. In countries like China and Russia, it is similar. The nation state and civil society own nearly all of the social capital. Whereas business capital comprises money, material assets and unshared knowledge, social capital consists of networks of people. Networks share norms, values and understandings that facilitate co-operation within or among groups of people.

In this context “business” means not only business organisations themselves but also the super-rich and chief executives of big business that form an elite social group with senior government figures and attend such conventions as Davos where mutual interests can be discussed. In smaller numbers they will attend dinners and other events so that business can influence government.

In the US, there is a view that the US is effectively an oligarchy. Those opposing such a view point to interest groups of ordinary citizens being successful in their campaign. But supporters say such success generally only comes where such policies are also preferred by the economically-elite citizens who wield the actual influence. Numerically, business interest groups outnumber ordinary ones by two to one. They also put a common message to influence government whereas non-business groups rarely agree with each other.

Appearances can be deceptive however. To be economically elite means to be very rich from business. State regulation constrains business profit and the accumulation of wealth for the already wealthy. Penalties by regulators on business have significantly declined under Trump. His rich political opponents personally benefit from his policies.

Business organisations and people who gain from business have an influence on society. Social scientists often use relative power to describe social relationships. Difference in relative power can be said to be natural under “survival of the fittest”, part of the theory of evolution. In business, it means that no organisation can last forever as a more powerful one will come along and absorb it or destroy it. The idea of business competition therefore comes from natural selection.

Many theories are generalities and apply only in certain conditions. So in nature we often see the strong caring for the weak. Indeed unless the weak young were cared for, such a species might die out. There are also species that care for other weak such as the injured and elderly. In humanity, “survival of the fittest” is associated with Nazism. Although the idea is favoured by the fittest, it is not always popular in wider society. Much of the social norms in business today come from the influence of wider society on exploitative business (such as working hours and fair pay).

Inevitably, because of competition in markets, the needs of business are often in conflict with wider society. Those in power, the rich, have to make their business appear acceptable to society. One way of doing this is to help politicians get elected who have similar beliefs in business or are prepared to go along with the view of business as a means of implementing their own beliefs on society. American elections are a battle of billionaires and electors are effectively spectators. Stronger social movements are needed to convert Americans from spectators to activists.

Business creates wealth. The rich determine how that wealth is shared across society partly by having control of global financial systems and partly governments where they and their businesses are taxed. Since the 2008 financial crisis, the share of the rich has increased while many of their employees have difficulty paying day to day bills

The social influence of business on society is not that predicted by economic theory but that of social theory.

1.3.3 THE SOCIAL LIMITATIONS OF BUSINESS ECONOMIC THEORY

What little economics is taught to most people is based on theories such as the model of perfect competition. The market sets the price and customers have no preference as to who to buy from. They conclude that if there was perfection in information in the market then profit would be zero. Clearly perfect markets are unlikely to exist in the real world. Capitalists and neo-liberals point to various simple economic theories whose assumptions are not based on reality. Their arguments can be very persuasive at an emotional level and the educational system promotes acceptance rather than critical challenge.

In a free market where personal profit is king, business sets all the rules. Employees add value to the economy by producing goods and services according to what customers demand and pay for. Those who are not employees or investors must rely on philanthropy where those with money choose of their own accord to help them out.

The ideology of the free market assumes that it is stable model. It is not stable because it assumes that those it exploits will not cause political, or even social, unrest and force the government to act. No nation state, not even the US, allows its harsh consequences to go unmitigated. The state, representing society, maintains the control over business that is necessary to enable their political parties to exchange power between them in a way that provides some social continuity (such as free healthcare for the worst cases). It is the continuing ability for the state to be able to mitigate the faults in the capitalist system that enables the system to continue in its present form. The 2008 financial crisis all but wiped out the ability of the state to continue to fund this mitigation at the levels expected by society.

To critically reflect upon

The trick of neo-liberalism is to present any alternative to free markets with minimal regulation as the enemy of society. Where regulation is conceded, it is only because it will be to the mutual benefit of neo-liberal politicians and the rich.

The objective for the nation is to increase the overall amount of material wealth (the Gross National Product). Thus the UK may have a record number of people in work. Some of these may be immigrants which is good for neo-liberals who support globalism but bad for the nationalists.

Nationalism may take the form where the state has decided on what to produce. Mixed economies can work in the favour of business as long as most public services are outsourced to the private sector as the public sector makes poor contracts that can be exploited by business to maximise profit.

The problem is one of power. With power, both economic and political, in the hands of the few who can “fake” and distort information to society at large, personal choice is limited. We are told we still have a choice but rebellion against the system has its personal negative consequence whether it is extreme capitalist, extreme communist or even extreme environmentalist. It may not be leaders who are most to be feared but their fanatical supporters. Big business and the super-rich try to keep a system in place that is to their advantage. If the rich have a conscience, it is through philanthropy where helping others is a personal choice and not a social obligation.

Many social theories are limited in that they may help more people in a particular social group than others. Some people may claim that the Thatcher Reagan neo-liberal agenda helped many people. The issue is what effect on the majority the ideology is having over time. Petras and Veltmayer (2016) say society is becoming more unequal to the extent that social unrest is making nation states ungovernable.

In Venezuela, hyperinflation is caused by too much money chasing too few goods. They have oil reserves but when the oil price dropped in 2014, the country was left with a shortage of foreign currency, particularly US dollars. Imported goods became more expensive. The country produced little other than oil. The government printed money and introduced price controls that put local companies out of business. Some blame the previous socialist government but others blame the US for not helping restructure debt. There was a mass exodus of people across borders. China and Russia support the socialist president whilst western countries support the man who lost the last election. The army keeps the president in power against (we are told by western media) the will of the majority of people.

Austerity impacts the poor more than it does the rich whose money is not in national banks but in tax havens.

Some people believe that the world business system must change before it collapses. There is a limit to which governments can impose long-term hardship on so many of its citizens whenever the free market has a meltdown. They point to the US where banks launder the money of Mexican drug cartels with impunity.

The “America First” policy of US President Trump will only make matters worse. Many nations are not in a position to withstand another financial crisis as in 2008. Quantitative easing (printing money) is still an experiment as debt unwinds. Money and the immoral use of psychological persuasion brought Trump to power. He has brought immoral business practice into politics.

After the 2008 financial crisis, many sociologists expected social outcry to force more regulation on business. Society would think logically and force change accordingly. This did not happen. Instead, the reverse happened with Obama soon turning back to neo-liberal policy such as austerity. The UK voted for austerity in 2010 and again in 2015. In voting against neo-liberalism in 2016, the US voted in Trump who was worse because nationalism is often associated with putting yourself first. The sociologists had underestimated the power of psychological persuasion and a new social attitude that dismissed the advice of professionals because it contradicted their political leader.

Countries such as Greece voted in a left wing government only for them to give in to the reality of international economics. Populism in Italy produced a government and a budget

that included a guaranteed basic income for all citizens. The European Union rejected it. The financial markets may have more power over Italy by making it impossible for the country to finance its debt. With almost every country in debt to the financial markets (where the super-rich and anti-social banks are major investors), it is clear to see where real power lies.

Neo-liberal economics may be like a Ponzi scheme that relies on our descendants working harder and longer to keep it going, but as yet there are a few signs of effective rebellion. The Chinese economic system is not limited by any democratic separation of powers such as the national bank from the state.

We will now look at the relationship of business to society and the importance of social relationships in business.

1.3.4 SOCIAL RELATIONSHIPS AND BUSINESS

Business is buying and selling either for profit or not for profit. In terms of scale, the largest business growing organisations are those owned primarily by super-rich people for profit. The growth of technology companies in recent decades has skewed business even more towards the super-rich. At the other end is Small and Medium sized Enterprise (SME) often with only a single person in the operation.

SMEs are often local and do not have the far-reaching market power of big business. They are often an integral part of the local community, like the local plumber. Such organisations are in a market where “Social” is critical to CSR. They would soon be out of business if they did anything anti-social. The law of course enables directors to wind up a company caught being anti-social and form another company with a different name so the owners can continue to be anti-social.

To critically reflect upon

The current business system, where the super-rich take a disproportionate slice of the added value cake primarily achieved through their employees and through not having to pay the social and environmental costs attributable to their business operations, is the only one on offer but not the only one possible.

Some businesses who want to appear socially responsible as part of their market image, may make grand gestures to build social relationships with customers, employees, communities and other social groups. The amounts spent on such schemes, if publicised at all, usually

account for only a very small amount in cost and much more in their profits. The social impact, while welcome, is often very small.

An organisation is group of people working together for a common purpose who may have many aims and objectives. Organisations can only have relationships through individuals or groups of individuals. An organisation can continue to operate long after the passing of its original members. Organisations evolve with their members. Since its members are part of society, then society influences every organisation and its members influence society.

Members in organisations have roles. Those at the top will influence those below with their beliefs and values creating social norms within the organisation. These norms help define Corporate Responsibility and any “Social” within it. Every organisation is different as it contains different people.

Society too has its social norms. The social objectives of society will not match those of any organisation because although members in an organisation are also members of society, an organisation will focus on a limited number of objectives compared with society and some such as maximising profit will be specific to the organisation. A conflict of objectives between society and business is therefore inevitable.

The current business system where individual businesses are not fully accountable and charged for their social and environmental costs exists because society allows it.

Why does society allow such inequality to exist?

1.4 BEHAVIOURAL ECONOMICS AND NUDGE THEORY

We all like to think we are rational. Perhaps if our beliefs and values were consistent, then this might be true. But in reality our beliefs and values are influenced by the different social groups to which we belong and each of these has their own social norms based on shared beliefs and values. Norms can vary even within a social group. Rational thinking, beliefs and values depend on the context of the individual at the time.

Traditional economics is based on rational choice theory where consumers have perfect information and are influenced only by the facts. Behavioural economics is also based on choice but not so much on facts as emotional appeal. We all have a dream world where “everything will be all right” and we feel secure. We are all selfish to some extent so “treating ourselves” can feel justifiable. Using social psychology, behavioural economics persuades us to buy things we are made to want but often do not need. This fits perfectly with business

objectives of maximising profit and political objectives of growing Gross Domestic Product without limit. The same psychology is used by populist politicians to get elected on a wave of emotion rather than on policies beneficial to the majority of people.

Democracy is normally conceived as most of the adult population in a country voting for people to represent them in parliament. Political parties and groups campaigning in referenda often avoid presenting and debating facts in going to the polls. Instead they appeal to the emotions of voters. It is a sad fact that such appeals to emotions seem to be more effective than facts. If promises are made based on facts, they are often broken when the party forms a government. Increasingly the UK government does not even announce policy but makes changes through applying psychological persuasion through the government's Behavioural Insight Team (or "Nudge Unit"). Nudges are used supposedly only in areas that society would accept are for the public good but the decisions are made in an ideological context of the politicians in power at the time. Encouraging selective education is an example.

Business has much less scruples in advertising to make profits where the company does not bear the social costs of its behaviour. Behavioural economics is the use of psychological persuasion so the business can maximise profit. Before neo-liberalism and managerialism, advertising was more based on informing potential customers about the facts of products and services on offer. The advert was eye-catching and entertaining. There was a relatively small amount of psychological persuasion (or "nudging") by illustrating the ideal family or individual. Then advertising and the media in general began to push the limits of what was socially acceptable. The objective was to maximise profit and turnover rather than to be socially responsible. "Pushing the limits" was equated with being a good manager. With the rise of feminism, the use of sexually attractive females in marketing and advertising has dropped but the issue is more about feminism and so not much about corporate responsibility. This divide and rule tactic of business to public opposition of corporate irresponsibility enables business to contain the threat to profit.

Nudges are supposedly not coercive, in other words there is no use of force or threats. This is the academic basis of the morality of "nudging". They are disingenuous. "Nudging" is a form of psychological persuasion where people are unaware of being influenced. It is therefore immoral although it can be argued that if it achieves an objective of which society would approve then the tool could be moral if subject to transparent and accountable safeguards.

The use of nudging by business in advertising is subject to regulation. Business lobbying of government tends to be effective unless there is strong evidence of public harm. In recent years we have seen socially damaging and addictive products such as tobacco, alcohol and gambling come under increasing regulation. Media companies such as Facebook are taking significant steps to protect their image (and profits) after anti-social use of their products and face increasing regulation in countries where there has been a public outcry.

Nudge theory can sometimes be a useful tool to persuade people to take action that is beneficial to them. For example, when a new computer system came in, I assured users they could not break it. This gave them confidence. A few did break it but that helped me to fix the bugs and ensure the system was more reliable. Deciding what is good for other people and then manipulating them without them knowing it requires sound ethical standards and clear accountability.

Many of the bigger businesses of the super-rich are technology companies. They use data collected from personal computers and cell phones and either use it for profit or sell it to a third party. This may end up with people who use it to influence elections. These systems are not fireproof against people hacking in and extracting data. I still get telephone calls from when Talk Talk data was hacked and personal details stolen. Since these companies have a lot of their value in intellectual property rights rather than in doing things that can be taxed, they can channel their profits into tax havens. Their computers are often based in the United States where requests from national police forces for passwords into accounts of suspected criminals, including child abuse, can be delayed by a US legal system that protects its business from immoral consequences outside the US.

To critically reflect upon

In the UK businesses with more than 250 employees account for only 0.1% of businesses but make up 40% of employment and 49% of turnover.

Power is concentrated in big business.

So when we talk about business and Corporate Social Responsibility, the issue is mainly around big business and the ability of those at the top of its management hierarchy to abuse the power given to them by society. Much of that abuse comes from behavioural economics and nudge theory.

To counter that abuse, we need to understand some social psychology and, in particular, critical social psychology.

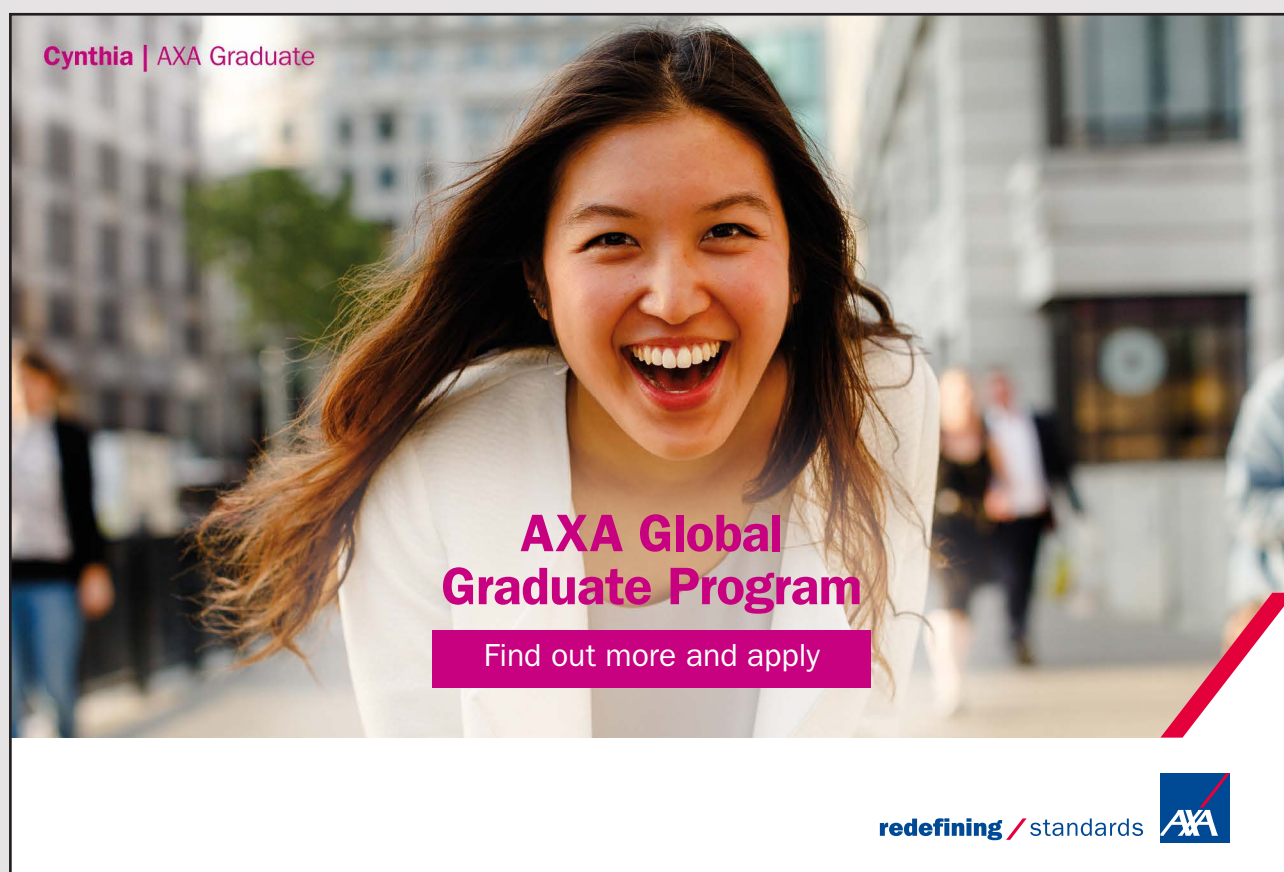
2 HOW TO IDENTIFY IDEOLOGY: THE NEED FOR CRITICISM

2.1 CRITICAL SOCIAL PSYCHOLOGY

Psychology can be defined as the study of behaviour and perception. Social psychology is focused on understanding an individual's behaviour, decision-making and influences in specific social contexts. One such context is business and its anti-social behaviour. Critical social psychology is about inequality and justice in society and is therefore suited to do something about the anti-social nature of business.

