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Sustainability and its Place in CSR Research

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Sustainability and its Place in CSR Research

Kumba Jallow

Introduction

Sustainability requires that we tread lightly on the earth – that we remember the legacy that we owe to our children – and theirs – to leave the world as we found it (Gray and Bebbington 2001; WCED 1989); not to live ‘as if there were no tomorrow’ (Jacobs 1991). This in broad terms indicates responsibility – the responsibility to act in certain ways and to treat the world (and everything/one in it) as we wish to be treated. Hence this chapter brings out the links between sustainability and corporate social responsibility (CSR) to show how researchers in CSR are addressing, explicitly or implicitly, the means by which sustainability may, or may not, be achieved.

It is clear that there is a range of partners in the sustainability project. If sustainability is to be achieved, all of these partners must play a role appropriate to their ability to take us towards it. Corporate social responsibility can be seen as the mechanism by which businesses engage with sustainability by developing strategies which go beyond.

There is some confusion between the terms ‘sustainability’ and ‘sustainable development’ and sometimes these are used interchangeably (Bebbington and Gray 2001). This may be a challenge for the researcher, who has to determine whether the terms mean similar or different things and what this may mean to the research being carried out. For the purposes of the discussions presented here, the term ‘sustainability’ engages with the concepts involved, and ‘sustainable development’ attempts to describe how sustainability may be achieved in practice through mechanisms, tools and processes (which may include the ways in which people think about sustainability). Hence, theoretical approaches in research are, where appropriate, likely to engage with the principles of sustainability, whereas the practical applications of CSR will demonstrate the ways in which sustainable development may be achieved or worked towards.
Sustainability by definition

Sustainability as a broad term has been in use in management circles for many years to signal the ongoing nature of the business process. It has traditionally been applied in an economic context; that is, that the business will remain economically active and successful into the future. This creates confusion for many when we begin to develop the term to encompass social and environmental longevity. This is because, in this way, sustainability is a concept that critiques the ‘Western’ or developed world’s development model. The model of development to which the developed world (and to a great extent the developing world) has subscribed to is characterised by:

- a progress which occurs because of the dominance of the natural world
- the priority of economic growth
- human measurement of progress by a standard of living which is an economic measure
- the depletion of natural resources (whilst ignoring the social instability which may flow from this)
- different resource management practices in the developed and developing world (which is not recognised in the former’s exploitation of the latter’s resources)
- consumption patterns in the developing world which, when replicated across the world would, would be catastrophic
- unlimited economic growth (Baker 2006).

In some senses these ideas have been rejected by certain societies or parts of society for many years, but formally it is only since the 1970s that the principles outlined above have begun to be questioned. An increase in population but, perhaps more importantly, an increase in economic activity and consumption meant that such unprecedented growth was seen to bring about unprecedented problems which needed to be addressed. For many, the key response was that of the World Commission on Environment and Development (WCED), also known as the Bruntland Report (after its Chair). This set the terms by which sustainability – or more properly sustainable development – could begin to be operationalised. Before and at the time of publication in 1987 the WCED report was considered radical (see, for instance, Redclift’s 1987 comments). The key features of the WCED report are shown in Table 2.1.

The WCED report attempted to articulate how sustainability needed to be regarded as the combination of environmental, economic and social factors, where none of these was given priority over the other two. The graphical representation of sustainability in its simplest form is often given as a Venn diagram, where the intersections of each circle (economic, social, environmental) represent sustainability. This may also be shown as a triangle where elements of each aspect may be represented along the sides and where all need to be present for sustainability to exist (see Figure 2.1).
Table 2.1 The WCED and sustainable development

<table>
<thead>
<tr>
<th>Key terms</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable yield</td>
<td>Allowing natural regeneration of resources</td>
</tr>
<tr>
<td>Environmental sustainability</td>
<td>Preservation of systems and processes</td>
</tr>
<tr>
<td>Sustainable society</td>
<td>Setting of ecological boundaries; social justice</td>
</tr>
<tr>
<td>Sustainable development</td>
<td>Maintaining a positive process of social change</td>
</tr>
</tbody>
</table>

