Business and Civil Society Organizations

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Topics to be covered

- What is there?
  - Theories and facts about civil society
  - Business and CSO interactions
- What ought to be there? Ethics of the corporate-civil society interactions.
  - Fairness theory
  - Deliberative stakeholder relations.
What is the role of CSOs in society?

- Functions:
  - Watchdog of government and business. ‘The conscience of the world.’
  - Cultivating the culture of mobilization and participation. R. Putnam.
  - Creation of social capital and trust. Communities.

- Articulation of the logic of the ‘life-world’ against the logic of the systems (J. Habermas).

- Communities: ‘bonding’ vs. ‘bridging’.

- Political criticism: depoliticizing society.
Ulrich Beck: Risk society

People in industrialized countries are less concerned with material welfare and more with the elements of the **quality of life** and the **risks** that threaten them. Growing complexity.

„Sub-politics”

Civil society organizations (CSOs)
Governance and new ways of government – business – civil society interactions

- Governance
  - PPPs
  - Policy networks
- Government
  - Participation
  - Governance
  - Welfare functions
- Business
  - Social entrepreneurs
  - Conflicts
  - Partnerships
- Civil society
CSOs as part of the social environment of business

From the 1990s: flourishing of CSOs.

New developments:
- Value-driven agenda
- „Global civil society”
- Turning towards business
## Types of company-CSO relationships (Elkington and Fenell, 2000)

<table>
<thead>
<tr>
<th>Type</th>
<th>Activities</th>
<th>Company participation level</th>
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<tbody>
<tr>
<td>Challenge</td>
<td>Campaigns, boycotts, lawsuits</td>
<td>Reactive response</td>
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<tr>
<td>Sparring partner</td>
<td>Periodic exchanges, ‘healthy conflict’</td>
<td>Reactive or proactive response</td>
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<td>Support</td>
<td>Charity, sponsorship</td>
<td>Financial contribution</td>
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<tr>
<td>Product endorsement</td>
<td>E.g. eco-labelling</td>
<td>Initial audit of practices, info exchange, verification</td>
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<tr>
<td>Company endorsement</td>
<td>Ratings, certifications</td>
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<tr>
<td>Site/project dialogue</td>
<td>Mediation, consultation</td>
<td>Formal communication</td>
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<tr>
<td>Strategic dialogue</td>
<td>Discussions over business</td>
<td>Joint agenda dev., research</td>
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<tr>
<td>Project joint venture</td>
<td>Formal partnership for a project</td>
<td>Proj. planning and dev., support</td>
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<tr>
<td>Strategic joint venture</td>
<td>Formal partnership or public alliance</td>
<td>Jointly developed principles or strategy</td>
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Possible benefits

- Learning and benefiting from each other
  - CSOs.: management skills, financial resources
  - Cos: strengthen organizational culture, reputational capital, better risk management, reduced costs
- Creating win-win situations for themselves and the society as a whole (e.g. promoting sustainable practices).
- Strengthening norms and regulation. E.g. labels, codes, standards (SA 8000)
Challenges

- Organizational interests:
  - Business: opportunism?
  - CSOs: public image, credibility

- Cultural conflicts
  - Businesses may find hard to accept the agenda and language of CSOs. Crane (2000): CSOs must adapt.

- Effectiveness (output legitimacy)
  - Slowness. Decision making: is there a rule?

- Normative legitimacy
  - Participation: lack of democratic procedures. (Self-)selection of stakeholders
  - Representation: Contingent harmonization of particular interests?
Procedural justice: a foundation for corporate-CSO partnership

Cooperation needs trust. Trust needs fairness in relationships (procedural justice).

- Impartiality
- Formal equality, respect for the rights of the other
- Participation, stakeholder inclusion
- Openness, transparency, accountability
- Fair communication
Discourse ethics

Karl-Otto Apel, Jürgen Habermas

A norm is valid if it is accepted by the parties concerned in a free, undistorted, rational dialogue. Ideally, the validity of speech lies in its *intelligibility* (valid meaning), *truthfulness* (subjective authenticity), factual *truth* and *correctness* (normative justifiability).
Deliberative stakeholder relations

Openness is a basic value which makes external accountability possible. That is, any partnership should be based on a fair negotiation among the participants, plus an open communication with the external world: a small and a large circle.
The case of the Marine Stewardship Council

- What kind of problems of civil-corporate partnerships are illustrated by the MSC and FSC stories?
- Which norms of procedural justice were not respected during the establishment of MSC? Is there a trade-off between legitimacy and effectiveness? Why?
Concluding remarks

- CSOs are part of today’s business environment.
- They may potentially play an important role in promoting sustainable and ethical business practices.
- In order to maximize benefits for both business, CSOs and the society as a whole, the norms of procedural fairness and deliberative stakeholder relations should be respected.