To be critical means considering the different points of view of the subject so that one's own point of view is not self-centred. It may be humanly impossible to eliminate all inequality and injustice. No-one is perfect. The ideal is seldom achievable. Critical thinking aims to see opportunities in particular lines of thought not just finding fault.


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A traditional psychologist might be asked to see an employee who seemed to be stressed at work. They might provide the employee with some advice on how to manage stress. This behaviour would fit a fake CSR organisation that pretends to care but does not. A critical social psychologist might interview the same employee and discover they had been bullied by the manager who had referred the employer to them.

To critically reflect upon

The application of critical theory to the use of social psychology is fundamental to being able to put the "Social" into CSR

The "Social" definition of right and wrong is whatever "society" defines it to be. In sociology, society means everyone in the world. The worldwide organisation of nations is the United Nations Assembly. Documents issued on social justice by the UN therefore provide the basis of what society as a whole shares in beliefs and values. Parts of the world may choose not to follow UN resolutions, declarations or statements. In world terms, they choose to be anti-social. Even if it is small nation like North Korea, its anti-social activities can have a significant impact (such as nuclear weapons and hacking computer systems). A very large nation like the United States or China can have an even larger impact if it chooses to be anti-social to the world (such as opting out of Climate Change or ignoring Intellectual Property Rights).

The assumption of this book is that the "society" defined by post World War Two values remains by far the majority view of all the people on Earth and that the view of the elite who control big business and many politicians is a minority. This majority view of the "Social" is CSR is used throughout this book to distinguish it from other views of "society".

2.1.1 CRITICAL SOCIAL PSYCHOLOGY AND UTILITARIANISM

Utilitarianism is an ideology that holds that the most ethical choice is the one that will produce the greatest good for the greatest number. So is utilitarianism similar to the "Social" in CSR as it is a majority view of society?

The greatest number of people may not be a majority. Why does having a majority matter in society? Perhaps it is linked to democracy and stable government who have a majority number of members over other parties not in government. Most political parties would prefer a majority without being forced into coalition with other parties since this involves compromise on policy and merging ideologies that are in conflict.

The increasing polarisation of society into ever smaller groups of “us” and “them” undermines social consensus. People seeking personal power benefit from promoting an “us” and “them” mentality as “us” in their view means “me”. Social groups led by such people may be very “social” within their group but very anti-“social” to others. Populist politics deliberately creates an enemy out of another group of people who may well be co-existing alongside and even integrated to some extent with the individuals in the populist group.

A society is simply a large group of people made up of many smaller groups. Fault lines can reappear, between England and Scotland for example. Groups can expand and contract. As a child, I lived in a quiet village largely unaffected by the commercialism and individualism of London. Over time, more people from our village worked in London. As transport links grew, people moved into our village where they could afford larger property. Middle class housing estates flooded the village with „immigrants“. Perhaps we should have taken our pitchforks and driven them away. But they had money and with that, power. We were just country yokels, in their view, holding up progress. Today, the culture of the village is very middle-class.

The word for this expansion into and domination of one social group from another is called colonisation. Countries forming colonies out of other countries is a macroscopic form of colonisation but it exists down to the smallest social group. The amount of power and willingness to abuse it over others is more important than the size of the group.

Most people want a secure and peaceful life. They want family and friends around them. This goes back to the beginnings of society where close personal and social relationship with others led to a better chance of survival and growth than individualistic behaviour. Groups began to colonise others. The Neanderthals were wiped out. Distance between small groups enabled group identity to continue to flourish. Only traders moved between these small groups. The chiefs also travelled and met together. Occasionally groups would join in battle against other collections of groups. Empires colonised, fell and left their mark on local society but life in the village went on much the same with its local custom. Market towns created their own social customs in which villagers participated. The aristocracy formed their own local social groups and as transport improved, these geographical areas built their own social identity.

In prosperous area, the need for labour exceeded supply. I am English but some of my ancestors were Irish. They came from the poverty of Ireland to build canals and railways. The expanding English economy needed them to stay. They were a workforce to be exploited. Poverty breeds desperation. As a child, I can remember the fear of the locals whenever a traveller turned up on the doorstep selling junk you dare not refuse. Some settled in the village. One of these ran a junk yard from the garden of his council house. His entire family frightened us. Other Irish went to towns to work in factories and formed their own ghettos.

After the Second World War, the UK took in many immigrants. Most helped the economy. Then came the European Union and more immigrants came looking for work. Now we have Brexit and racism is an increasing problem.

Utilitarianism does not recognise social responsibility. When a group of people become inconvenient, they become “them” and a target for anti-social behaviour.

Willingness to agree a fair compromise by mutual consent is at the heart of the “social”. Strong marriages are built on such behaviour as are families and every kind and size of social group.

The social groups with most power have most to lose as other groups want more and there is only so much cake. Powerful groups promote the idea across society that the supply of cake is without limit. If everyone worked harder and smarter, bought more and invested more then the capitalist system automatically increases the supply of cake. There is no need to take cake from us and even if you did, it would not amount to much. Indeed, it would destroy the cake machine.

Where there are people, there will be ideology. We all have beliefs. We all need some ideology to help us feel secure. Most of us would probably prefer to be secure and not just feel it. Critical thinking (or critical reflection or critical inquiry) is a way of ensuring we are not being deceived by others or fooling ourselves. Before delving into that, we need to think about what it means to be a socially responsible manager.

2.2 THE SOCIALLY RESPONSIBLE MANAGER

If asked to whom they were responsible, most managers would probably point to the manager immediately above them in the management hierarchy. This is, of course, true. Society has empowered managers to manage and usually recognises the structure of authority in the management chain. If everyone above them is socially responsible, then the manager can happily work within that culture of social responsibility. But a manager might feel that there is social irresponsibility in their organisation. That manager has some serious thinking to do before communicating his feelings.

Everyone has a conscience. Our ideas of right and wrong depend on our upbringing, education and experience of life. The manager is no exception. Social responsibility is a matter of conscience, being able to live with the decisions made. That means not feeling guilty or having missed an opportunity to do good. It is why so many managers quit the

rat race to do something for society. Where the “social” is in CSR, socially responsible managers can enjoy working in socially responsible organisations.

The socially responsible manager thinks not only outside the box but outside their organisation. They are not brainwashed by their organisation but they are in tune with society. To do that, they need to apply critical theory.

2.3 CRITICAL THEORY

The critical theory of society (or critical sociology) challenges ideology in any shape or form. Ideology involves closed thinking centred on beliefs that must not be challenged. Capitalism is an ideology that opposes Marxism. Yet Marx argued against all ideology (at least originally) and not just capitalism. He said Capitalists and the Christian Church did not like their unacceptable faces exposed and used their control over education to suppress criticism by distorting the facts. Their target was the thinking that challenged the deception and abuse of power they used to promote their ideology.

Although critical theory can be traced to Marx, it has nothing to do with either socialism or communism which themselves are ideologies that are rooted in beliefs and where not every fact supports its theoretical basis.

Critical theory also picks holes in conclusions based on “positive” thinking. Broadly positivists believe that there is only one version of what is true. They say that facts can have only one interpretation and society is governed by general laws just as physics is. They believe that if enough research is done, all the general laws of society could be found. Critical theory can use social constructionism where practically everything depends on the point of view of the observer.

In critical theory, there may not be one solution to a problem but many. Likewise there can be many equally valid interpretations of facts. If everything could be explained simply, we would not need to make much effort in thinking so critical thinking is not for the lazy. Nor is it for the narrow minded. The easy and simple appeals to many people who can then be fooled and manipulated by psychological persuasion into beliefs, values and actions that are not in their long-term interest.

Ideologies depend on only one version of truth existing. Facts are twisted to fit the interpretation required by the ideology. Everyone with a different point of view is an enemy, maybe not even fully human and so humanity need not be shown to them.

To critically reflect upon

Ideology provides a brake to social change.

We all need ideology because it provides an illusion of personal security. When we share an ideology with other believers, we become part of their social group. Ideology is essential to play our role in society. But ideology does not have to be dogmatic to the extent that it leads to social injustice.

There is a straight personal choice to be made about CSR. Am I a slave to an ideology where inequality and social injustice are part of a general law of society or am I free to challenge such ideology?

Those people who are free will be able to apply critical reflection in their learning and will not be deceived (or will be less deceived) by those who want to impose their own beliefs and ideology on us.

2.4 CRITICAL REFLECTION

Critical reflection is where a person reflects on their own beliefs, values and their role in society so they better understand who they are themselves. It is a cognitive technique that helps us to test our own reasoning and the reasoning of others.

In testing our own reasoning we may discover that something we believed was true is not supported by the evidence. With this new information, we try to learn what is true (or rather what we now want to believe is true) and find we cannot unlearn what we have already learned. Matsuo (2017), in the further reading section at the end of this book, shows how critical reflection can be applied to goal orientation and unlearning.

Challenging what others believe, particularly challenging a director, has to be considered very carefully. Many people will not challenge a person with power over them and will prefer to keep the peace. Whether or not someone speaks up for themselves may be due to the flexibility of their personal integrity. It may also depend on how serious the consequences may be of decisions based on the incorrect belief.

Before we brief a director, we had better be sure that our thinking is rational and based on evidence that can be substantiated.

My directors were being fooled by consultants from a major software company and a consultant employed by our IT department. I was not in IT but was trained in IT project

management and managed the IT system that was being enhanced. I used critical reflection to test my own reasoning and to work out how to present my case to my director. I gave him evidence about how advanced the software that was being on sold really was. No-one had fully tested it as yet and it had some fundamental design flaws. My director was inclined to believe the consultant in our own IT department who had been with the organisation much longer than I had. With me present, he invited the consultant to answer some carefully prepared questions. When she lied, he presented my evidence. She tried to bluff her way out but she was caught. This victory for common sense happened because both I and my director applied critical thinking.

Critical reflection is also useful when told to do the impossible. From the words the superior manager uses and the way the words are said, it is possible to see that they know the task is impossible. Of course you then do not point out to them that the task is impossible as that could be taken as destructive criticism. Often the manager's superior has given them the task to delegate. So you go away and find a quiet place to reflect. As you see the conversation from the superior manager's point of view, you may see a way to appear to have achieved the objective but not have solved the complete problem in reality. You have protected their back and yours. This is a survival technique in a managerialist organisation.

Directors are often given organisational objectives that are impossible to achieve. The personal objective can be quite different to the organisational objective. Your first step is to identify what will enable management to fulfil their personal objectives.

For example, as a team leader in a partnership with two other organisations, I was tasked with producing how the joint accountancy system would work. Even my own immediate manager refused to sign anything because of the fear that he could be blamed. The accountancy managers in the other organisations commented on my draft but also did not sign it off. My paper went up to a joint meeting of directors from each organisation and my design duly appeared in the overall design. No-one approved anything. My design, incorporating comments from others, was regarded as a practical step forward. The most important objective to the directors was not holding up the project over detail that could be sorted out later. I learned this from the project manager by asking him the right question, worked out through critical reflection on what I knew and who I knew.

Critical reflection is not making personal criticisms of someone else. It enables you to put yourself in their position, understanding where their beliefs may come from. It enables you to see where your own beliefs come from so you can choose what to believe instead of being over-influenced by others and your own experiences of life.

So developing an understanding of critical reflection and being able to apply it to putting the "Social" into CSR will be key to the value of this book to you.

You will need to be critical of what I have written and not take it at face value. My understanding of the “Social” in CSR is based on my personal research and experience. I would not expect anyone else to have the same background and therefore come to the same conclusions. Critical reflection is a personal tool. Different people will come to different conclusions based on common external evidence that is small relative to that already held by each individual.

Managers are citizens. Without critical thinking, managers can find themselves programmed by those with power over them. They may follow the latest popular beliefs, techniques and procedures as determined by the powerful. With critical thinking, managers are free to become the person they want to be and to act in the interests of wider society not just an elite.

This book aims to be practical as well as informative. Critical reflection is as much about learning about how we think ourselves as making judgements on other people.

To be critical is to challenge assumptions in a thought process.

To critically reflect upon

Critical reflection is where a person reflects on their own beliefs, values and their role in society so they better understand who they are themselves.

Critical reflection is a cognitive technique that helps us to test our own reasoning and the reasoning of others.

Challenging what others believe, particularly challenging a director, has to be considered very carefully.

Critical reflection is also useful when told to do the impossible.

Critical reflection is not making personal criticisms of someone else.

To be critical is to challenge assumptions in a thought process.

3 HOW IDEOLOGY DECEIVES

Ideology of itself is not anti-social. Indeed, it can bind social groups together. Many people, however, would regard deception as anti-social when it goes against what the deceived would otherwise believe. A cult is where an organisation indoctrinates its members, deceives potential converts, is led by a charismatic figure and where the ends justify the means. Deception helps develop and maintain beliefs that are socially extreme.

Capitalism, where the means of production is privately owned, is not of itself anti-social. Where it is publicly owned, the officials entrusted to ensure socially expected levels of fairness and equality may be self-seeking and corrupt. The behaviour of the people making decisions on behalf of society is the main issue as far as social responsibility is concerned.

An elite may take a popular ideology and distort it to protect their social position. They can take an academic theory and turn it into an ideology by the social, economic and political exclusion of those who do not accept the new interpretation.

This capitalism and the economic theory of academics such as Adam Smith became New Capitalism and the elite of political capitalism acted together in their self-interest. Liberalism with its basis in free trade was distorted into neo-liberalism. This chapter describes how managers and the general public were deceived by these new ideologies.

3.1 THE INFLUENCE OF NEW CAPITALISM AND NEO-LIBERALISM ON STRATEGIC MANAGERS

The influence of New Capitalism and Neo-liberalism on societies across the world is significant. Those managers who want to understand what they are doing rather than to blindly accept the power of others over them need to understand the basis of this power so they can form their own beliefs and successfully challenge power when appropriate. The success of any challenge will be partly based on being able to show the person in power that they do not have to act in the way that they do. It is possible for common sense to prevail over ideology when ideology has been exposed for what it is: the power behind the elite that enables them to abuse the weak and each other.

All ideology is based on narrow thinking. Ideology is based on belief, not necessarily fact. “Fake news” is a means of producing and maintaining an ideology. A fact is that the Earth orbits the Sun but words written thousands of years ago were accepted by religious faith as true. Those presenting the facts were often persecuted by the religious authorities. The risk

was that if one of the elite's interpretations of the ancient text on which their authority was based was shown to be untrue, then other beliefs might also be challenged leading to their loss of power. Many social attitudes were once controlled by the Church. We find security in belief and dogma. If beliefs and dogma change too quickly, the social unrest can lead to much suffering. There is also a risk that a dogma that is being used to the detriment of the majority may be replaced by one that is even worse. We need to know how society works. Sociology is important to people wanting to be socially responsible.

3.1.1 THE USE OF FAKE NEWS TO DECEIVE

One means of deception is fake news or false information presented as real. As we will see, fake information does not undermine trust in a particular group where it reinforces the existing personal prejudice in those deceived. From a social viewpoint, prejudice reduces social cohesion by undermining the possibility of social agreement and destroying macro-social and micro-social norms. Fake news polarises society and produces avoidable conflict.

The science of fake news is mainly about psychology but is also about social science that provides a background to the social system in which fake news operates. The need for




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professional standards in journalism was recognised after the First World War where journalists from both sides indulged in propaganda. As corporate public relations departments became established they had a ready source of expertise in deception.

Fake news can be defined as fabricated information that is like news media content in form but not in intent. It can appear even in professional journals. Genuine mistakes in reporting are not fake news. Deception is deliberate.

The development of critical-information skills can counter the effect of fake news. Strategic managers need to be critical of all information, regardless of source. Is someone trying to persuade me against my better judgement? Am I just seeking information to confirm my own prejudice?

The popularity of the term “fake news” comes after the Russians used the internet to influence first Brexit and then to get Trump elected as president. The scale of success of the perpetrators of fake news came as a surprise to those of us who believed you cannot fool most of the people most of the time.