*Source: after Baker 2006*

Unfortunately the terms used in WCED’s report are ambiguous and inconsistent. This was in part deliberate, because the report was designed to promote debate and engagement, and was not intended as a definitive guide to sustainable development. Operationalising sustainable development was considered a matter for negotiation between individuals and institutions; the report was an encouragement for innovation. However, this led to contradictions in practice – whether deliberate or accidental. For instance, technology may be employed to preserve environmental sustainability and provide a sustainable yield, but if environmental assets were removed from a community to provide resources elsewhere, social justice would be challenged.
Hence sustainability is, as a concept, difficult to characterise definitively, and in practice is difficult to operationalise in a unified way. Hence it is contestable (Jacobs 1991) and therefore open to interpretation, abuse and misrepresentation. It is also subject to capture by those who would make it their own. ‘Capture’ in this sense means that the concept is subsumed into a more generalised business framework where the term may sound the same but where the meaning may be subtly changed so that it appears to follow a consensus but actually fulfils another agenda. Such capture may be explicit – for instance in the use of the word in the World Council on Business and Sustainability’s name (hence suggesting that business is the ‘guardian’ of sustainability), or implicit, as in an organisation’s use of the environmental management system ISO 14000 to act as a management tool (in other words integrating the concept into traditional management practices rather than addressing it as a holistic challenge). It may even be unacknowledged that there is capture – businesses who, for instance, pursue a reporting regime which itself determines what is or is not acceptable to report are capturing the concept of sustainability to legitimise their activities or to promote partial accountability without realising that there is more to the concept than environmental management or equal opportunities for employees.

The ways in which sustainability have been described, discussed and analysed have revealed how difficult it is to reach a definition that encapsulates all of the aspects that is sustainability. Any definition must consider the ‘three-legged stool’ of the environment, the social and the economic; that is, each of these should be considered both separately and in an integrated way. It must also incorporate the eco-justice aspects of intra- and intergenerational human equity – fairness across the globe which extends to those humans yet unborn. This is a very difficult idea in terms of balance – how easily can we reconcile the concept of, say, preserving environmental assets for future generations if this means that some humans alive today (say those in developing countries) are denied access to the same assets in order to preserve them? A further consideration is interspecies equity – fairness towards other species in the way we frame our relationship with them. To take a ‘deeper green view’ (a more radical environmental position) in this respect would be to extend interspecies equity to being fairness in the relationship between one species and another – whatever the life-form. This would require the conferment of rights and responsibilities to all species. The idea that non-humans should have rights and responsibilities has a long history, emerging from the animal rights campaigns and surfacing in the 1990s argument for gorilla rights akin to human rights. As Eckersley (1992) points out, humans understand this concept and display it in their creation of a limited liability company which, although not human, has the legal position of a human with its own legal rights and responsibilities. However, the counter to this is that any rights violations are presently brought through a human system (courts, human representatives, legal process, etc.), and for non-human forms the outcomes are still decided by humans. It is difficult (but not impossible) to imagine how non-humans might develop a means of settling interspecies equity disputes.
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Sustainability must be derived from a firm ethical position (as suggested in the preceding discussion of rights) and it must be capable of explaining both what is happening now, and where we would like to be (often called the sustainability gap – see Gray and Bebbington 2001, for instance). This may be what could be described as almost a synthesis between a positivist and a normative position in methodological terms. Research which embraces sustainability issues must have a clear approach to these ethical and moral issues and must seek to determine where the interface between all the foregoing issues is situated. No wonder, then, that sustainability means whatever you want it to mean!

The role and position of natural capital

Early analysis of what sustainability was incorporated ideas from ecology and economics. The idea that ecological systems provided ‘stocks’ of ecological goods which need to be maintained and preserved is echoed in the economic analysis that economic capital needs to be maintained to provide a basis for wealth creation. In ecology, the reduction of stock – say, a reduction in biodiversity – affects the ability of the remaining stock to develop, to reproduce or to survive. In economics, a reduction in capital reduces the amount of wealth that can be created from it.