We are said to have our heads in the sand when we refuse to recognise a threat to us. We see and hear all the warnings but ignore them, cocooning ourselves in our own dream world.

3.1.2 NEW CAPITALISM AND HEADS IN THE SAND

The concept of New Capitalism is often attributed to Zygmunt Bauman who was driven out from Poland by the communists and came to the United Kingdom via Israel. Bauman undermined objective reality and promoted a false logic where nothing is real and every point of view is valid. Such a view enables politicians to reject the advice and experience of most civil servants, academics, business people and so on in favour of the minority of experts that support their view. Brexit in the UK and many of Trump’s policies in the US are examples. The strategy rejects the logical approach of science, including management science, as false logic and replaces it with their own false logic.

Bauman defines the present “reality” where everything is now transient, driven by desire rather than by need and where utilitarianism replaces morality. I think we are being led to believe this is true by the advocates of New Capitalism. Advocates persuade society at large that there are no social norms, except to support New Capitalism. The consequence of being persuaded is that society fails to see New Capitalism is about submitting to a social system that would be in the interests of the elite but not the general population.

Bauman gives legitimacy to individual feelings and desires above collective wisdom and the general good. He is being anti-“Social”.

Works such as Bauman’s can have influence on the opinions of elite communities way beyond their original limited readership. Elite communities seek to justify their view of the world. They like to have evidence to support views so they can persuade others to follow their leadership. Milton Friedman and Friedrich Hayek were authors who influenced Margaret Thatcher and Ronald Reagan to reject the post war consensus and bring in neo-liberalism. By promoting academics who support them and using derogatory words against those who do not, the political and rich elite can find theoretical justification for their ideology.

The culture of New Capitalism is considered in Sennet (2006) which can be found under Further Reading at the end of the book. He saw the culture of New Capitalism as defining the attributes of successful people in the modern world. Sennet believes only a certain kind of person can prosper in the unstable, fragmentary social conditions that are a consequence of New Capitalism. The ideology promotes this ideal person as someone who can be successful in addressing three challenges. This is relevant to the “Social” in CSR as what Sennet describes are the challenges created by New Capitalism for the strategic manager as well as those who work for them or are seeking work.

The first of Sennet’s challenges is to manage short-term relationships, and oneself, while migrating from task to task, job to job, place to place. With the New Capitalist policy of hire and fire, institutions no longer provide people with long-term employment in the area where their family lives so the individual may have to change their sense of identity or even to give up their individuality and be resigned to having little control over their lives. New Capitalism produces subservience. Inevitably the rich get richer and the poor relatively or even absolutely poorer.

The second challenge is where subjects of New Capitalism have to develop new skills and new potential abilities, as the labour market shifts in the Real World. Some may argue that this is simply due to modernisation. However, modernisation is the process where society changes and the outcomes may not include an increase in social justice. This is true of societies with left wing ideology as much as right wing. Modernisation requires investment and investment needs money. Decisions to invest come from those people with the most money. Thus modernisation is not driven primarily by the need to improve the lives of the general population but by the desire of those with the most money to make more. The fast changing economy optimises the income of the rich but makes the shelf life of many skills short. The job for life has gone. Workers now need to retrain on average every eight to twelve years. As we get older, it is more difficult to retrain. Automation was predicted to allow us to work less for the same money but the reverse is true (we are working longer for less). Yet New Capitalism places the cost onto society. It burns out and burns up people.

The third challenge is about surrender; that is, how to let go of the past. The challenge of surrender has always been with us. Some people peak early in their careers and never get back to the level they were once at. Many of us have the idea of career progression. Tomorrow will be better than today. But for many who lose their footing in the career ladder, through having children, sickness or limited skills, the future may be worse than the present or even the past. Careers may peak early and work may become a daily grind until finally being able to draw a state pension. Old age may be in pain, poverty and degradation. We may also be expected to surrender our morals to keep our jobs in anti-social organisations.

Sennet points out that such letting go of the past is encouraged by consumerism and the willingness to throw away perfectly functional things because the person does not want to be criticised and seen as old-fashioned. Of course, older people may become old-fashioned and younger people may attach this label all older people

To critically reflect upon

To prosper in the unstable, fragmentary social conditions that are a consequence of New Capitalism, we need to:

- manage short-term relationships, and oneself, while migrating from task to task, job to job, place to place
- develop new skills and new potential abilities, as the labour market shifts in the Real World
- surrender; that is, let go of the past

The New Capitalist culture is highly successful. It is the only culture that has become global. By doing so, it has taken over society as there is no place left for rebels to hide and nowhere that an alternative culture can compete. It is the result of appeasement by those who could have fought. Hiding our heads in the sand does not protect us from being consumed. The Nazis won their early battles by deception, many without firing a shot. We need to be able to separate deception from the facts.

3.1.3 HOW TO AVOID BEING DECEIVED

Educated people should not be easily subject to deception? Our human need for acceptance by others is often stronger than our intelligence. Indeed, those who control the education system may use education to indoctrinate us. So the more educated we are, the more indoctrinated we may be.

We have seen how psychological persuasion is used by neo-liberals to influence the way we perceive the world. Psychological persuasion works by stimulating our brains in a way

that stimulates our primeval nature. The danger of this regression to survival of the fittest instinct was demonstrated in Nazism. I do not think the analogy is too extreme as the anti-social axis forces of New Capitalism and neo-liberalism threatens the entire planet not just Europe and the Far East.

Behaviourism is not fully effective. It assumes people who do not respond to the stick will respond to the carrot and that people think logically most, if not all, of the time. It works fairly well if only a short-term change is needed in the subjects. Neuroscience shows how our decision-making is based on factors other than logic. Our feelings cause certain chemicals to be produced in our bodies and some of these can affect our feelings. It is possible for our feelings to be manipulated, putting us into a mental state not unlike being drugged. The results of manipulating feelings can be long-term. We become addicted to the experience of having our feelings manipulated. This underlies the addictive effect of consumerism economics and populism politics.

So how does psychological persuasion work to change people with strong morals into being subservient to evil? Any attempt to present evil as good is likely to be too obvious. Instead, the bad people ask the good people questions and leave them to make up their own minds. These questions are subtle. For example, the Nazis asked Christians if they were loyal to Germany. Most said yes and the German Christian Church was formed which grew with the support of Nazi resources. Church leaders saw an opportunity to grow their membership and church organisation. It is possible to argue that elements of the church in the United States were persuaded to support Trump because he promoted causes such as anti-abortion that the church thought more important than social justice.

Many people faced by unethical managers will give in as they have too much to lose by being openly disobedient. The good people end up unsupported by the majority. In the end, many of the good people decide to go along with some of the unethical practices. This is then the thin end of the wedge. As they cannot fight the bad guys, they have no-one to fight against except themselves. The feel-good chemical effect in their own brains of making their own decisions reinforced those decisions.

New Capitalism is 'discourse' driven. Discourse is the way we use language to give it meaning. It is possible to use language in such a way to deny that our words meant what the hearer understood. We can then use words to deceive without being accountable. This lack of social accountability only exists because society allows it. For example, politicians and sales people are permitted to use such language because we have an image of ourselves as being able to see through such banter. For the reasons explained above, few of us have such immunity. Discourse analysis is part of critical thinking. It critically challenges the language used in communication in order to identify deception.

Business marketing and advertising people and politicians use various techniques of discourse to gain power over us. Some of the more subtle such as flash images are illegal but most are not. The burden of proof of abusive power is usually on the individual. They have little chance against a system rigged against them so as to preserve the distorted power relations on which the system relies. Leaders of this new socio-economic order seek to control this discourse through “colonisation”. This is where a superior power sets up a small power base outside its current area of control. Deceived by the tempting benefits from this newcomer, the local people are soon taken over by it. The newcomer does not have to deceive everyone, just those with power to make decisions for the many. Imagine the British in India. By establishing a small colony in Bombay, from this foothold the British occupied and controlled all of India. Just why is an i-phone a necessity? Those who control the internet, control the discourse. Those who control the discourse, control us.

Managerialism is similarly discourse driven. Thus an increase in the use of language of management over that of ethical professionals has weakened the power of such professionals. Ideology is put before facts. Whereas the knowledge, experience and values of specialists had driven organisations, managers with the values of New Capitalism now dominated. Professionals in risk management inform senior management of really bad risks. Senior management then misdirect the discourse in order to show that organisational objectives are being met. They change the context of the advice to the short-term (where the catastrophe has not happened) and away from the long-term (when if disaster happens then the senior managers move on and can be blamed only in their absence, having taken care that there is no or insufficient evidence to convict them of breaking the law).

To critically reflect upon

Discourse analysis is where we not only critically examine words for hidden meaning what someone is saying, but we also put the communication into its social context. It is very much part of identifying the “Social” in CSR.

At least two independent leaders in the financial world think the system still needs fixing. The managing director of the International Monetary Fund (IMF), Christine Lagarde, said that economists have focussed on economic growth rather than its fair distribution. She referred to the social contract where “decent social services” should be provided for the elderly. The Governor of the Bank of England has said values and beliefs are important in economic life to maintain the social. “Inclusive” capitalism needs to have a long-term view to be fair across generations (including people yet to be born). Finance business leaders need to build trust and citizens need to recognise their obligations to each other.

We have seen how the ideologies of New Capitalism and managerialism support each other. Seeing how ideology infiltrates management is essential to understanding the management of Corporate Social Responsibility.

3.2 MANAGEMENT AND IDEOLOGY

Many managers think about management as a science or maybe even an art. Responsible science states assumptions behind conclusions. An artist always accepts that different observers can have equally valid points of view about their work. But managers whose beliefs are based on ideology may sometimes think that anyone not believing as they do must be wrong. Ideology accepts things as true where there may be many interpretation of the facts.

I am not saying that managers should have nothing to do with ideology as it may be that such belief is beneficial to them and society. But managers should be critical of what they sense and take care to identify ideology when they meet it. Many managers need to be able to swim in Neo-liberalism and managerialism to avoid sinking.

3.2.1 MANAGEMENT AND NEO-LIBERALISM

Management, particularly strategic managers and directors, are part of the system of political capitalism and of neo-liberalism is particular. In the days before CSR became a more significant issue, there was a post war consensus where the new collective identities forged through the terrifying experience and insecurity of war brought together politics, economics and business. It was not to last. A new generation with no experience of the genuine “all in it together” of war came to power in politics and business.

The axis of neo-liberalism, where Thatcher and Reagan formed a cultural as well as a political and economic alliance, changed the culture of the UK towards that of the US. Part of US culture was managerialism. Within a decade it had taken hold in the UK and amateur managers with their belief systems were superior to managers who had risen to the height of their profession to become managers.

We need to distinguish between neo-liberalism which lines the pockets of the rich, and keeps a certain group of politicians in power, with managerialism where managers line their pockets at the expense of the rich as well as the poor. Here we think about the influence of neoliberalism on management.

Directors are in a social group. Those in organisations with a large turnover are also likely to be in a political social group. Such directors are likely to be wealthy and will desire to keep their wealth and probably want to increase it. Neo-liberalism provides such an opportunity. Within a business social group, the pecking order of relative income and wealth may apply. With those at the top being neo-liberal, these values may spread down through the group.

The owner of a large of a large business may also be its chief executive. Where this is the case, neo-liberalism may well be the ideology that drives the business. US internet companies are an example.

Critical theory can be applied to thinking about neo-liberalism. Critical theory is an enemy of neo-liberalism. The latter tells you what to think; the former challenges powers that try to control your thinking. Applying critical theory to management science, a path can be traced from the efficient management of the factories of the industrial revolution to the efficient management of everything and everyone. The current system serves not the investors but the senior managers. An investor who is also a senior manager has great power. In some countries, the chief executive manager may not be the chairperson of the board because the board has a primary duty to investors. Ironically, it was investors' interest in short-term over long-term that encouraged managerialism with its focus on short-term profit and maximising bonus.

Expansion, or economic growth, is the objective that links politics and management.

Of course economic growth can be beneficial to all. But the aim of neo-liberalism is to benefit the political and economic elite. To do that, they must deceive the majority of society that jam really is coming tomorrow and that their current circumstances would be even worse without strong government. So they use taxes to subsidise business through privatisation of public services and infrastructure such as roads. Meanwhile they cut welfare funding as that does not directly contribute to business profit. They cut health services by a huge amount in real terms and then announce an increase to deceive voters they really care but the increase is too small to solve the problem they caused. The nation's problems are all the fault of immigrants and benefit scroungers, not of neo-liberal policy.

Neo-liberalism is democratic capitalism and pretends to serve the common good. Managerialism sees politics and democracy as an overhead. Politicians and political parties are part of that marketing overhead. Managers employ specialists to lobby politicians so that legislation favours business.

By providing increasingly innovative and attractive goods and services, managerialism appeals to individualism. By providing jobs, managerialism appeals to the collectivism of democracy. Neo-liberalism links well-being to materialism as does consumerism to jobs. Relative poverty is defined by lack of goods that are regarded as social necessities.

In encouraging Social Darwinism (survival of the fittest), neo-liberals can turn on each other to promote themselves up the pecking order. Managers can exploit this political division

by backing the right winner. Social Darwinism also applies to managers in organisations where managerialism prevails.

The anti-social nature of the ideology Managerialism that takes the „Social“ out of CSR exists in the West within the ideology of neo-liberalism. Managerialism is similarly supported in communist states. It is important to understand managerialism as a major factor in undermining CSR.

3.2.2 MANAGEMENT CONTROL AND MANAGERIALISM

The ideology of managerialism evolved in response to maximising the returns to shareholders and owners of organisations. In the 1970s, the cost of oil was rising due to the power of producers at the same time as the cost of labour increased due to the rising power of the trade unions. Generally accepted working practices were also believed to be inefficient. Managerialism, at least in management terms, began as an efficiency drive. It derived its initial power from neo-liberalism because the economic elite had persuaded some of the political elite to change society for the mutual benefit of the wealthy and the politicians who represented them.

Managerialism shares some of the beliefs of neo-liberalism including the ends justify the means and the division of society to improve the efficiency of production. However, its alliance with the super-rich is stretched by managers enhancing their own income at the cost of profit distributed to shareholders.

The division of society produced the professional manager with management as the profession that was most important in the drive to efficiency with effectiveness of secondary importance. Unlike engineering or health, there was no professional body that could strike off managers for misconduct. Managers were a law unto themselves.

The new professional manager needed no technical knowledge of their organisation. Even in technical matters, they knew better than technical managers. They could move easily between every type of organisation.

Management is perceived as a superior profession. It lacks the accountability of professions such as legal work where you can lose membership and your job through not meeting ethical standards. There are no professional examinations in management. The Masters in Business Administration (MBA) is the accepted qualification of the management peer group and is called a professional qualification but is not awarded by a professional body.

Note that banking also has no professional qualification or profession equivalent to that of lawyer. You cannot get struck off a register as a manager or banker.

So skilled are managerialists in spreading propaganda, they may take control of the organisation from its owners through divide and rule. Managerialists may claim to be socially responsible. However, since their primary purpose is to establish and protect the careers of people with managerialist ideology, such efforts may well be deception.

To critically reflect upon

Managerialism is characterised by the strong chief executive, particularly one who is also chairman. The rest of management are “yes” men. The culture is “can do” whatever comes down from the top, without moral challenge.

The irrational end of managerialism is social and environmental devastation. Science will not prevent devastation even if society invests enough in business working on solutions. It is the working poor that are essential to managerialism. The individualism of managerialism is not where people are “themselves” but where they are compliant corporate citizens in a society where democracy offers no electable party opposed to managerialism. The difference between neo-liberalism and managerialism is illustrated by neo-liberals saying that the power of chief executives to appoint other directors who agree with them should be limited by banning chief executives from the sub-committees that identify potential new directors. Investors and non-executive directors should have more power, say neo-liberals and social activists together so as to control the behaviour of the chief executive. They fail because ultimately money is power.

Control is a key element in management. In contrast to managerialism, giving people more freedom enables them to control things that would otherwise be controlled further up the hierarchy of power. Such delegation involves risk that those at the top of the hierarchy will not achieve their objectives. Power needs to earn trust. Building trust within an organisation can increase its performance. Trust is key to building partnerships with other organisations but culture fit is also important. Keeping conflicting objectives in balance is the purpose of the balanced scorecard. It is possible for the managerialist manager to use all these approaches in the pursuit of short-term objectives. Building trust can be used for exploitation for example. Once the managerialist manager has extracted maximum gain from someone, they may change suddenly to show their true colours.

A control system that includes social and cultural factors might include power and authority being used by the controller over the controlled. This might well be two way as the controlled can negotiate or rebel. The controller devises and sets norms. Line of communication

provide the means of control. The controlled sees these as rules and regulations with possible personal consequences for breaking them. Social, psychological, political, anthropological, economic, technological, and geopolitical controls are needed. The managerialist manager can use such control systems just as well as the socially responsible manager. The difference is that the managerialist manager uses control to maximise their own advantage rather than to maximise social justice.

4 BEYOND THE WORLD OF PERCEPTION

With so much propaganda and deception being fed to us as if it was factual, our perception of what is real can easily be undermined. A sales director from a major US software company told my own director, with a contemptuous laugh at one of our technical managers, “It is only a matter of perception”. The sales director, a managerialist and clearly no technical expert, was attempting to appeal to a fellow managerialist against the facts. My director had already experienced a managerialist con perpetrated by one of his own managers and a consultant. He had allowed me to arrange for them to be trapped in their own deceit. So he now knew how to resist managerialism by using discourse analysis. The laugh at my director’s junior technical staff was a giveaway.

We need to see beyond the world of perception. First we need to understand the element of truth in the sales director’s remarks as deception needs some basis of truth. We perceive the world around us through our senses. So is the real world just a matter of perception? Of course not. I am writing on a laptop and you know, in real world terms, what that physically means. In sociology, the “enacted” world is where we make decisions and take responsible actions. An understanding of these different views of the world can help us think about the “Social” in CSR.

4.1 THE REAL WORLD

It was a fact that the Sun circled the Earth because the Church told us this was true. If it was not true, then perhaps we could not trust other things the Church said was true from which we drew much comfort. The Church was also a key source of social stability, education and welfare.

Facts are the basis of the Real World. Such facts are based on scientific observation, analysis and deduction. Facts pass the test of critical reflection and peer review. A key assumption is that scientists follow scientific method diligently. Integrity is paramount.

Control of education is a key means of encouraging a particular ideology. It is usually unwise to challenge a teacher. But falsifying the facts to avoid confrontation with a figure of power is also taught in our schools as my personal example below illustrates.

At school we were measuring the viscosity of glycerine which involved dropping a ball bearing through a tube of glycerine, timing it and applying a formula. I wrote up my experiment. The teacher told me I was the only one in the class not to get the right answer. I repeated the experiment twice more and the value decreased each time. I knew from a table in a book what the value of the viscosity of pure glycerine was. Using critical thinking, I pointed out to the teacher that my results could be explained if the glycerine was impure. I suggested to her that she asked the laboratory assistant if she washed out the tube with water which then might contaminate the glycerine. I was right in my suspicions. I received my marks for the experiment but the teacher did not challenge the class over their cheating. The majority had been wrong and unethical. The teacher as the authority figure should have set an ethical example.

Reality may not be what it seems. Given the limitation of our natural senses, such as sight, our world seems to be solid and effects usually have certain causes. We can build machines that go beyond natural limitations. Microscopes open up a more detailed world. X-rays machines can see even more. Nuclear particle accelerators are able to “see” what makes up atoms. Originally, an atom was the smallest piece that matter could be split into. Now we know that inside atoms is mostly space. The smallest particles are now considered to be quantum fields of energy and my imagination fails to picture what this means in “reality”. Even space itself, which was thought to be infinitely divisible into smaller and smaller volumes, is known to have a minimum size because of quantum gravity.

It is impossible to know the present state of the world seen from this quantum view in full detail nor can the future configuration be predicted the future with absolute precision. Einstein’s theory of relativity concludes that time goes more slowly for a moving object. In such cases, time is different for different observers if one or more is moving.

Understanding of reality has changed for physicists. They are more aware of what they do not know than what they do know. After the Second World War, there was a belief that science could solve every problem. Management science could be relied upon to solve management problems. Today, many managers applying management science still believe that is true. Many of these managers are out of date with management science as, like the new physical science, the new management science is more complex and is incompatible with the beliefs in their worldview.

To critically reflect upon

Something that is “real” exists as a matter of fact. It does not depend on viewpoint or perception. Everyone can experience it in some way through their senses. My description of what I sense may be different from that of others as my brain

and my senses are unique to me. In many cases I cannot test what others say is true. I match what they say to what I already believe. We have to take much on trust.

Abuse of trust is anti-social.

Not everyone can be trusted. Abuse of trust is often for the personal advantage of the abuser. To abuse trust, the abuser has to have power over the person they intend to abuse or they are likely to come off worse. The more power a person has then the more they can get away with abusing others.

In theory, capitalism is controlled through the free market of investment and purchase. The economic theory of supply and demand is taught in schools. In economics, as in Physics, whenever a simple theory is taught, the conditions under which the “laws” are valid are not always taught at the same time. In reality, the majority of shares are owned by very few people who also control the media and its journalists who tell people to sell when they should be buying (and vice versa) so the rich can become more rich at the expense of the less rich. The same few people have influence on politicians through their wealth and how many people they employ.

A bully will not survive if fighting is their only means of advancement because there are too many to fight. Their main weapon is psychological. They encourage others to believe what is not true. They create a Perceived World around them that others share. Some of that will be based on fear but some may be about pleasure where selfish desires can be met and about power where those outside the gang can be exploited.

Giving someone too much power can make them a bully, even if their intentions are supposedly for the benefit of others. Politicians can be bullies and many are experts on deception. Education can be a means of political control.

Power needs a control system so that it does not overload and destroy what is around it. For a control system to exist there must be a separate part of the system independent of what is being controlled. This is lacking in New Capitalism because the rich control politics as well as business and has infiltrated through much of society. We have taken the brakes off our descent into misery.

When we are being educated, we are usually taught about the world in simple and simplistic terms. We are taught a version of the “truth” that others believe is appropriate to our ability to learn. But a teacher wanting to tell the “truth” might tell us that what they are explaining is only one way of understanding a particular aspect of the world and we should always be open to consider other ways.

In education, we are taught a view of the world that has been selected by the teacher and the designer of the education system. We may even be taught by rote so as to be able to repeat what we have learned when asked but not be able to question. Such teachers replicate in us their own beliefs and ideology and those for which the system rewards them for teaching.

What we believe about the Real World may be distorted by our education and our attitude to learning. We can choose to be sponges or we can take responsibility for challenging what others say and forming our own opinion after considering the different viewpoints.

Communist Russia was an example of ideological control over education. Of course in the West we only teach what is true, don't we? After all, the United States Constitution guarantees equality. But if that was true, then racism would be severely punished. In practice, the elite who run the US can interpret such guarantees as suits them and only significant social action will control them. So practices such as racism and educating students in Creationism vary across the US state by state, county by county.

The generally accepted ideology in the Western World is capitalism where people believe that the means of production should be privately owned and that free markets should determine what is produced. But actually most people believe in a mixed economy where the state owns some of the means of production as free markets depend on "effective demand" where consumers have to have money to pay. By making a service free or below the free market cost, a government can ensure the socially disadvantaged do not suffer too much from capitalism and business. The state may also limit the freedom of business by enforcing regulations on them. The state can also subsidise business by not charging them for what they consume or by reducing their taxes.

Economics in the Real World is therefore far from the simple theory taught in schools. These theories, taught to us as "fact" or "true", may not be. We could wonder why few schools teach sociology. It could be that the politicians setting the curriculum do not want citizens and consumers who can see through ideology.

Ideology benefiting an elite and not society at large is at the heart of much big business. The business world is one of beliefs and assumptions. Business leaders may regard themselves as realistic and living in the "Real World". However, belief can involve an acceptance of something as fact without evidence that would convince society at large. A majority of people may share a particular belief. But a majority of people can put one of their beliefs above other beliefs they also hold. This lack of integrity can lead to social disaster when the most cherished belief benefits an elite that grows smaller and smaller while everyone else suffers more and more. Corporate Responsibility without the "Social" is such a belief. Making profits that are not sustainable in the long-term does not help people other than

the elite who believe they can isolate themselves from the consequences. They live in a world that is not the “Real World”. They fail to accept reality.

Many managers need to change their understanding of reality. They are blinkered by their own ideology. They are the centre of their own imaginary universe as the Northamptonshire case study illustrated. Dog eats dog mean there is a real risk that they themselves will get eaten. In the habit of distorting the facts or the truth, they can be a victim just as well as they can be a beneficiary.

Much of what we believe is the “Real World” may be a “Perceived World” built on our beliefs which inevitably are influenced by the beliefs of others. The Real World can be a very unattractive place but the Perceived World can be even worse because of fear. Much of fear comes from a lack of knowing Real World facts. At least in part, we have no choice but to live in the Perceived World because our thinking is often based on perception. We can never have all the facts. Even if we did, our limited minds might not make proper sense of them. It is useful to know what the Perceived World is like.

4.2 THE PERCEIVED WORLD

This is the world most of us live in most of the time. We perceive the world through our senses that stream data to our brains where it is given meaning and becomes information. Our senses can be easily fooled and our brains can be deceived.

4.2.1 A MATTER OF PERCEPTION AND DECEPTION

The human brain tries to immediately make sense of something as soon as it happens. This means we are programmed to jump to conclusions. When faced with imminent danger, it is an instinct that can save our lives. Not long afterwards another part of the brain then checks that the quick conclusion matches up to what else we know. This is perception. Cognitive ability to check the quick conclusion varies between each of us. Advertising and populism can succeed easily with people who accept the promise of ease and pleasure instantly with stopping to think about deception.

Our brains can be easily tricked by experts in psychology. Magicians use this to entertain. Politicians and advertisers use it to manipulate and deceive us. They distort our Perceived World.

In the Real World, an omniscient person might see reality. For everyday purposes, our limited knowledge and experience are enough to help us succeed in the challenges of life and to navigate through its problems. It is a picture of rational human beings making informed choices. For much of our time, we live in this world of reality. Occasionally though, despite all our logic, we can be fooled into beliefs that are illogical and actions that go against the beliefs we consciously hold. Psychology calls these “cognitive distortions”.

Main types of Cognitive Distortion

1. Always being right
2. Blaming
3. Dismissing anything that is positive
4. Deciding something is true because you feel it should be
5. Being a controlling person to get your own way
6. Life should be fair. It is not, so that justifies my bad behaviour.
7. Focusing on everything that is negative.
8. Jumping to conclusions
9. Taking things personally and being judgemental of others
10. Everything is or will be a catastrophe
11. One bad example proves all are like that
12. Blaming people for things they have no control over
13. Making “must” or “should” statements
14. Everything and everyone is good or bad, right or wrong, true or false. There is nothing in between.

The above is my own paraphrase from various sources. What struck me is how these attributes can be ascribed to some anti-social managers I have known. They behave like this when trying to make you feel small because they believe you have challenged their authority. Appraisal interviews can be like that. I also wondered if cognitive distortion can become part of an organisation’s culture as managers appoint clones of themselves.

The list also describes psychological techniques in advertising and in political rhetoric. Populism uses similar language.

We trust what our brains tell us. As you read this, you are making new connections to fresh information and connecting these in turn to what you already know. I have a particular vision of the “Social” in CSR that I am trying to communicate to you. My aim is to persuade you to share this vision because I am so passionate about it. I am trying to stay in the Real World and use logic and not emotion to get my case across. But because my emotions are so strong, some of what I write will be on the emotional level and will target your own emotions. This is not dishonest but, being part of the “Social”, I must use this

tool with social responsibility. Inevitably, I will not achieve this standard of perfection and seek your understanding if not forgiveness.

The science of psychology calls this aura around deception as a “reality distortion field”. Like a gravity field, it attracts other objects into its orbit and gets irresistibly stronger as you get nearer. It is an aura that some people have that appeals to people’s emotions so they interpret the “facts” in a way that supports the vision of the person undertaking this form of psychological persuasion. It is a basic sales technique where the salesperson “believes” in his product.

Reality distortion as a tool is not all bad. It can be useful in overcoming the effects of bad experiences. For example, I choose to remember the good times I had on a super-wet and super-cold “winter sun” holiday I had in the Canaries rather than the times I was downcast by the bad weather. I came back with miserable memories but after making the mental adjustment, I felt happy. For me, “the glass was always half-full”.

Trusting what our brains tells us is an aspect of Rational Choice Theory where we gather all the relevant information, process it and come to a conclusion. This is a secure and comfortable world that we might think is real. Of course such a world is an illusion. Only in certain simple situations do we have all the information. Our processing of that information may be affected by beliefs and opinions that are not fully relevant in the current situation or context. So our conclusions, with the benefit of more information and a revision of our beliefs and opinions, may seem wrong when we look back at them. In reality, our rationality is “bounded”.

We also know how easily we can be misled when we are told we can be whoever we want to be.

Those people with the most power in making decisions that affect many people may attempt to distort reality. Beliefs and ideology play a major part in irrationally choosing to dismiss the evidence. Such people may fabricate evidence to support their own decisions. They may think nothing about using deception and psychological persuasion so the people they want to persuade do NOT make a rational choice.

Burns and Roszkowska (2016) is recommended reading. They describe and criticise the anti-social nature of Rational Choice Theory. Much of management theory assumes people will always make rational choices. Yet western business culture encourages a dream world not a rational one. Advertising often presents more dream than fact. Western political culture is becoming increasingly populist where facts are ignored and desires promoted. The risk of the dream world is that for those whose dream is shattered, an objective may be to shatter

the dreams of everyone else. This can be an horrendous consequence of distorting reality in people. Mass shootings due to right wing or terrorist propaganda is an example.

Overconfidence can make you a better leader. It can be psychologically very persuasive and motivating as in the Northamptonshire case study. When it goes wrong, the leader often has someone ready to blame so the mud does not stick. Neo-liberals often seem over confident of jam tomorrow.

The belief that laws of nature can be derived from verifiable data, analysed by logic and concluded through reason is called positivism. It works very well in the physical world. Because positivism assumes everything behaves mechanically, in the social world it often leads to groups of people being stereotyped (such as benefits scroungers and the powerful elite). Yet we know that every person is unique because the detailed experiences that make up their background are a unique combination.

The positivist approach to knowledge is that something is either true or false. Yet we know that a statement can be partly true or false. It can be impossible to define what beliefs are true since beliefs are often a matter of opinion or perception. The way these perceptions are formed in society is called social constructionism.

To understand the world as we perceive it, we need the tools of social constructionism so we can identify, analyse and make conclusions about perceptions.

4.2.2 SOCIAL CONSTRUCTIONISM AND THE PERCEIVED WORLD

Put simply, social constructionism is where our beliefs and values are shaped in part by the people who influence us. Since our perception of reality is shaped by our beliefs, our sense of reality is a social construction.

Where something normally taken as fact is actually not supported by evidence to the standard where the general academic community would accept it as fact, then such a statement is probably one of belief based on perception. We accept many “facts” on trust and believe them to be true. Very rarely do people quote the sources of their evidence. Even when they do, few people bother to critically examine them to check they support the statement.

Whereas in science facts can be evidenced through many repeated experiments by trained scientists, ideologies are based on beliefs not facts. People supporting a particular ideology may quote facts but they will have to be selective and present them in a biased way.

To critically reflect upon

The Perceived World can be defined as the way we experience the Real World through our perceptual system. Through our senses such as sight, hearing and touch we process data into information (data to which we attach meaning). We take new data and use information we already have and then turn the data into fresh information. Much of the information our brains process is personal so each person's view of "reality" is different. Every interpretation of the "facts" is therefore a matter of individual perception. That perception can quickly change with new information or experience. Rarely does perception reflect reality. Sometimes we do not want to accept what is real.

Ideologies and beliefs are prevalent in the Perceived World. "Fake news", nudging and other forms of psychological persuasion increase the proportion of our time that we spend in the Perceived World rather than the Real World. The internet is largely unregulated and is a major way to fool us into living in the Perceived World version of reality created by those who aim to exploit us for their own personal gain or because they think we will benefit from following the belief system they have designed for us.

We are fooled because much of society at large has changed its norms. The social group of business and political people driving this change are prepared to employ psychological techniques last used to that extent by the Nazis. The opposition to this group are limited in their use of such techniques because it is contrary to their concept of morality and social justice.

Society norms that have changed include an increase in selfishness in terms of becoming hard hearted towards those who suffer when to help could mean we might suffer too. Capitalism is based on selfishness and addiction. The survival instinct is part of our primeval mental wiring. Fight or flight is an amygdala automatic reaction. Sometimes our survival depends on not thinking too long about a situation. We must take instant action. We also have chemicals such as adrenaline that stimulate our brains and provide instant energy and pleasure. Our brains can be stimulated, particularly visually, so we are excited about what we are seeing. Encouraging words can make us want what we hear.

Political persuasion is often based on fear of losing something that is precious to us. Fear of losing our income can relate to our employment which may depend on ability of business to make profits. If our employers add to that fear then the alliance of capitalism and neo-liberal politics can be overwhelming. Rather than to challenge the bully, it can be easier to give in especially when it is someone else who suffers and not us.