Hence this connection between ecology and economics in terms of the understanding of the need to maintain capital has been a useful way of understanding what sustainability may or may not be.

Capital maintenance within sustainability

There have been wide-ranging debates as to what sustainability means as a theoretical concept, and what place within a general ethical position it should take. Sustainable development (that which could be described as the operationalisation of sustainability) has been in wide currency since WCED and it has been a term criticised as belonging to the neoliberal analysis of economics because, its critics would say, it is a concept that does not radicalise the relationship with nature (that is, nature can be approached as a benefit to humans) and does not question whether there are benefits to ‘development’, ‘profit’ and ‘growth’.

Interspecies equity moves the sustainability analysis into more radical areas because it requires giving equal consideration to non-humans, whether these be sentient beings, other living organisms or, in some analyses, non-living substances (rocks, the water in streams, the sky, the mountains in Leopold’s (1947) view). Non-humans are granted equal consideration as part of the whole of natural capital, and sustainability begins to move away from an anthropocentric (human-centred) position to one that is more ecocentric (although whether a position that is defined by humans can ever be completely free from human bias is debatable). If natural capital is thus comprised, a question is then posed: at what resolution does the
equality begin? Do we consider that individuals of a species are granted equity? Does this extend to whole species or should we consider that an ecosystem is the unit of natural capital? If the stock of natural capital is large, presumably there will be more available to occupy by a greater number of species, and the result is biodiversity at its optimum. However, a mature ecosystem may contain only a few dominant species – does this evolutionary process enhance or inhibit interspecies equity? Where such stocks are more limited, environmental pressure may reduce the number of occupying species, and this may result in the need to protect individual species. This protection may actually cause the demise of another species, so equity is not served by such intervention. This is where the position begins to resemble an anthropocentric one, where humans are making the decisions on behalf of other species. The maintenance of such capital, then, in order to preserve a level of equity, itself compromises that equity.

Intragenerational equity requires that we take note of the demands of all humans wherever they are, and have regard for the amount and types of capital available. Jacobs (1991) would argue that this equity is best served by making the distribution of environmental consumption more equal. Pearce (1995) argues that a concern for the environment, and therefore a subsequent attitude towards it, may be determined by where you are and what monetary income you have. There is an elitism among rich environmentalists in the developed world – it may be said that one cannot be concerned about wider environmental issues if one is concerned about day-to-day survival. Similarly if a majority-world dweller is faced with the choice of fuel wood or forest preservation, the survival instinct would make the immediate choice – actions about the future are less important. Compare this situation with the poor in a developed country whose backyard is a dumping ground for toxic chemicals (environmental ‘bads’ often finding themselves sited in poor neighbourhoods). Here the environmental concern is less global and theoretical than local and actual.

There is a conflict between intra- and intergenerational equity, often faced by those who can least afford to delay their environmental concern. Being fair to the future will require reducing one’s own impacts; survival may dictate that future generations are not granted consideration, and that there is a trade-off between current and future generations. Hence the maintenance of capital for the future may be compromised by the needs of today.

Jacobs (1991) has taken the requirement for intergenerational equity as the basis for sustainability. His basis for this is that sustainability equates with environmental management and protection, which takes place over time, and therefore over generations. He also links sustainability with environmental consumption, and the capacity and availability of natural capital to allow consumption. Hence his analysis relates to the ability of humans to limit their own environmental consumption so that future generations can enjoy the same levels of environmental consumption, as currently enjoyed. Hence the actions of current generations should recognise the debt owed to future generations – not inheriting from the past but borrowing from the future.
This view is refuted by Gilpin (2000) – an environmental economist – who states that the current generation owes the future nothing. This is because, he argues, the needs of future generations are uncertain and unpredictable and so cannot be appropriately provided for. What future generations do inherit from us are the developments in science and technology which will enable them to apply the solutions generated to live more sustainably. Hence it could be argued that there is no requirement to build up or maintain capital stocks for the future but rather, for the present, to use capital or maintain it for others to use. However, it seems that this approach maintains the short-termism that is evident in much of economic analysis, and assumes that a technocentric approach (O’Riordan’s ‘almost arrogant … assumption that man (sic) is supremely able to understand and control events’ (1981: 1)) will be sufficient to deliver sustainable development to the future.

The differences in emphasis and definitions have led to typologies which describe sustainability as ‘weak’ sustainability, ‘strong’ sustainability (see Jacobs 1991; Pearce 1995; Gray and Bebbington 2001) and even ‘absurdly strong’ sustainability (Daly 1995; Holland 1997). These are often distinguished by their treatment of the possibility of substitution of capital, and their acceptance (or otherwise) that some types of capital need to be maintained regardless of other substitutions.

The central theme of sustainability addressed in this way is that nature, represented by capital, can be regarded as a commodity and thus traded as such. This has the positive benefit of recognising the effects on nature as an economic ‘good’ or bad’ (how else can humans account for what is done to nature?), but economic rationality, rather than human intuition, will determine how the commodity is used. (It will not be argued here that economic pricing and the valuation of nature are, or are not, the same thing, nor that economics is not equipped to deal with all of the effects upon nature.) This leads to the concept of offset, so that an aspect of capital, priced or weighted economically, can be substituted for another of similar price or weighting. Here the weak and strong ‘split’ comes into play. In ‘weak’ sustainability, offset is possible in all cases of capital, as long as an economic advantage is gained from the substitution and, as Beckerman (1994) analyses it, as long as there is no decline in human welfare. In Jacobs’ (1991) analysis (because his begins with intergenerational equity) weak sustainability means that future generations should not be faced with environmental catastrophe, and that present generations have a duty to prevent this, but anything less than this is allowable. Hence this allows not only for offsets, but for an amount of depletion in natural capital.

In ‘strong’ sustainability, the offset has limits. Here, critical natural capital (that for which there is no human-made substitute – examples may be the ozone layer or an individual species) should be maintained regardless of what is happening to other forms of capital. Hence, there may be substitution between, say, a standing forest, felled to provide building materials, and the subsequent dwellings so constructed, but if this threatened the existence of a species or an ecosystem, then no substitution is allowable. If we base this in consumption terms (Jacobs 1991) then ‘strong’ sustainability will be served if future generations have the opportunity to experience the same capital consumption as the current generation has been allowed. This implies that future generations will determine their own
ethical position – the current generation has no place in issuing a moral imperative to the future in regard to the current levels of environmental consumption. This position also implies that if future generations are to inherit the same capacity to consume the environment, then it is the total stock that matters, and therefore substitutability is possible regardless of the types of capital involved. However, Jacobs (ibid.) argues that sustainability based upon intergenerational equity is essentially an ecocentric approach because it requires environmental protection of species and of ecosystems, and aesthetic preservation.

Holland (1997) argues that there are flaws in the division between the weak and strong approaches, and that, in effect, they are the same. In the strong form of sustainability, critical capital has to be maintained because there is no human-made form to be substituted. However, if this action were to be contemplated under a weak sustainability paradigm, a decline in (any) capital would lessen human welfare and would therefore not be tolerated. Hence non-substitutable capital cannot be eroded in either paradigm. This is supported by Jacobs (1991) who uses the terms ‘minimal’ (for weak sustainability) and ‘maximal’ (for strong sustainability). These terms reflect the level of environmental capacity passed on to the future. Because of the current level of today’s environmental degradation, there may be little difference between the two states (ibid).