Political persuasion can also motivate us to hatred. If the position of the politicians and their business allies becomes weaker because of social opposition, they may isolate the opposite by making their own supporters feel superior to the losers. Part of being in this in-group is to see their leaders not as anti-social but as saving society. Social division then becomes more extreme. A protester is surrounded by bullies willing to do the dirty work of their deceivers not just out of fear for their own positions but because they believe evil is good. This hatred can be repaid with interest. It stimulates mental illness including cognitive distortion that can lead to violence against the perceived bully.

This is the effect on society of the joint axis force of New Capitalism and neo-liberalism. The psychological persuasion used by the Nazis tended to be crude. With advances in psychology, New Capitalism and neo-liberalism techniques are much more subtle. With decades of advertising and political spin, the minds of more and more have become overwhelmed and seek the easy way out.

Populism takes advantage of this tendency to accept spin as fact to challenge institutions that are the foundation of society. Right wing populists may believe in their own propaganda as their policies reinforce their own beliefs and values. Left wing politicians with a different view of society may resort to populism less because they may have more morals compared with the right. The policies of populist leaders such as Trump can hurt they very people who support the policy, another effect of cognitive distortion.

The anti-social nature of the gambling, alcohol and tobacco industries is well documented. Social pressure has forced changes in advertising that emphasised the short-term pleasures but ignored the longer-term consequences. Tax changes were made to discourage consumption. Other social pressure reduced the number of places where these anti-social activities could be practiced. However, these industries remain strong with the capitalist arguments about jobs and investment. The highest paid UK director worked for the on-line gambling industry and was paid £265m which was over £200m more than the next highest paid director. She was awarded a CBE in 2012 for services to community and business. Presumably the politicians regarded her as a champion of putting the “Social” into CSR.

Commuting long distances to work, long hours and low pay are the direct cause of capitalist ideology. They are new social norms. The social and environmental consequences are huge. This is part of the Perceived World created by this small social group of business and political people using anti-social psychological techniques.

Even though the data presented to us may be false, our senses can be fooled into believing it is true. Much of the research below is based on a personal Perceived World. However, when so many people are being fooled by the same false data and anti-social psychology,

then a Perceived World is created at the level of society. Leaders who support an opposite ideology of socialism use similar techniques and have many supporters in society.

A few people may see through the false data and psychological persuasion. They may try to live a little more in the Real World whilst still living mainly in the Perceived World of their own beliefs.

The Perceived World is fertile territory for the creation of myths. One such myth is “the will of the people”. Using discourse analysis, we ask what is meant by “people” in this expression and can their “will” be identified? We might define the “Social” in CSR as the will of the people. Those who use the expression may be trying to persuade us that some contentious issue has been decided in some way, maybe by votes in an election or referendum. Such politicians may find themselves losing a logical argument based on facts so they resort to emotional appeals and maybe even emotional blackmail. When we are asked to approve something, we may think we have understood so that we can make a properly informed choice, but in many cases our assumptions are wrong. When ordering from a menu, the item may be as described but may fail to meet our expectations for all sorts of reasons. Implementing Brexit was a classic application of the myth of the will of the people. As I write, Prime Minister May has just resigned and parliament is in deadlock as the conflict between ideology and fact continues.

To critically reflect upon

Each person lives in their own Perceived World. We can never fully be aware of every difference between our Perceived World and the Real World.

The only way that human beings can interact with their world is through their senses. So messages from your eyes as you are reading this are sent to your brain where they are interpreted. How you interpret these will be based on your stored interpretation of other messages. Some messages will come from other people (including authors of books you read). All these stored interpretations in your brain go into the melting pot where you try to make sense of them. The result is your own personal perception of the world. There will be many overlaps and agreement with other people in your perceptions but your particular set of perceptions is unique to you. The overlaps come as a consequence of you taking part in different social groups and society at large.

We are all actors putting on a show. Each actor contributes to the overall performance with some having lead roles and other minor ones. When we watch a show, we suspend our beliefs of the Real World and enjoy the Perceived World. Social constructions are like plays with actors.

An actor plays a person. To do that, they carefully research what they know about them: what makes them “tick”; how they react in different situations and so on. We are surrounded by actors and put on an act ourselves. This is a Perceived World and is a social construction created by actors.

In the world of business, shareholders who managed their own companies brought in managers to do it for them. Business management until the 1970s had been mainly intuitive and based on experience. Now trainee managers were formally educated in various theories and competed with each other to rise to the top of the management profession. Before the 1970s, “actors” other than managers and rich investors were important. Communities, trade unions and charities sought to make the business socially responsible. In the 1970s, came neo-liberal actors such as Reagan and Thatcher who changed the business environment. Pension funds, mutual funds, investment funds and insurance companies began to invest more in shares; then came hedge funds and venture capital funds and bank lending increased.

Bank lending sounds good. Borrowing sounds less good. The actor playing the bank manager presents an image of how wonderful they are in agreeing to lend money. They point to the wonderful future having such money can bring. They do not emphasise the nasty future when you cannot pay them back and you lose everything because of the terms of the loan you agreed. Likewise the actor playing the politician is very convincing.

When we create characters in such depth, we begin to think this creation is real. I also write fiction. I recently wrote a scene where my hero’s grandfather died. Tears came to my eyes. I was living the experience. Yesterday I saw Theresa May crying as she announced her resignation as UK Prime Minister. A political commentator declared she had been all talk. She believed she was right. I know a business man who had everything: family, friends, money, big house, successful business, social standing and so on. He had so much self-belief that everything he did must be a success that he had an affair. He lost everything.

We are not honest with ourselves or each other. We put on an act because the social construction of a Perceived World where all is well and will be well is much more satisfying than the Real World.

Our Perceived World can also focus on the negative, on failure and misery. The Real World is not that bad. There is always something we can be grateful for and always some positive action we can take. Such a Perceived World can be a social construction created by keeping company with similarly negative people.

Good actors can manipulate our feelings and perceptions of the world. Ideology is promoted by good actors. Neo-liberal ideology led to deregulated markets and corruption scandals

like Enron where managers put their own interests before shareholders. Other actors were business schools, consultants, market analysts, the business press, chief executives, chief finance officers, private equity fund managers.

These actors formed into elite social groups with social interactions that define the market economy. Through their use of psychological techniques on other “actors”, such as consumers and voters, these elite groups create a “Perceived World” where alternative views of business are suppressed in order to keep the system that benefits the few rather than the many. Using the word “actor” emphasises role play and a pretend world where we suspend our sense of reality so we can be entertained.

A good strategic manager “knows their business”. This kind of knowledge is as much intuitive as based on hard “facts”. It “feels wrong” or “feels right” are words of intuition. A manager who truly “knows the business” is aware of it from every angle. This is not so much about complexity as about knowing the business as a whole; how the business functions as a single entity in society. In stakeholder management language, we could say how all stakeholders work together for mutual advantage. Intuition leads more often than not to correct decisions.

Mathematically it can be shown that bringing together people with good intuition increases the probability of a correct decision. Juries work on that basis. Too much emotion and not enough fact can undermine intuition.

All this is bad news for managerialism and neo-liberalism. Those ideologies depend on managing the perception of customers, employees and voters to persuade them that there is no alternative to the system that these ideologies underpin.

Perception management is a term originated by the US military. It was defined as combining truth projection, operations security, cover and deception, and psychological operations. From this origin, I am sure you will immediately understand the moral risks behind perception management. An elite minority can have the means to persuade the majority that the elite view represents the truth when the elite are defining truth for their own benefit.

Stakeholder theory is part of management science that helps managers consider multiple viewpoints. It also helps to manage the perceptions of stakeholders. Changing perception by deception may be science but is immoral. We need to be responsible with the knowledge and power that science provides.

So we need to tread carefully in our Perceived World.

Related to our Perceived World is our Quality World. In my Quality World in my office, I might cover a wall with all my exam and professional certificates. But more important would be memories of proud moments. The Quality World is for people who think they have made it. Later we will think about our idealistic Dream World which is about our expectations and future. The Quality World also has ideals but we live it in the past and present.

4.3 THE QUALITY WORLD

Our “Quality World” is where we individually experience something that gives us a quality experience of life. It is a “personal picture album” of all our happy memories.

We feel secure in happy memories. Our Quality World is made up of everything that we feel is good. Based on past and current experiences, it also looks forward to more of the same. It is therefore conservative in protecting this secure world. In our Quality World we will oppose change that threatens our idealistic picture. There is no logic in our Quality World, only strong feelings and unshakable beliefs.

Our pictures:

- Frequently change;
- Are unique to that person;
- Often conflict with each other;
- Vary in the intensity they are held; and
- Vary in their attainability

We may think of our careers and other life objectives as part of our Quality World. These thoughts may or may not be rational. They are always emotional. Living in our Quality World gives us hope. It is flexible so we can mentally change our picture. Loss of someone or something dear to us can cause our grief and even despair. This sense of loss in some circumstances may never go away. Death of a loved one, becoming severely disabled and retirement are examples. A psychological method of recovery is to build a new positive picture of one's life but it only works if the mental damage is not too severe. You may have felt your Quality World coming to an end when you lost the job you loved: but then you picked yourself and things worked out jobwise for you. Perhaps if the job worked out, family did not but you built a new Quality World of personal relationships, perhaps not as good as what you lost but enough to be reasonably happy with life.

We all need the security of our Quality World.

To critically reflect upon

What defines your Quality World?
Does it include the "Social" in CSR?

So we all have both a Perceived World and a Quality World in our imagination. Our Perceived World is what we have learned about our place in the world through our senses. Our Quality World is what we would like our place in the world to be.

Next we explore a world where we interact honestly with each other. A world where we are positively and constructively critical of ourselves and others. Sociology calls this the Enacted World.

4.4 THE ENACTED WORLD

Within this section I will use „world“ and „environment“ interchangeably. Whereas in other „worlds“ life revolves around us as individuals, „enacted“ is a stage with actors using the same agreed script. That script is the „social“.

In the final chapter, I will apply systems theory to CSR. Every system has an internal environment within its boundary and an external environment outside it. Business environments are not so much physical entities that can be described with the precision of physical science but include many things that are complex, chaotic and ill-defined. One reason for this is that the business environment includes people.

An environment is what surrounds someone or something. So I have an environment and so does Bookboon as an organisation. As an author for Bookboon, my environment and that of Bookboon overlap. This reflects a social as well as economic relationship between us. A personal example might be useful. While writing this book I fell ill and my daughter's health became worse so my writing was delayed. I e-mailed my contact in Bookboon who, as they always have been, was very understanding and compassionate. In this example, we see several environments overlap and several social relationships. There was the social relationship between me and my contact where its strength kept me motivated to complete this book despite setbacks. But this relationship also tells you something about the relationship between the managers of Bookboon and my contact as employee. You can see Bookboon's values come through. You can see a little bit of how Bookboon puts the "Social" into CSR in its relationships with its employees and suppliers. You can see the environment in which authors work with Bookboon and the environment in which their employees work. If you add my word picture to your own impressions as a customer of Bookboon, your picture or impression of them will be have more detail. Armed with different perspectives of Bookboon

you can form a more sound opinion about the extent to which Bookboon may be putting the “Social” into CSR.

An objective environment is one whose characteristics can be measured with reasonable certainty. Such an environment exists in the „Real“ World. The causes of effects are known and predictable. Uncertainty can be measured. Impacts of actions can be predicted so that risk can be managed. This environment is relatively easy to manage for anyone familiar with it. Libraries can be an objective environment.

Take that same library and remove sufficient resources so that the original outcomes may not be achieved although efficiency may rise. Politicians and senior managers may pretend that outcomes have not been affected. They live in a perceived environment (or world) of self-deception.

Now see that library as interacting stakeholders. Like a play, they enact their various roles. We begin our play with the senior managers and politicians in their offices enacting the rules they have made. Then we see library staff enacting the rules by trying to convert them into a practical way of working. Finally we see library users complaining about the reduced service and then going off to vote for the political party whose ideology is austerity. This is an enacted environment.

We could have used a betting shop as a business example.

4.4.1 IDENTITY AND ENVIRONMENT

We have seen how an individual can have many roles. Our individual identity is affected by other people. Social identity theory aims to explain how. There are many social categories such as nationality. These are socially constructed

I am British because I think I am and so do others. My passport simply reflects the views of others who have power to determine I am British. I think I am a Berkshire county person because I was born and brought up that way. The Act of Parliament that redraw county boundaries means the official view that I live in Oxfordshire is not the same as my personal view. There are many older local people who share my opinion. We have made our own social category.

My opinion of who I am may not count for much in the social group of people who define who is in or out of a particular social category. You might not think my few textbooks justify calling me an author. I am still a member of two accountancy institutes. I no longer

earn a living from accountancy but do some pro bono work through my company. Am I an accountant? I may not be bothered if people attach such labels to me, but if I was accused of dishonesty then that would hurt.

Self-categorisation theory is where a person sees collections of people (including themselves) as a group. It is human nature to want to be accepted by other people. Categories (such as managers) act as labels. Our labelling of ourselves and groups can have significant consequences.

First, it encourages us to view ourselves as part of an in-group that sees everyone else as part of the outgroup. Part of belonging to an in-group is being glad we are not part of the outgroup. Thus conservatives are glad they are not socialist and part of the definition of being a conservative is a dislike of socialism and socialists. This peer pressure is part of the formation of our social identity. Parts of the outgroup can even become the enemy with this view further bonding the in-group together and becoming a fundamental part of the group belief. We can accept the group ideology without thinking. Our family is an in-group. So being a member of an in-group is not necessarily bad. The point is that it involves the sub-conscious so we may not be aware of a bad influence a group is having on us. We will certainly ignore many of the facts about the group because we like how we feel when we are with group members.

Secondly our acceptance of a label depersonalises us. Who we are (our “self”) becomes absorbed into the in-group attributes that define it. We may sacrifice part of who we are in order to gain in-group acceptance. Having accepted depersonalisation, we may treat others as if they were objects and not people with feelings and generally accepted rights.

Thirdly, we divide our lives into separate roles. We are members of many ingroups. Our beliefs, values and behaviours may sub-consciously be different according to which in-group we are currently with. The person we are at work may be quite different to who we are at home. Thus at work I might treat an employee with less compassion than at home I might my wife. This may legitimise in our minds behaviour in one role that is opposite to what we adopt in another.

To critically reflect upon

What labels define you and what are the consequences?

What would you like to do to mitigate those consequences?

Business creates in-groups of customers through marketing, advertising and products that they make social necessities. Neo-liberals create an in-group of supporters by persuading voters that socialism would be very bad for us (the socialist outgroup) and workers that success comes from working hard and those on benefits are scroungers (the scrounger outgroup).

4.4.2 THE “SOCIAL” AND THE ENACTED ENVIRONMENT

The world is the largest environment on our planet. Society is based on such a world view. “Environment” and “social group” enable us to focus on people and places that are heavily interconnected and help us to understand and to influence other people.

An enacted environment is one where members of an organisation actively form (enact) their environments through their social interactions. In this context, social means everyone who has an influence on the person or people in question. A person may have many roles in life and an organisation may have many sides to it. In the enacted environment these all combine as a joint influence. The idea links to the concept of “actors” we met elsewhere.

Strategic management can be seen from an enacted worldview. Traditionally, the organisational environments were regarded as real or perceived. The divide was between realism and social constructionism. But “everything depends on your point of view” did not consider how views were formed. Both approaches were based on individualism, the ideology of the day in the Western World. The “Social” in CSR requires us to see ourselves as part of society not one based on selfish individualism.

Strategists examine the environment of their organisation and find meaning by making connections and identifying patterns. In systems terms, they draw imaginary lines between events, objects, and situations to make them meaningful in the context of the organisation and its members.

The environment of an organisation is affected by the actions of the organisation itself. Thus a strategic manager may blame someone external to their organisation for causing a problem not realising that their own action contributed to it. Their action may have been based on a belief they had not critically examined.

Thus the enactment model of an organisation has CSR at its heart and “Social” at the heart of CSR. It is a business model that takes account of society. An organisation may make its own actions that affect its environment transparent to itself and society but may still decide its actions should continue to be anti-social. Even so, awareness is a key step towards being socially responsible. An organisation that meets CSR standards of reporting can still be anti-social and may still call itself a CSR organisation.

The role of the board of directors is to bring new members into the exclusive social group, to speak with one voice and act in unity as strategists. If there is no-one on the board representing other groups, there is a risk that their perceptions may lead to organisational

failure. In an enacted environment, board members will be sufficiently representative of stakeholders that board unity will bring success.

Directors wanting to put the “Social” into CSR need to see themselves and their social group as part of society and work with stakeholders in general to set social goals.

To critically reflect upon

The environment of an organisation is affected by the actions of the organisation itself.

What anti-social actions can affect an organisation’s environment?

What are the implications for management?

In the Enacted World, employees’ commitment to their employer is partly based on the CSR actions of their employer. Social identity theory can be used to support their point. Individual employees have many social relationships inside and outside the organisation. This helps determine their identities as individuals and the separate identities of various social groups to which they belong or influence. At work, how they are treated by management and colleagues tops the list of CSR influences. There are many studies that show that treating staff with respect helps organisational performance. Employees also have relationships in their local communities. So grants to local community organisations and time off to volunteer for them encourages employee commitment to the employer. This is second only to how the organisation treats its employees. Then comes how the organisation treats its customers. Long behind those three is the effect on the environment. Presumably the latter is usually too remote from the experience of the individual employee to have much effect on them.

Our Real World represent those times where we know all the facts we need and they are true. Our Perceived World is where we make up facts or are deceived by others. Our Quality World is in our past and present. It is full of pleasant memories and expectations of more of the same. Our Enacted World is where we act out our true selves. Our Dream World is pure fantasy.

4.5 THE DREAM WORLD

A dream is much more than a matter of perception. A dream is a fantasy. It is not necessarily unachievable because the improbable can happen. We may never be aware we are dreaming if we have a false sense of reality. By living in our bubble, we can ignore the reality around us. In our Dream

World, we are deceiving ourselves or allowing ourselves to be deceived by others. It is a World that can end in heartbreak if ever we wake up.

Dream World is created by absolute, unchallenged power. Those in power live their dream. They psychologically persuade those without power that the same Dream World is available to all. Just obey us and you will achieve your dream if you are patient and committed.

Dream World is where you can eat all of the cake and still have some left.

Dream World is sustainable as you and others are prepared to give your share of the cake to them in search of the Dream you are promised. When the cake is all gone, there is no more cake. The Dreamers will turn to ice cream and persuade you to give them yours.

Dream Worlds end either when people wake up in the Real World or people die.

4.5.1 THE DREAM WORLD OF BUSINESS

New Capitalism is the Dream World of business. It is a dream because it is a fantasy. Unlike capitalism that simply believes that the means of production should be privately owned and both public owned, New Capitalism seeks to make the rich ever richer. This is a fantasy as the Real World has only a limited amount of resources and if the poor had no resources, they would die and their work no longer available to generate wealth for the rich.

As yet, resources have not reached that point. The long-term effect of consuming limited resources will probably not be felt by the mainly older generation who support New Capitalism. It tends to be the older generation who wield most power in politics but leaders can be relatively young in the rising Information Technology business. Public disorder, violence and revolution may be the only way for the young to bring about change. The leaders of New Capitalism primarily use psychological deception to prevent such a challenge. They do so through addiction to the products they sell, particularly entertainment through technology. Such addiction focuses the minds of consumers on the present and short-term future. The strategy assumes that the group unable to pay for such consumption remains sufficiently small for neo-liberal political partners to suppress. It also assumes that the number of political activists who are not addicts can be similarly repressed.

As social injustice increases, so will the number of political activists and especially those who are prepared to breaking the oppressive law that muzzles peaceful protest.

Addicts need even stronger fixes until they can do no work. Consumerism relies on addiction. Eventually the effect of limited resources will cause an endless economic bust.

Older people may die in their New Capitalism dream. They are being selfish and anti-social. They need to wake up.

Most people have a conscience and having something bothering our conscience makes us unhappy. They are ways of suppressing those feelings such as focussing on what makes us happy. This can also help us with deprivation and hardship. We can choose to live in a Dream World.

The current model of capitalism is unsustainable. It is propped up by neo-liberalism and right-wing populism. The 2008 financial crisis made such a negative impact on the majority of society that many believed that capitalism would be forced to change by the “will of the people”. Unfortunate many people do not realise when they are being deceived by smooth talk and false promises. The deceivers may live in their own Dream World and may not even realise they are subject to their own self-deception.

New Capitalism relies on GDP increasing. Apart from managers and a few key workers in short supply, hourly employment rates are lucky to keep pace with inflation. Technology replaces human labour, skilled as well as unskilled. The Dream World promise that technology will reduce working hours so people will have more leisure time is not true as GDP has to rise. The result is more hours have to be worked so that GDP can increase.

Much of business is for short-term gain. Many wealthy investors employ managers who watch the short-term markets. They can switch from shares to cash for example when stock markets are overvalued and then rebuy shares when they become cheap again. They make these gains at the expense of the less wealthy that do not have the same access to information and cannot afford an investment manager. Belief by the wealthy in technology is so high that trading decisions are made automatically by a computer that can analyse and react faster than a human trading manager. In this technological Dream World even the wealthy can find their gambles do not pay off.

Business believes that technology can solve every problem. Nowhere is business is Dream World more apparent than in Information Technology. In Dream World, share prices include the value of intangible assets such as software. We even have virtual currencies. Some of this software has serious flaws. It can be hacked and information can be misused. Consumers suffer when this happens. Hardware can become unreliable. Some of the psychological persuasion of marketing can begin to wear thin when the dream is broken by reality.

The Dream World of New Capitalists only exists because the Dream World of neo-liberal politics exists.

4.5.2 THE DREAM WORLD OF POLITICS

Good people can be trusting and therefore more easily manipulated by bad people. Manipulative politicians exploit the Dream World of voters by encouraging the dream. Politicians in political parties are driven by ideology. They live in their own Dream World where their particular ideology dominates. That is, their ideology dominates the voters.

The Dream World is based on emotion. Our emotions can be easily manipulated by others using social psychology. On the scale of society at large, such manipulation may be driven by populism. The social psychology of populism is the opposite of a social system where everything is debated rationally and decisions made that benefit people in general and not a few. This opposite to populism is based on rationality not emotion.

Populism invents an enemy. This enemy has to include people who think rationally although supporters of a populist leader may be quite rational in many respects and only be deceived on one issue very close to their most cherished beliefs. Nationalism and racism may be examples.

In the Brexit referendum and the Trump election, populism was partly driven by fear. Neurotic personality traits were most common in areas where the populist vote was strong. Populist leaders play on fear but it is an individualistic or nationalistic fear rather than that fears of society at large.

The American Dream is an image that drives the USA. It is the dream under capitalism.

The American Dream is

".....that dream of a land in which life should be better and richer and fuller for everyone, with opportunity for each according to ability or achievement. It is a difficult dream for the European upper classes to interpret adequately, and too many of us ourselves have grown weary and mistrustful of it. It is not a dream of motor cars and high wages merely, but a dream of social order in which each man and each woman shall be able to attain to the fullest stature of which they are innately capable, and be recognized by others for what they are, regardless of the fortuitous circumstances of birth or position."

– Adams, James Truslow, 2012. *The Epic of America*. Transaction Publishers. p. xii.

Note the use of the word “innately” meaning the quality was inborn. Many populist proponents of the American Dream do not believe in equality or even equal opportunity but that some people are born to rule and others to serve. The leaders of such populism believe they are born to rule. The American Dream does not mention equality but implies fairness.

Adams himself came from a rich family and made so much money as an investment banker he gave it up and became a writer. The Epic of America is the story of the two American continents with a focus on the United States. But Adams also warned back in 1931 when he invented the Dream that “in our struggle to ‘make a living’ we were finding it difficult ‘to live’”. Many commentators today are making the same observation. Adams wrote at the time of the rise of the Nazis.

Populism is driven by leaders who think they will benefit from the approach. Their hard-core supporters are self-deceived and encouraged by their inner social group that their beliefs are for the benefit of the majority of people. Having fallen to deception themselves, they may not be aware when they use deception on others. Deception can quickly draw a following and divide society.

So ingrained is deception in society that it can be difficult to see where social change can come from. Some hope that young people, who have most to lose, might rebel against such a method of control.

To critically reflect upon

To what extent are your political views around the “Social” in CSR based on facts compared with ideology and wishful thinking?

Politics and religion are difficult to discuss because beliefs can be dogmatically held and we can feel threatened if someone challenges the logic of our beliefs. We live in our own personal dream world.

4.5.3 PERSONAL DREAM WORLD

Why should “Social” be part of CSR? Is it just a matter of perception, our dream of what we would like the world to be?

We can draw distinction between the mechanistic approach of the behaviourist to psychology and the cognitive and humanist theories. The former is based on a stimulus that produces

a predictable response and the latter are based on choice. Social justice thinking must be based on the latter as the former can be manipulative.

Broadly I think it could be said that those opposed to the “Social” in CSR are mechanistic behaviourists who use stimuli to persuade people to respond in a way that maximises profits for business. Those who would consider putting “Social” in CSR may be more cognitive and humanistic and might emphasise that choice should not be based on ability to triumph through psychological persuasion. Such persuasion is external to a person and might be called extrinsic motivation.

As a two year-old, my grandchild had a favourite word: “again”. Once she enjoyed a game, it had to be played again and again. This often lasted a lot longer than psychologists would normally say is the attention span for a child of this age. This is intrinsic motivation as it comes from within a person. For such a person, favourite games will change as they grow older but will never go away. Unless of course, the conditions or environment in which they live changes. This motivation from the person’s social environment is extrinsic.

Our ingroups help define our personal Dream World. How we are motivated can be described by self-determination theory (SDT). This links personality, motivation and optimal functioning. There are two main types of motivation, intrinsic and extrinsic. Extrinsic comes from external sources and results in external rewards. Intrinsic motivation comes from within each person and includes our core values, our interests, and our personal sense of morality. By knowing our core values better, we can pursue intrinsic goals aligned with those values. It is said that this will make us happier and more fulfilled than pursuing any extrinsic goals. We can make better choices.

Research has found that intrinsic motivation produces quality whereas extrinsic motivation produces quantity. Performance related pay can lead to employees gaming the system so that measured outcomes are not achieved and overall efficiency or effectiveness does not happen either. Feedback that makes the employee feel good about themselves is important. Achieving soft targets such as organisational norms and behaviours is at least of equal importance as more quantifiable targets.

We are happiest and most productive when our extrinsic motivation matches our intrinsic motivation. In other words, our social environment allows us to be the person we want to be. The aim of the “Social” is to share happiness fairly. If I said “equally” then I would be being by the ideology of socialism would be over-influencing me which is but one valid view of society.

Our personal dream world is what motivates us. So when we think about CSR, our personal beliefs and our picture of the ideal dream world play a big part. In the dream world, there are benefits but no costs. In our perceived world we may be able to see some of the costs as well as some of the benefits, where we suffer unfairness, injustice and inequality.

In the enacted world, people can take a practical view. They recognise the anti-social nature of much business and seek practical ways to change themselves and society to help business be more socially responsible. Such people have a unique identity.

5 MANAGEMENT IDENTITY

Our social identity is our sense of who we are according to the social groups to which we belong. One such social group is that of managers. We have a management identity.

5.1 IDENTITY AND BUSINESS

The strategic manager lives in all the worlds above simultaneously. These worlds help define the environment in which the strategic manager lives and works. A strategic manager can be educated by reading an appropriate textbook or by going to a lecture. It is likely that the book or lecture chosen will be one that re-enforces their existing beliefs and values as we are inclined to build rather than destroy what is valuable to us. The organisational culture fights back, sometimes viciously, to defend itself. In sociology and in law, the organisation has a persona different from its members.

The personal identity of each individual involved in relationships with business people will be based in part on their beliefs and experiences. Each person is unique. Their ability to persuade others to adopt their beliefs and values may depend as much on their position in a hierarchy of power as in their persuasive ability or the logical strength of their argument.

Thus a strategic manager who starts discussing the “Social” within CSR may be asking for trouble from those at the apex of power. Even a director in a charity can have difficulty in suggesting that CSR policy should be re-examined. The original policy may have been worked out by the chair and chief executive and to appear to challenge policy may be to appear to challenge their authority. People who suggest something that would reduce the profit a business makes are not likely to be popular in the business.

Of course, if no-one sees a need to change the CSR policy, it is unlikely to be changed. Business change needs a business case. Managers need to take a business-like approach to putting the “Social” into CSR.

Managers have a social identity as members of a social group. Managers in a business probably form the majority of the management social group.

Owner entrepreneurs may also manage their organisations. Being both a manager and entrepreneur brings together two social identities.

5.2 SOCIAL IDENTITIES OF ENTREPRENEURS

The social identities of individual entrepreneurs, those with a vision and ability to create or develop a business, can lead to a group of people sharing similar visions and with abilities that complement each other in pursuit of the vision. That social group then has a combined power and members can find the group comes to have anti-social norms that can be difficult to challenge from within.

Since the size of businesses owned by entrepreneurs varies from a sole enterprise to businesses larger than the economies of many countries, the social identities in terms of social impact will vary also. The more the opportunity to abuse power, the more likely they are to be abusers.

Jeff Bezos is the owner of Amazon and the richest person in the world. At the same time as he was fighting in the court to avoid paying tax there were reports that some of his employees were sleeping in tents because their pay was insufficient to pay for somewhere to live. Bezos set up a £2bn charity out of his £150bn fortune. Fourteen out of twenty of the world's richest people were US citizens in 2019.

Super-rich philanthropists may exploit people and the environment in making their fortune and then use some of the money to act in a caring way. To many, this may seem schizophrenic. We have seen how we can have different social identities in the different roles we play in life. Psychologically, this is normal.

To critically reflect upon

Perhaps in defining what is "fair", we should take our own split behaviour into account.

It might be said that behaving differently in different roles shows a lack of integrity. I am not so sure. I think integrity is linked with trust.

A quarter of a million super-rich (those with more than \$30m (£23m) in assets) have a combined fortune of \$31.5tn – almost double the GDP of the US. To protect their fortunes, much of their money is in a tax haven. To protect their lives they may have citizenship in a tax haven where they can go and live should the revolution ever come. A third of the super-rich currently live in the US. This is a measure of the potential social and political influence of the super-rich. The US provides its businesses with tax havens on US soil as few states publish who the beneficiaries are of limited liability companies registered with them. The US is the world's third largest tax haven.

Owners of capital in the UK use tax havens as much as the oligarchs in Russia.

From the point of view of a fair society, that is the overwhelming majority of people across our planet, society should have a fair measure of control over the social and economic actions of such an elite. That such control is severely limited may well be due to the power of the United States within the United Nations. We have seen how many politicians in the United States rely on funding from the super-rich citizens of the United States. This combined social group of politicians and super-rich can be found in many countries.

There are several different social identities that can be ascribed to entrepreneurs.

The Darwinian identity is based on competition and winning. Their social group is based on being successful in business. The industry they are in, the markets they serve and social causes are all irrelevant to them. Greater profits and greater chances of success are more important. The majority of large enterprises have this social identity. It is an identity that is global in nature as the meeting between politicians and super-rich at Davos shows. Such meetings preserve the social conditions so that internal division does not undermine the joint axis of neo-liberal and super-rich in its supremacy in society. Most of the super-rich probably have a Darwinian identity.

Missionary identity would be behind starting a business to advance a greater cause. Acting responsibly would be critical. Like the Darwinian identity, the entrepreneur is generally driven by their own ego. In China, the super-rich must put the cause of the Communist Party first. If they act irresponsibly, that is against the interest of the Communist Party, their punishment at the hands of the state may be extreme. Perhaps the super-rich who profess to be Christians and are philanthropists may be said to have a missionary identity.

Communitarian identity is based on someone developing an entrepreneurial idea and then involving the community in shaping and delivering the product or service. This person is motivated to serve the community using their business skills. Unlike Darwinian and Missionary identities, Communitarians are more likely to ask the community what their needs are. In this context, community is society at large and not the voters of a particular political party or members of a particular social group. A person with such an identity is likely to run a social enterprise.

It is possible for an entrepreneur to have more than one identity, so an individual who is Darwinian in their business may also be Missionary or even Communitarian in their charity.

Communitarianism serves the community but the concept can be extended to serving society. It might be the politics that could put the “Social” into CSR.

Arjoon (2005) describes a Communitarian Model of Business. The model itself is recommended for further reading. Her conclusions illustrate how communitarianism can be applied to business. The political left criticise communitarianism as it supports capitalism with its free enterprise, free production, and free competition. But communitarianism is opposed to the no regulation, no control or “invisible hand” of capitalism and New Capitalism in particular. There must be rights and responsibilities based on justice in the market place. People must come before profits

Missionary identity is driven by some social or environmental cause. Whereas Communitarianism aims to put people first, missionaries may put their cause before people. They can be very goal driven even though their primary goal is to achieve their cause rather than to maximise profit. Organisations with a missionary identity can have similar business practices as those with a Darwinian identity.

Each of the above identities has various degrees of individualism and social/ community involvement as part of the intrinsic and extrinsic motivation behind them. Entrepreneurs are not necessarily good for the „Social“ in CSR.