One of the assumptions in all of this is that the substitution is between human-made and natural capital, and if this is the case, it raises other issues: for instance, what is the nature of human-made capital? Is there an element of natural capital incorporated at some point within human-made capital, and if so, is all capital not essentially natural? Conversely, as economic ‘progress’ has exploited, or will exploit, the natural capital it needs to increase human welfare, is not all capital human-made?

Similarly, taking the prominence of intergenerational equity as our starting point, future generations will require a total stock passed to them which will include human and social capital, some of which – technology, for example – which will help to preserve natural capital (as Gilpin proposes). Hence, current generations have a duty to pass on different types of capital, and this again raises the issue of whether there is substitutability between human-made and natural capital: is total substitution allowed (so that, for instance, technological advances in energy will compensate for the reduction in fossil fuel availability)? Therefore does it matter whether we can distinguish between human and natural capital, in this type of analysis?

Instead of dividing capital between human-made and natural, perhaps the analysis should be between exhaustible and reproducible capital, in which case either of the former can be included in either of the latter. This will then define what can and cannot be substituted, but there still remains the problem that whether we take a strong or a weak position; the decline of exhaustible capital is not allowable in the framework of sustainability.
Linking the capitals model with CSR

However, natural capital is not the only element of sustainability. Examining the maintenance of natural capital gives it undeserved priority and, although it redresses the balance away from economic prioritising, it implies that nature and economy are our main considerations. But sustainability is more than environment and economy – the social aspects need to be included. At one level it could be felt that nature encompasses social concerns; however, these need to be made explicit rather than being subsumed elsewhere.

How may this be done without undoing our understanding of sustainability as developed in the previous section? This may be achieved by extending the concept of capital. Hence, the sustainability of a project or a set of activities can be assessed using the four capitals model developed by Ekins et al. (1992). This explains the types of capital available for human activity so that an analysis of capital consumption or preservation can be carried out. The four types of capital are:

- **Ecological or natural capital** – the sources and sinks available from the natural world. This would include natural resources (in this case water) and their availability for and manner of abstraction; the absorption of waste through natural processes and the availability of waste receivers, such as rivers and seas; the services provided by ecology, such as climate regulation; other aspects such as scenery, amenity and aesthetics.

- **Human capital** – individual labour, as economically defined; ‘brains, energy and ambition’ (Alan Gilmour, EFC, Ford Motor Co., as quoted in Ekins et al. 1992: 104); the availability and the uptake of fulfilling work; health; adequate education and appropriate training; experience; creativity, intuition and individual spirituality.

- **Social capital** – the organisational and institutional boundaries around human capital, and the collective experiences of society; the relationships formed at home, in the community and at work.

- **Physical and financial capital** – the products of human use of other capitals – the physical and financial infrastructure created by humans. This is also known as manufactured capital, and includes technology and research and development.

The model allows the constraints of sustainability to be revealed, if we assume constant or increasing stocks. Thus:

- All resources going into the economic process cannot exceed the sum of new environmental resources created by investment (both renewable, such as the sun, or non-renewable, such as new discoveries or technologies which act as substitutes for exhaustible resources).

- Waste emissions cannot exceed the absorption capacities. Waste will include those which impact on the capital stocks which produce environmental services (for instance, emissions which cause climate change) and those...
which impact on the environmental services themselves (for instance, the emission of smoke particles affecting air quality). The perceived effect on humans of these two types of waste may be the same, but the effect on capital stocks, although less easily affected, may be more serious. This is because it is likely that fewer emissions are needed to damage the environmental services because these will have a more direct effect on the absorption capacities of such services. This, however, does rely on the cleaning capacity of the environmental service itself; it may be that today’s environmental damage is sufficient enough to damage both the environmental service and the capital stocks.

However, any model of sustainability has to be examined against current practice. Many large companies are expressing a desire to be more responsible in their operations and to be actors in the debate about sustainability and the sustainability gap. Yet these approaches need to be reviewed in the light of our discussion about what we consider sustainability to be. In many cases business takes the role of protecting the environment by mechanisms of eco-efficiency; that is, the more efficient use of natural resources (often through technological advances) which allow production to use less material, to use less energy and/or produce less waste. Indeed it is encouraged to take this approach by the development of environmental management systems such as ISO 14000 and the European Eco-Management and Audit Scheme (EMAS). This approach is known as ‘eco-modernity’ (see, for instance, Welford 1997). The approach demands that business examine the environment (as it defines it – usually as a loose definition of the natural world as available to be exploited) and its appropriation of it. In traditional economic activity, much of the environment (the air breathed or polluted, the landscape from which resources are drawn, the contribution of other species) is treated as an externality – an expense dealt with elsewhere. This approach has been modified and now business begins to recognise its role in environmental protection, but this initially is regarded as a cost to be borne by the business and therefore it has an effect on the bottom line. The environment needs to be managed in order to mitigate its costly effect on profits. There is no radical system change needed here – technological innovations, capital and management techniques will all make a contribution (Blair and Hitchcock 1997). Hence environmental improvements can be made which eventually are recognised to improve profits – energy efficiency saves money as well as producing less climate change emissions; resources are used more efficiently so producing less waste (a double saving as waste processing costs are also reduced) and so on.

Business also takes a role in policy development in this approach, as partnerships are formed between business and government to design and implement policy. An example of this would be the development of the ‘polluter pays’ principle and its incorporation into legislation. Business agrees to develop mechanisms that will reduce pollution (process rather than end-of-pipe solutions) and governments monitor this through regulation. Hence there is a cooperative rather than an adversarial approach to policy, which ensures its successful implementation.
How does this sit with the earlier discussion of what sustainability is and how this approach may affect capital? Proponents of the eco-modernity model cite the WCED report as support for this, stating that it flows directly from the recommendations that WCED put forward. Hence business is delivering sustainable development. However, the ways in which this is happening must be examined. Certainly if we consider that sustainability is concerned with the ways in which capital is utilised, developing a more efficient approach would seem to suffice. However, this cannot incorporate eco-effectiveness or eco-justice. Efficiency has its roots in traditional economic models of optimum allocation of resources, and these can be any type of capital, substitutable or critical. Indeed this has been taken further by such proponents as Weizsacker et al. (1997) who argue that by being more resource-efficient, wealth can be increased. However, the question remains: wealth increases for whom? At what cost to those left behind? In order to increase wealth, demand must be maintained or even increased, and so limits to growth have to be set aside. It is a model that suits the ‘developed’ or rich world very well, but ignores the needs of large parts of society to protect their own environment. It also has little if nothing to say about environmental justice (for instance, the right to use resources in different ways as appropriate to the needs of different parts of society) and it says nothing about social justice at all. If one takes the simplest model of sustainability – a combination of economic, environmental and social factors, eco-modernity addresses the first to the largest extent, the second to some extent and the third not at all. Eco-modernity will address some of the issues around the use, appropriation and substitution of environmental capital but cannot begin to (indeed ignores) the issues of social capital.

Hence, a more inclusively sustainable model is needed if business is really to become a partner with society in delivering sustainable development. One of the challenges for researchers in this area is to assess what alternatives are available, possible and acceptable. Another challenge is to engage with business to assess how far business is able or willing to go; a more radical research agenda may examine whether (rather than how) business is likely to deliver sustainable development. Consider Table 2.2 with this in mind.
Wessex Water (WW) is a water treatment and supply company in the south of England and, as such, is a direct user of a natural resource. In order to manage its activities and to provide transparent reports of this management, WW developed, in partnership with Forum for the Future, a model that incorporated the idea of capital maintenance. WW began to apply this model to its activities and in 1998 identified which elements of its business consumed or affected which category of capital (see table below). This model was further expanded to allow the company to focus on five areas, and in 2000 the model was renamed ‘the five capitals model’ (Wessex Water 2000: 1). The reports became more specific about the types of capital employed and used the categories of capital to form the basis of the structure of the report. It is interesting to note that the manufactured/financial/infrastructural capital category is used increasingly as the reports progressed; the importance of financial or commercial considerations was emphasised in 1999 when the report contained an extract from the financial pages of the annual report (Wessex Water 1999: 34). This integration is completed in 2001 when the annual report is used as the place to disclose the environmental accounts, although the reporting process is split across three sites: the website, the paper summary and the annual report. The reporting process now continues to 2005.