5.3 SOCIAL IDENTITIES OF MANAGERS

According to self-categorisation theory, a person who thinks they have a management role may believe they are a manager. There is also management as a social construction: a person is a manager as others think they are. Such thinking leads to intrinsic and extrinsic motivation.

You can be a manager without and staff reporting directly to you. In contrast, a supervisor of staff is not necessarily a member of the management. In the UK civil service, a distinction is made between policy level management and operational management. The term “middle management” refers to the layer of management between the board of directors and the supervisors. In managing change, directors often delegate much of the work to a senior middle manager who is part of a directorate management team. In such large organisations, a directorate can be an organisation within an organisation. A senior middle manager can therefore be a strategic manager.

The management style or culture of an organisation helps to determine intrinsic behaviour. Roles for middle managers may include strategic, administrative, leadership, decision-making and communication. The extent to which individual middle managers perform each of the roles depends on the organisation. In my experience, how much middle managers are involved in strategy for example depends very much on the leadership style of the person at the top. An efficiency drive may attempt to reduce middle management to zero in the belief

that directors should have wide spans of control with many junior managers reporting to them. The person favoured to replace such a director often brings back middle managers as a solution to the director being overloaded and making bad and late decisions. The problem for the director is risk management as, without the middle manager, there is no-one to blame other than themselves. If the directorate is undergoing significant business change, much of the change management work may be done by middle management (unless the director favours external consultants in which case the director then may take the blame).

Organisations with a top down culture can be very efficient. Those with a more inclusive culture may have a change of board members if efficiency becomes top priority. Companies may tick enough boxes so they can claim CSR for their image and brand but may still in practice be putting efficiency and shareholder value first. Culture and the commitment of the board to CSR can change quickly, putting the manager with CSR beliefs and values in and out of favour.

Middle managers can act as a group and a group social identity may be formed. For the board, this can be good or bad depending on how much the middle management social group agrees with the beliefs, values and behaviours of the board social group and vice versa.

Unless they are in a strong social group, individual middle managers can be forced out of an organisation when they do not conform to the new norms set by a new chief executive or directors. Where there is a group social identity, middle managers may act together to oppose the director's behaviour. More likely is that the new director will promote their protégés or bring in people who have previously worked with them and seek to replace the old group with a smaller one whose social identity is formed by the director as its leader.

If an organisation has adopted "transformational" management where the culture is inclusive, the fact that middle managers have their own social group is an advantage. The closer social relationship builds trust between the middle managers. The other thing that can happen is that directors and their middle managers may form a loose social group where the director is an equal. Middle managers and the managers and supervisors reporting to them may form social groups. Indeed, social groups may bind the organisation together down and across its levels. Group focus may act to grow commitment not only to the work group but to the organisation.

In practice, an organisation is likely to have a mix of management behaviours, just as an individual will have a mix of behaviours. Self-enhancement is where there is a need for a positive sense of self. By having self-categories of middle and top management, an "us" and "them" can emerge in both groups as everyone fights for a positive sense of self aided by their social group. Change need only be perceived as threatening the positive sense of

self in order to be opposed. Individual and group behaviour can change quickly from co-operative to conflict. Even managers who value the “Social” in CSR can find themselves in conflict with each other.

To critically reflect upon

What are the different social groups in your organisation?

How do they interact within the organisational culture?

With a knowledge of how identities are shaped and formed throughout an organisation and in its stakeholders, those who value the “Social” in CSR will be better able to manage the changes needed to make their organisation part of society and less self-serving or elite serving.

Managers who identify strongly with serving wider society are more likely to be in a business that takes its social responsibility seriously.

6 INFLUENCES TOWARDS SOCIALLY RESPONSIBLE BUSINESS

6.1 CURRENT CSR INFLUENCES ON THE WORLD OF CORPORATE MANAGEMENT

The latest industrial revolution is Industry 2.0 and is based on the internet. With each technological advance has come a call for the new market to be regulated because of adverse impact on society and the environment. The internet revolution has seen data stolen from servers. This has been used for fraud and to influence elections. Since anyone can post anything, information can be faked to deceive and can also be socially offensive. Business always seeks political approval to self-regulate but maximising profit comes before CSR. We now see government action against businesses such as Facebook. Since many of these businesses are in the US, the US government protects them from actions by other nations. For example, the US government does not make US business reveal the sources of “fake news”. Worse, the US government does not fully co-operate with overseas police forces where internet users break overseas law. We have already discussed US withdrawal from the climate change agreement.

China pretends to take a lead in CSR to make itself appear more in the right than the US. But China protects its Communist system and its own exporters. Huawei is accused internationally of embedding spyware and malware in its IT equipment to the extent there are fears that China could use it to disrupt essential services such as electricity supply and health in countries that buy Huawei products. Some countries such as the US have even banned the company.

There is a niche market for socially responsible business. This niche market is small because it comprises only small markets for specific goods and services. These are not usually the markets of big business.

The New Capitalists and neo-liberals seem to be well entrenched so anything other than a cosmetic change seems to be unlikely. Yet there are cracks in the defences.

Voters are one source of change. Already the law in the US has changed under the Obama administration. Many states in the US have now legislated for Benefit Corporations to come into existence, Republican as well as Democrat. This legally recognises socially responsible business. The Democrats have revealed their next intention is to make this a federal law and for it to be compulsorily applied to all US big business.

Business itself is a source of change. Whereas Free Trade applied to products, B Corporation is an international branding for social enterprise. Such a brand would distinguish it from irresponsible business and show that the business is committed to all aspects of social responsibility. It would demonstrate in the Perceived World that not all businesses are motivated solely by profit.

What is needed in both cases are changes in the Enacted World. In this world, people recognise other people who influence them. They come to realise that much of what they believe as fact is a social construction; they believe it because other people believe it. They can see that they have been deceived. From seeing how influencers gain personally in wealth, they can see who is deceiving them. From taking the trouble to critically examine what they are told, they can discover who they can trust. Having made these steps, people become more free to make up their own mind. The result should be more common sense and stronger democracy.

6.1.1 THE ACCOUNTABLE CAPITALISM ACT

The Accountable Capitalism Act is an attempt by US Democrats to make effectively all corporations with more than \$1bn in revenue into benefit corporations under a new. It would force change in corporate management towards putting the “Social” into CSR. The idea of requiring large corporations to have a special charter from the government goes back to the days of the UK East India company. The US also used the method to control big business in the early days of the industrial revolution. The Act has not passed at the time of writing (June 2019). The Republicans in Congress and the White House will probably cause the bill to fail because it attacks the free market beliefs of Donald Trump and the neo-liberal super-rich supporters of members of Congress. But it points to legislation that might well be passed once the political cycle turns back to Democrat.

In the Accountable Capitalism Act, companies would have their duties extended beyond maximising profits for shareholders. The board would be impacted as 40% of the board would be elected by employees. There would be an end to top executives trading in the stock of their own corporation in the short-term (using their power and exclusive knowledge of the corporation’s market position to make money on their investment). They would have to hold stock for five years (or three years if there’s a stock buy-back). The business funding of politicians could change as three quarters of the board and shareholders would have to vote in favour before the company used funds for political purposes.

The current corporate law that is delegated to individual states has encouraged a race to the bottom for those states more interested in money than morals. Delaware has the least

restrictions on business in the USA. Using this freedom, two thirds of the Fortune 500 are incorporated there as well as 1.2m other companies.

To critically reflect upon

How essential is the Accountable Capitalism Act in putting the “Social” into CSR in the USA?

Could it provide a model for big business across the world?

Not all Democrats support the Act because they fear it will reduce the profitability and competitiveness of US business and hit the US economy. But the indications seem to be that since the 2008 financial crisis, the external environment of corporate management in the US has been changing towards more “Social” responsibility.

That the Act is being actively considered at all suggests a beginning of social change towards putting the “Social” into CSR.

6.2 THE BENEFIT CORPORATION

In the US, many states have now passed a benefit corporation law. Unlike normal business, the directors of these businesses are legally liable to corporation stakeholders and not just shareholders. In most business organisations, shareholders may be able to sue directors for giving too much money away that should have gone to maximising shareholder value since most company laws make the directors’ only duty to the shareholder.

A business that sets itself up legally to be a Benefit Corporation is allowed to benefit stakeholders other than shareholders. The initial shareholders themselves make the decision. They may even forego profit for public benefit. It remains unfettered capitalism as it simply provides further choice of products for investors and consumers. The states passing laws to allow benefit corporations were almost as many Republican as Democrat.

To critically reflect upon

Since the Benefit Corporation provides choice, to what extent does this put the “Social” into CSR?

6.3 B CORPORATIONS

Certified B Corporations are businesses that meet the highest standards of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose. B Corps are accelerating a global culture shift to redefine success in business and build a more inclusive and sustainable economy. Whereas a Benefit Corporation is a legal status, B Corporation is effectively a brand.

Society's most challenging problems cannot be solved by government and non-profits alone. The B Corp community works toward reduced inequality, lower levels of poverty, a healthier environment, stronger communities, and the creation of more high quality jobs with dignity and purpose. By harnessing the power of business, B Corps use profits and growth as a means to a greater end: positive impact for their employees, communities, and the environment.

B Corps form a community of leaders and drive a global movement of people using business as a force for good. The values and aspirations of the B Corp community are embedded in the B Corp Declaration of Interdependence.

THE B CORP DECLARATION OF INTERDEPENDENCE

We envision a global economy that uses business as a force for good.

This economy is comprised of a new type of corporation - the B Corporation-which is purpose-driven and creates benefit for all stakeholders, not just shareholders.

As B Corporations and leaders of this emerging economy, we believe:

- 1. That we must be the change we seek in the world.*
- 2. That all business ought to be conducted as if people and place mattered.*
- 3. That, through their products, practices, and profits, businesses should aspire to do no harm and benefit all.*
- 4. To do so requires that we act with the understanding that we are dependent upon another and thus responsible for each other and future generations.*

– B Corps, 2018. About B Corps

<https://bcorporation.net/about-b-corps>

To critically reflect upon

Since the B Corporation provides choice for consumers, to what extent does this put the "Social" into CSR?

6.4 THE MILLENNIALS

Change is also seen in the UK in the 2018 Deloitte's Millennials Survey. Millennials in this context are graduates born between January 1983 and December 1994 who are employed full time and work predominantly in large, private-sector organisations. Some of these will be senior managers already and many more tomorrow. After a few years where they felt business ethics had improved, 75% now believe businesses focus on their own agendas rather than considering the wider society. 62% believe businesses have no ambition beyond wanting to make money. While 44% of millennials in senior management or on boards say profits should be prioritized, only 27 % think profits should be the primary goal of business. They put business leaders (at 44%) behind NGO and not-for-profit companies (59%) for having a positive impact on the world. This was in front of religious leaders (33%) and politicians (19%). But while 39% thought businesses should help improve society, e.g., educate, inform, promote health and well-being, only 25% said their business did these things. It would appear that corporate business managers of the future may more keen than those of today to put the "Social" into CSR and recognise the responsibility of organisations to society in general. That is assuming that they do not give into pressure from those who still hold the power.

7 THE SOCIAL CONTRACT AND THE STRATEGIC MANAGER

7.1 INTRODUCTION

The social contract can be defined as:

A mutual understanding an organisation needs to develop with wider society if it is to continue to be relevant in the society in which it exists.

To be sustainable, a business needs to have a social contract. Even in the short-term, without a social contract a business cannot continue. Without support of society, a business quickly fails. Customer, shareholders and creditors are all part of society. Every business still trading has a social contract.

The “Social” in CSR could be defined as the contribution of business and business organisations to wider society. The social contract helps to define that contribution. To remove the “Social” from CSR is to tear up the social contract.

7.2 STRATEGIC MANAGEMENT AND THE SOCIAL CONTRACT

If “social” means society and “contract” means an agreement that is legally enforceable the “social contract” is loaded with meaning. Like all contracts, the social contract depends on the ability of either party to seek remedy from the other for breach of contract. The state has more power than the individual citizen so libertarians object to the social contract as leading to a state that oppresses freedom. Their idea of freedom is not the same as the meaning most people have. Freedom is lost when we allow ourselves to be deceived by misuse of words.

7.2.1 LESSONS FROM CARILLION AND OTHER BUSINESS SCANDALS

Before considering social contract theory, we need to root this section in some case studies in order to place theory within a practical context. All organisations operate in a legal and social context. The government tries to shape that context and government concern might be assumed to reflect the concerns of the electorate which is a significant part of society in

that country. As I do my final edit, Boris Johnson's government in the UK has just defied parliament over Brexit. So I should have used „government“ more carefully. I should have referred to the constitutional body that represents society. Government politicians may be part of the problem.

Among the conclusions on the collapse of Carillion of the Work and Pensions and the Business, Energy and Industrial Strategy committees of the UK House of Commons were:

1. The Big Four accountancy firms were a “cosy club incapable of providing the degree of independent challenge needed”
2. Carillion's collapse had exposed “systemic flaws” in corporate Britain and showed regulators were “toothless”
3. Carillion could happen again, and soon

Note this was a committee of parliament criticising the government. Not all the members of the political party forming the government in the UK are part of the machinery of government. These „backbench“ MPs serve on parliamentary committees that criticise the government. It is an essential part of the checks and balances that support UK democracy. In the US, the White House government is allowed to ensure the majority of the Supreme Court supports the government.

An event like Carillion did happen again with the collapse of another government major contractor, Interserve. They continue to happen because those who want change have insufficient power. It is not just government contractors. The Grenfell Tower fire was a classic failure of social responsibility. Then came the Facebook scandal. Huawei revealed how much nationalism could undermine the trust on which business and international co-operation is based. A long-term trade war between the US and China could undermine much of the system of international trade and even lead to nuclear war. The capitalist system needs urgently fixing.

The system has a great inertia that makes change very difficult. The “cosy clubs” of interacting social groups of people who hold most power will be difficult to make accountable.

7.2.1.1 “Cosy clubs”

The committees of M.P.s. describe “cosy clubs” run for the self-interest of members and not the public good.

In a democracy, the most powerful “cosy clubs” have the best lobbyists and best lawyers. They use the social contract against society because the state is forced by rule of law to play fair whereas business can play dirty. Business may deliberately break the law provided that the penalty is only a fine that can be covered by profits. Directors will ensure they earn enough bonus to pay any personal fines. Big business, including business groups such as gambling, will lobby politicians to ensure the draft laws are watered down. They may point out the economic effects of reduced business turnover and profit on the economy. Once they become a government minister, an M.P. with a social conscience may have to concede their view in order to stay in power. Brexit caused many resignations. The „Brexit at any social cost“ ministers resigned because they believed the government over-estimated the social cost. They found themselves back in power when Tory party members, mainly those to whom Brexit presented no personal cost, voted for a change in Prime Minister.

“Cosy clubs” of leaders in business and government act in mutual self-interest according to shared ideology. Populism may encourage political leaders to reinterpret their ideology and put strain on the „cosy club“. Thus in the UK, most business leaders were opposed to Brexit but the populist support of the Brexit Party took votes from the Conservatives. Since political power was most important to some of the politicians, they were prepared to cause a short-term break in their „cosy club“ and even undermine democracy. The world of power is „dog eat dog“. This is not the world of the „social“.

7.2.1.2 “Systemic flaws” in corporate Britain

A “systemic” flaw is one that goes to the heart of how a system is designed. It is not a mistake by the operator of the system. The same outcomes are likely to result every time the system is used in that particular way. The use of the word “flaw” arises from the beliefs of the customer (not the operator) on what outcomes the system should produce.

A business system has many stakeholders includes the voters who elect governments. Even if they are not elected, governments only hold power if the people give it to them or allow them to take it. Regulators are appointed and sacked by government. Customers are also important stakeholders. Feedback from outside the business can radically influence decisions in the business.

So the “systemic” flaw is in a system defined by government, regulators and business. These groups of people derive their power from society yet they design a system that puts the power of their social groups over the rest of society.

The administration of Interserve illustrates how its largest shareholder, a hedge fund, could afford to gamble for high stakes because it had enough money that it would win overall against those with less money to gamble. Few other investors, including governments can afford such stakes and become losers. The majority in society allows this systemic flaw in capitalism by permitting over-concentration of power in the few.

Managerialism is a systemic flaw. The directors gambled the Interserve's shareholders' investment. The representation of shareholders by managers within the business failed due to managerial self-interest., Shareholders governance powers were inadequate to protect them against over powerful directors. Strategic managers may encourage a fudge where a system might otherwise produce a result that would embarrass them. A fudge is not part of the original design. It involves a system objective with high importance to be put above another lesser objective. By examining the fudges in a system, the true priorities of the strategic manager responsible for it can be revealed.