<table>
<thead>
<tr>
<th>Capital</th>
<th>Elements included in 1998</th>
<th>Elements included 1999–2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ecological – ‘Our environment’</td>
<td>Water, energy, transport, biodiversity</td>
<td>Water, transport, greenhouse gas emissions, biodiversity</td>
</tr>
<tr>
<td>Manufactured – ‘Our infrastructure’ or ‘Our finances’*</td>
<td>No specific mention</td>
<td>Capital and maintenance programmes Annual and green accounts</td>
</tr>
<tr>
<td>Human – ‘Our employees’</td>
<td>Employees</td>
<td>Employees</td>
</tr>
<tr>
<td>Social – ‘Customers and community’</td>
<td>Customers and community</td>
<td>Customers and community</td>
</tr>
</tbody>
</table>

*This is the ‘fifth’ capital in 2001.

**External relations and engagement with social capital**

The Chairman’s statement is used to discuss the external influences which impact upon the water industry and the business of WW. Such influences come from, inter alia, the UK government, the regulator Ofwat, the European Union and the Environment Agency. The Chairman has used this section to engage with social capital actors to raise awareness of what the company considers to be the main issues that need to be addressed. For instance, WW has challenged what it sees as the UK government’s interest in sustainable development as being too economic in focus, and has argued that Ofwat’s requirement for water prices to be reduced conflicts with the larger goals of sustainability by preventing investment in longer-term aims. The report also acknowledges that
customers can recognise the conflict between short-term price reductions and long-term environmental solutions, and are often supportive of those broader aims.

Issues where capital categories are integrated

WW has made connections between different categories of capital. Thus climate change can be identified as having an impact on environmental and economic capital; and the effect of managing water extraction can be seen to be increasing human and economic capital, but potentially decreasing environmental capital. This thus invokes the arguments of substitutability, and is recognised as a potential conflict within WW. The issue of affordability, for instance, is raised as one which the company shares responsibility with elements of its social capital (the government) towards its customers (as communities, also part of its social capital).

The statement defines its commitment to sustainability by its approach to energy usage, recognising that energy use may need to increase if standards in water delivery are required to be raised. Hence this will adversely affect the natural capital. WW is attempting to mitigate this effect by examining sustainable energy sources, thus alluding to the principle of renewable and exhaustible resources.

In 1999 the capitals were again clearly identified, with manufactured capital being split between infrastructure and financial capital. The statement saw a discussion of the conflicts between natural and manufactured capitals, seeming to return to the prominence of manufactured capital through the emphasis on finance and business issues. However, in the following year there is a refocusing on natural capital and a reduction of emphasis on manufactured capital.

In 2001 a substitution issue appears: pollution decreases are achieved only with higher energy usage. There is therefore an implicit understanding of the substitution arguments. Pollution as waste emission may affect capital stocks or environmental services (that is, the absorption sinks); energy may be from renewable or exhaustible sources. WW once more explored the use of renewable energy sources to replace its exhaustible supplies, which is a practical demonstration of the replacement of one form of natural capital with another. Engagement with social capital in terms of government criticism and pricing mechanisms continues in this statement.

Finally, in 2005 there is explicit reference for the first time to ‘corporate social responsibility’, bringing WW to the point where we might see a connection between CSR and the capitals model.

Sustainability, CSR and corporate citizenship

If businesses are to play their part in delivering sustainable development, how can we determine their role? How will businesses shape their organisations so that they can contribute to a more sustainable future? Where are the partnerships likely to arise?