It is probable that the Interserve hedge fund manager knew what was going on. Managerialism and capitalism share a "cosy club" where the hedge fund remains invisible and directors of failed businesses collect the bonus agreed by the hedge fund shareholder and move on to another job. The hedge fund had probably already secured its desired return on investment. Hedge funds are part of the opaque financial system and a systemic flaw in social accountability.

7.2.2 LESSONS FROM THE 2007 FINANCIAL CRISIS

Much of the western world's current financial woes date back to the 2007 financial crisis. The Financial Crisis Inquiry Report (2011) commissioned by the U.S. Government after the 2007 financial crisis concluded that the crisis was the result of human action rather than inaction and was avoidable. The warning signs were ignored or discounted. The following is quoted at length to show just how irresponsible these senior business people were. Governments of course were also to blame as they were not ignorant about how business worked, nor did they do enough in passing laws to control the excesses of the businesses that supported their election campaigns.

What is disappointing about such inquiries into major business and government irresponsibility is the way that society allows psychological techniques to be used against it so little changes. The leaders in the public view may change but their successors remain bound to the same system. The old leaders can be effectively still have power through continued membership of the "cosy club". Populist leaders promise change but still keep the unfair system in place apart from cosmetic changes.

Inquiry reports, such as the extract below, reveal the truth to the public eventually but by then the media have led the public interest into a new story. The “cosy clubs” include the media moguls and the groups who originate “fake news”.

“We conclude this financial crisis was avoidable. The crisis was the result of human action and inaction, not of Mother Nature or computer models gone haywire. The captains of finance and the public stewards of our financial system ignored warnings and failed to question, understand, and manage evolving risks within a system essential to the well-being of the American public.”

“We conclude widespread failures in financial regulation and supervision proved devastating to the stability of the nation’s financial markets. The sentries were not at their posts, in no small part due to the widely accepted faith in the self-correcting nature of the markets and the ability of financial institutions to effectively police themselves

“We conclude dramatic failures of corporate governance and risk management at many systemically important financial institutions were a key cause of this crisis. There was a view that instincts for self-preservation inside major financial firms would shield them from fatal risk-taking without the need for a steady regulatory hand, which, the firms argued, would stifle innovation.

“We conclude a combination of excessive borrowing, risky investments, and lack of transparency put the financial system on a collision course with crisis.”

“We conclude the government was ill prepared for the crisis, and its inconsistent response added to the uncertainty and panic in the financial markets.”

“We conclude there was a systemic breakdown in accountability and ethics.”

– The Financial Crisis Inquiry Commission, 2011

The crisis was a systemic failure. The system remains largely the same. Austerity and populism risk social unrest when the next financial crisis is triggered by the gamblers.

7.3 SOCIAL CONTRACT THEORY

A social contract can be said to exist when a business wants to continue trading and needs to agree conditions with stakeholders with the power to make the business fail. In every contract, there is a point where relative power comes into balance and compromise is reached. Failure to compromise where both sides have power will lead to conflict. The failed Brexit negotiations are an example of a failure to compromise. A “no deal” Brexit will be “lose lose”. If lose lose resulted in acceptance by both sides this would be a compromise. But without compromise, the fight continues as illustrated in many situations. Conflict in Northern Ireland was resolved by a compromise. The way the UK government relied on the votes of Unionist M.P.s threatened that compromise and risked a return to conflict. Ideology is opposed to compromise. Libertarianism is such an ideology.

Libertarianism holds that social contract theory leads to a state that is too powerful and restricts the freedom of its citizens. The core beliefs in their ideology are personal liberty and economic freedom. They do not believe in significant government power.

Libertarianism, like neo-liberalism, uses words so as to mean the opposite to their generally accepted meaning. By personal liberty and economic freedom, libertarians believe that an individual still exercises personal choice even if subjected to deliberate psychological persuasion that points them towards a particular choice.

Libertarianism recognises the importance of civil society within a minimal nation state. This is a different civil society than most people would believe in. The libertarian civil society is based not on social responsibility but on voluntary choice. No-one is responsible for anyone else. It is a system that fits anti-social business very well.

Most countries have signed up to the 1948 United Nations Declaration on Human Rights. In 2004 the US Supreme Court decided the Declaration “does not of its own force impose obligations as a matter of international law”. Other countries then followed. This was driven by neo-liberal ideology and Human Rights were eroded by the ideology of Libertarian Paternalism where the elite decided what rights the rest of society had.

Rawls developed social contract theory to establish a theory of social justice that went further than the UN Declaration which broadly defined rights. The Declaration did not go into any depth on changes to social systems that were needed to apply the principles behind the need for personal rights. He later developed a concept called political liberalism based on respect between individuals and groups and fair terms of co-operation between them. Capitalism might be destabilised if leaders lost respect because of excessive unfairness between social groups.

Integrated Social Contract Theory links the general norms of social contract theory with the specific norms of organisations in the marketplace. It is an attempt to define what is “normal” by identifying social agreement. There are two levels of social contract. The higher “macro-social” level is where nations make social contracts between each other, particularly in trade agreements where they form a broad normative framework to guide all economic arrangements. Thus the action of the United States to impose trade tariffs even on its allies breaks a macro-social agreement. The United States also left the UN Human Rights Council and withdrew from the climate change agreement. These macro-social norms provide norms where relationships between countries and cultures can be harmonious. Breaking such norms can lead to conflict.

The UK policy on Brexit breaks a macro-social agreement with the EU. Like the US with China, UK still wants the benefits of a macro-social agreement but at less cost. It wants the benefits of markets in globalisation but not the macro-social agreement that underpins fair trade. Both would say that the other parties to the macro-social agreement are not keeping their side of the bargain. The US government say that China is breaching intellectual property principles. The UK government does not accept the European Court of Justice’s view of macro-social agreement.

The “micro-social” agreements are created by communities (as defined by economics rather than sociology). Thus trade unions are communities in this sense so are shareholders and members of individual professional associations. People who read this book are also such a community. Like macro-social agreements, social justice is needed for them to last. There was once a norm where families looked after their elderly. Then came the welfare state which provided help so families were not under excessive social pressure as norms changed after World War Two. Then families came under pressure as married women were forced into work to avoid family poverty due to neo-liberal policy. More elderly people had to rely on the state. Then came austerity, another neo-liberal policy and more pressure on families due to poverty and reduced state assistance.

To critically reflect upon

Has social injustice become a micro-social norm?

An example of a social contract is Sainsbury’s value statement. Their five values are: healthy, affordable food; ethical supply chain; environment; community and looking after staff. Their web-site then gives news on what the company is currently doing to demonstrate its commitment in practice to its values. The market in which Sainsbury’s competes is one where their customers expect a high degree of social responsibility. This market is highly competitive and it is easy for Sainsbury’s customers to switch to another company. The social contract operates effectively in a free market with perfect competition. Retail companies in

general and supermarkets in particular tend to place great importance on corporate social responsibility. Most of the trading in these companies contribute to the real economy and adds value in terms of jobs, including jobs for semi-skilled workers. Note how supermarkets, with their economies of scale, can put local shops out of business when price becomes the most important factor in consumer choice.

Critical thinking deconstructs what is believed about something and separates emotion from facts. It takes us out of our Dream World where we are in denial of reality. It shatters our Perceived World where we have been deceived by others and we deceive ourselves. It removes us from the ignorance of the Real World where we oversimplify so what we accept as real is simply a comfort zone. It takes us to the Enacted World where we recognise the consequences of personal selfishness and where we are prepared to leave our comfort zone to help others in more need than us. In the Enacted World, „we“ and „us“ come before „I“ and „me“. The Enacted World is where we truly are „in it together“. In the final chapter, I suggest how such a world might be built. I encourage use to think critically about my ideas so you can come up with better ones.

8 CSR AS AN INTEGRATED SOCIAL SYSTEM

The social contract is a society viewpoint of its relationship with business. Corporate Social Responsibility attempts to bridge the divide between business and wider society to avoid social conflict that would damage both business and wider society. CSR is seen mainly as a business system. This fails to treat business as part of society and so encourages conflict. CSR needs to be seen as part of an integrated social system and not merely a business system.

Kast and Rosenwein (1972) is an old but useful reference on systems theory but is a relatively easy read. The University of Florida (2018) on systems perspective may also be useful background on systems. These references can be found in the Further Reading section.

The Enacted World is a worldview that sees the world not so much from a personal view but from that of Humanity. It sees Humanity as a whole but also as a very complex interaction of its parts. In other words, the Enacted World is a very complex integrated system. This chapter aims to bring together the many strands of critical thought about the „social“ in CSR that we have looked at together thus far in this book. I hope that by the end your own ideas will be better developed by taking my own „strawman“ apart,

8.1 SYSTEMS THEORY

A system that explains everything is a Holy Grail among scientists. We all like to believe we fully understand something and scientists like to create models from simple building blocks and to make simple joins between the bricks like some vast Lego project. They present their simple model to the public who then feel secure in the belief that science will solve everything. If the public like such news, they might provide more funds to the researchers. Of course, this is deception by an elite as we have examined before.

When we reduce something to a system, we break it down into its components and try to understand the relationship between components. The method is used by businesses who want to understand more about its processes and how to fit things together better. The systems approach is taken in most significant business projects. CSR is a component of business that needs to be improved.

Systems interact with other. Business systems interact with social systems. So why not think of CSR as an integrated social system where business is part of society?

The following is a brief introduction to systems theory. In designing a system, you choose an area that you want to understand better. You see how that area fits in with what is around it (its environment). You build a diagram on how the bits inside the area fit together and identify inputs, outputs and processes. How information flows around the system needs to be documented. Since you cannot know everything, you list your assumptions and seek to find out more.

The systems approach: Focuses on wholes; Is where what causes an effect can vary; Depends highly on viewpoint; Is where context is highly relevant; Produces multiple truths and answers; and Recognises everything can be potentially affected by everything else, both inside and outside the system.

Systems theory has also been applied to social systems in Luhmann's systems theory. This applies systems theory to critical theory and sociology. Broadly, society consists of different systems such as politics and the economy. Social change occurs when information flows across system boundaries causing those systems to change. It is therefore possible for a system that produces the most influential information to "colonise" other systems or "lifeworlds". New Capitalism has begun to colonise civil society by bringing business culture into charities.

Business is sometimes claimed to be an open system that can draw energy from outside of itself and be self-sustaining. This is of course a fallacy. Business is part of society which is a closed system with limited resources. Luhmann systems theory points to feedback mechanisms acting to stop the social aspects of a system falling to bits. If feedback becomes violent, it can destroy the system.

Below I suggest how civil society could represent the "Social" in the management of CSR.

8.2 CSR AS A SYSTEM THAT INTEGRATES BUSINESS WITHIN SOCIETY

Corporate Social Responsibility that includes the "Social" is where an organisation integrates itself with society at large. The social contract is a partnership agreement between business and society. Partnerships are managed by partnership boards. All groups of people on whom the business has a significant impact and those who can impact the business significantly need to be represented either directly on the partnership board or on a sub-committee. The views of the partnership board should be input to the strategic decision-making process. The board of directors remain in control. Key stakeholders should own shares and should nominate their own directors.

Appropriate information about the business inputs, outputs and feedback should be made available to the partnership board. This should include triple bottom line accounts.

8.3 CIVIL SOCIETY

Social responsibility involves the public defining the kind of society they want. The alternatives are the elite deciding for society either through willing submission, by deception or by force. Civil society needs to be in a position to exercise as much power as government and business.

The main difficulty that civil society has in exercising power is that the means of doing so have been restricted by government and business. The law is often the main means that government and business leave open for civil society. A significant amount of money is needed to take on government and business lawyers. Local government often brings local civil society together. An example is the US Republican State of Oklahoma prosecuting Johnson and Johnson using deception to market opioid painkillers, deliberately underplaying the risk of addiction.

The internet is able to bring people together in an informal on-line organisation. Governments can silence charities who speak out by threatening cuts to funding. Since internet companies depend on lack of regulation, criticism on-line cannot be prevented without abandoning New Capitalism. Informal groups organised through the internet are now a key part of civil society. Many customers of businesses are now organised on-line to make their voice heard. Such groups are based on populism and so, although they have a point to make, its factual basis may or may not be strong. Effective communication is important to the strength of civil society.

Systems are characterised by communication between parts of the system. These communications can be in different “languages” and each must be understood in its context. Politics can be compared to the Tower of Babel with everyone is cursed to talk a different language from everyone else because of each person has a unique set of beliefs and ideologies. Emotions may be communicated better than detailed facts. Having encouraged a society that responds more easily to emotion than fact, both government and business now find it difficult when facts need to be communicated. People against fracking probably base their position more on emotion than fact. The interpretation of the facts on fracking is filtered by both sides according to ideology.

Civil society will need to change for the “Social” to be put into CSR. Communitarianism is where civil society exercises its power so as to keep government and business in check. It is based on the responsibility of citizens to inform and organise themselves.

8.4 VOTER AND CONSUMER POWER

Applying Luhmann's systems theory, the key to voter and consumer power is information, the ability to process it correctly and an effective means of producing information back to the political and economic system. Voters primarily influence the political system and consumers the economic system. This feedback needs to have sufficient energy over a short enough period to bring about change. In physics, power is the amount of energy consumed in a given time. Energy consumed over a very long time results in little power. Potential energy in physics is the energy stored in an object or system due to its configuration. Voters and consumers have great potential energy but have to expend it in sufficient quantity over a short enough time in order to move the social groups such as the super-rich investors to change the business system to be more socially just and sustainable. The French and Russian Revolutions are examples of a sudden release of potential energy as was the Tottenham riots on a smaller scale. The 2017 general election result in the UK was such a sudden release. Sudden releases of energy can be assertive and not violent.

The issue with voter and consumer power is not the amount of power they have but how they use it. In practice, they seem to have little appetite to devote time to digest even the little real information that might be useful to them. Just 25% of political information reaches its target of which 1% of this remembered; so only 0.25% of the information presented is remembered. The problem is how we filter information that is relevant to us from the mass of it that is not. Politicians keep on using the same words (like "magic money tree" in the 2017 UK general election or "crooked Hilary" in the US 2016 presidential election) so what is remembered produces the desired result by influencing emotions. Both politicians and business focuses on the emotions of their target as emotional experiences are more easily remembered than an explanation of facts. Ideology avoids facts.

Voting behaviour is often influenced more by affective behaviour (emotions) than cognitive (facts). In voting for a political party, voters tend to vote as before so few parliamentary constituencies change hands at a general election. Membership of political parties has declined, particularly active membership. An election campaign may focus on the media and be based on simple messages as in marketing rather than attempting to provide detailed information about policies. Emotional political campaigning produces social conflict, particularly where a binary choice is presented.

8.5 INFORMATION: THE KEY TO VOTER AND CONSUMER POWER

The common features of both citizen and consumer in enforcing the social contract are their need of information, their agreement on action and collective action. In response, the

common approach of both government and business is spin, management of information and divide and rule. Although there are significant exceptions where politicians and business leaders do their best to support the social contract, this is the context of CSR. The ability of business and government to control information depends on their employees, particularly managers, being complicit.

8.6 THE MAIN PARTS OF A CSR SYSTEM

Business is part of society.

The social groups of political leaders and business leaders overlap. Political capitalism is where politicians and the super-rich collaborate for mutual benefit and the cost of the majority of society.

The “Social” in CSR is not socialism, an ideology that can lead to injustice just as capitalism can. It is about business serving society.

A new UN Social and Environmental Protection Organisation should be able to set up a charging system for social environmental costs under international law to which all international trade agreements should be subject.

Civil Society should be strong enough to counterbalance political capitalism.

All social and environmental costs should be charged in cash by local government to the organisation causing them. Civil Society should control the cash subsidies not central government.

Business should be in partnership with Civil Society whose groups should own shares and have a right to nominate directors to the boards of big business.

Business should produce triple bottom line accounts.

8.7 CONCLUSION

The “Social” in CSR shows that business is accountable to society. It is the opposite of political capitalism that dominates both business and politics for the mutual benefit of an elite and not society. Civil Society needs to be able to counterbalance business and government to ensure that business and political systems are fair and social justice is paramount.

The „Social“ in CSR in a social context means all of society, that is all the people in the world including those not yet born.

Human Rights is part of the „Social“. It is defined by the UN. If society is to have enough power over the elite of business and politics then consumers and voters need to recognise deception by developing critical thinking.

If not enough people support society but seek only their own interests, the the „Social“ is CSR will become even weaker. The people have power. They should use it wisely instead of allowing themselves to be exploited.

Conservatism supports the status quo, i.e. gives power to the elite.

The boards of business should include Civil Society directors.

CSR can be regarded as a management system.

A companion to this book, CSR: Management as part of a social system, published by Bookboon, explains in more detail how managers are part of society and how to build CSR into a management system.

I hope you are very critical of this book, having applied the critical thinking that gives power to the „Social“ but is not socialism.

9 FURTHER READING

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