To attempt to answer these questions one needs to establish the role of business in society and assess how or whether that role includes an involvement in a
society which is moving towards sustainability. There are differing views of the responsibility of business to society, from the traditional neoclassical view that a business has a responsibility only to its owners – to stay in business and generate rewards for the provision of capital by the owners – through to the view that a responsible business has rights and responsibilities as a responsible citizen. This progression follows the following lines:

- Businesses recognise that there are a range of responsibilities – ethical, legal, economic, philanthropic – that are mutually accepted both by the business and by society.
- Businesses need to maintain behaviour established by mandatory and voluntary codes.
- There is a greater recognition of the public role of private business entities, so that such organisations are citizens of society and this is a valid way to understand CSR (McIntosh et al. 2003).

For some writers (for instance, McIntosh et al.) the term ‘corporate citizenship’ is more inclusive than ‘corporate social responsibility’ because it makes more explicit the role of business in society, as an active member of society. CSR may be regarded as something a business does (or does not do) to or for society. For others (for instance, Andriof and McIntosh 2001) the terms are interchangeable. The term ‘corporate social responsibility’ is useful in that it can incorporate the social aspects of sustainability; this then requires environmental aspects to be incorporated into the social. The disadvantage with this term is that, whilst it suggests strongly that business has a responsibility to society, it implies that responsibility is not owed to other organic or non-organic entities. This would create a conflict with the more radical views of what sustainability might mean. The concept of citizenship may be more usefully linked to sustainability as it implies partnership, responsibility, active participation (perhaps) and equality (in that business is not separate from other citizens in society). It remains an anthropomorphic idea – business as ‘human’ citizen – but does allow us to make the demand that business be responsible for all its activities, whatever these affect. The partnership aspect may be particularly pertinent as business can be encouraged to build relationships with other members of society to determine how sustainability may be achieved.

Table 2.3 attempts to link the stages of citizenship with the ideas of capital maintenance and degrees of sustainability (weak to strong). This typology is capable of development and may act as an indicator of the position of an organisation being researched. It may also act as a prompt to link ideas of CSR and citizenship with the concept of sustainability through the framework of the capitals model.
Table 2.3 Modes of corporate citizenship and categories of capital

<table>
<thead>
<tr>
<th>Mode of citizenship</th>
<th>Type of activity</th>
<th>Position regarding capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avoidance of all imperatives (informal economy)</td>
<td>Market activity – creating profit and private property</td>
<td>No regard for capital: substitution not even recognised as a factor</td>
</tr>
<tr>
<td>Compliance with legal framework – usually smaller, local businesses</td>
<td>Market activity</td>
<td>Would regard all capital as substitutable</td>
</tr>
<tr>
<td>Discretionary – business ‘does no harm’</td>
<td>Enterprise – as above but also public and non-financial wealth creation</td>
<td>Would recognise different types of capital but would regard complete substitution compatible with business aims</td>
</tr>
<tr>
<td>Pro-active businesses who see themselves as agents of social change</td>
<td>Enterprise</td>
<td>Would regard some capital as non-substitutable, for example those companies who engage in biodiversity action plans</td>
</tr>
<tr>
<td>‘Third-generation’ businesses who have progressed through a range of CSR processes to become citizens</td>
<td>Livelihood businesses contributing to their communities</td>
<td>Potentially models of ‘strong’ sustainability recognising the need to maintain critical capital</td>
</tr>
</tbody>
</table>

(Source: adopted from McIntosh et al. 2003)

Conclusion

The concept of sustainability is complex and difficult to assimilate. Welford (1997) has attempted to configure it as a three-dimensional model as a means of capturing each of the aspects and demonstrating their inter-relationship. These dimensions are crucial to our understanding of sustainability and are ignored at our peril. And yet their very complexity makes any analysis fraught; it is easier to reduce the analysis into its component parts – by examining each separately, a limited understanding may be achieved. However, sustainability is more than the sum of its parts and cannot be comprehended as such. The challenge for CSR researchers is to accept this complexity and incorporate it into their research process.
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References


