Practising what we preach

When the concept of business education—or management science—first developed, it was largely with progressive and egalitarian intentions. By outlining the skills that could be learned and mastered by anyone with the right talent and application, the concept challenged the assumption that future bosses would always be the sons of former bosses. There was a meritocratic thrust that businesses are rational enterprises that can be run by anyone with the relevant skills, regardless of social background.¹ That original intention is not often acknowledged today, as more business schools worldwide aspire to be considered elite institutions embedded in elite social, economic and political circles. When considering their social role, the issue of how elite performance and elite access can be applied to social progress has not been adequately explored by the world’s top business schools. Efforts at social responsibility are largely focused on the content of teaching and research, or adopting some environmental measures for internal operations, rather than a full embrace of social purpose relevant for today’s challenges and its application to all organisational functions. This lack of a comprehensive embrace of social purpose is highlighted by how some of the top business schools have stumbled in their response to the issue of economic and social inequality.

2010 saw increasing concern over growing economic inequality within nations. During the year the implications

of this growing inequality began to be perceived for business, investors and business schools, rather than society at large. In November 2010, the United Nations’ latest Human Development Report was published, featuring for the first time a metric to take account of growing inequality within countries, so that the income of elites does not mask the situation. The new Inequality-adjusted Human Development Index (IHDI) is a measure of the level of human development of people in a society that accounts for inequality. Across 139 countries, the average loss in the Human Development Index (HDI) due to inequality was found to be about 22%. Some of the commercial and moral implications for business and finance of these levels of economic inequality were explored in this World Review in Issue 38; we reported on research by Lifeworth Consulting that found neither leading companies nor corporate responsibility organisations have been addressing economic inequality.

In November 2010 the commercial implications became more widely recognised, as the International Monetary Fund (IMF) published a working paper that argued high economic inequality can trigger economic crises, which led to lively discussions on The Economist website and elsewhere. The IMF authors Michael Kumhof and Romain Ranciere wrote that

Both [the Depression and current recession] were preceded by a sharp increase in income and wealth inequality, and by a similarly sharp increase in debt-to-income ratios among lower- and middle-income households. When those debt-to-income ratios started to be perceived as unsustainable, it became a trigger for the crisis.

With various models and data, they explained how ‘the key mechanism’ for this connection between inequality and crisis is reflected in a rapid growth in the size of the financial sector, is the recycling of part of the additional income gained by high income households back to the rest of the population by way of loans, thereby allowing the latter to sustain consumption levels, at least for a while. But without the prospect of a recovery in the incomes of poor and middle income households over a reasonable time horizon, the inevitable result is that loans keep growing, and therefore so does leverage and the probability of a major crisis that, in the real world, typically also has severe implications for the real economy.

Research released in October continued to show how, in some countries, the public are not aware of the levels of inequality and still believe that their societies are becoming more, not less, socially mobile. However, in some countries there is

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7 Drake Bennett, ‘The Inequality Delusion: Americans think the US has far more
more awareness of persistent inequality and a lack of social mobility, even if those countries are not the most unequal or socially immobile. In France, for example, debates about inequality and social mobility raged during 2010. This debate led to a challenge early in 2010 from French politicians and top business that the elite educational institutions, including the famous French business schools, respond to the need for more opportunity for the economically disadvantaged. That challenge, the initial reaction and then response from elite business schools in France, highlights the issue of the social responsibility and role of business schools, and educational institutions more generally. As such, it gave significant impetus to efforts to clarify those responsibilities, and broaden the focus from simply more socially responsive course content.

An article in *La Presse* highlighted how French business schools were resisting French government efforts to increase social diversity within their classes. In a country whose motto includes the word ‘equality’, the government proposed that the schools give 30% of places to students receiving financial aid due to modest family incomes. In response to the government proposal, the *Conférences des Grandes Écoles* (CGE) which manages the elite educational institutions stated that such quotas ‘would inevitably cause a drop in the average’. Not surprisingly, the comments were met with protest in France. The French Commissioner for Diversity income equality than it has. They want it to be even fairer. Yet they hate the policies that would make it so’, *Bloomberg Business Week*, 21 October 2010; www.businessweek.com/magazine/content/10_44/b4201008238184.htm.


10 Charlton, op. cit.


12 The word *cadres* to which this study refers has no direct translation in English. The term ‘professional’ has been used to designate professions such as management, lawyers, engineers, doctors, economists, teachers, academics, etc. More precisely, ‘professional’ refers to non-manual work. . . . because more marginalised people have access to our grandes écoles, there is a weakening of the level and quality of teaching received and the average in general, it is an adulteration and an absolutely scandalous claim.9

The French Minister for Education, Mr Luc Chatel, replied in similar fashion, exclaiming his shock and affirmed his determination to change the current system because it ‘produces only social inequality’.10

Research by François Dubet, professor of sociology at Bordeaux University, confirmed this view.11 Of the children of professionals that entered high school in France in 1995, 80% were still studying ten years later and only 10% had not obtained their higher school certificates, while only 30% of working-class children continued onto tertiary education with over 50% not receiving their high-school diplomas.12 Such an indicator not only demonstrates the type of students that pursue tertiary education but, more importantly, it serves to illustrate how the societal inequality that already exists is a major contributor to the disparity present in tertiary institutions. Dubet argues that the children of the parents that didn’t seize their opportunity...
should not have to suffer from the consequences that it may entail. Also, as a result of this situation, despite France being a multi-racial society, the grandes écoles have a remarkably well preserved Caucasian student body, apart from foreign postgraduate students. In highlighting the social uniformity within these schools, Professor Dubet’s study can be seen to contradict comments by the CGE’s president, Mr Pierre Tapie, who defended their initial stance against government measures to increase social diversity in their universities. ‘Do you think you could improve the level of our world champion handball team if we required that there were a certain percentage of people with a particular characteristic? The answer is no, of course,’ he explained. The irony is that Dubet’s research shows that the approach of the grandes écoles was to produce a student group with predominantly one shared characteristic—Caucasian middle class—rather than the full talents of France.

During the year the CGE changed its stance to the government call for more diversity. By December 2010 it had published a report that recognised the role of the grandes écoles in realising the French republic’s commitment to equal educational opportunity. Their report suggested that, while great improvements have been made in outreach, there is still considerable effort needed if the grandes écoles are to achieve the aim of 30% of incoming students from among the poorer social classes by 2012.

Fortunately, there are innovations in the social inclusiveness of business schools arising from different corners of the globe, which the grandes écoles and other elite institutions could learn about. In France, one business school that has been actively trying to address social justice issues is Bordeaux Management School (BEM). A member of GRLI, BEM claims to be the first French business school to integrate civic service into its management courses, with a view to including it in all courses. It has a partnership with UNIS-CITE, a non-governmental organisation dedicated to promoting the development of civil society in France, with specific goals to encourage citizen responsibility and engagement, fight against exclusion and to reinforce social cohesion and mobilise youth on social and environmental issues. The partnership allows students to participate in the management of a civic project for six to nine months on territorial and social development and is an integral part of the curriculum. Not only does the programme try to apply management education to social issues, it also allows students to have a more systemic view of society in working with local authorities.

BEM has also recognised that access to business schools needs to go further...
than scholarships for those students that show potential. As part of democratising access to the school, since 2006 it has partnerships with two local high schools whereby university undergraduates tutor socially or geographically underprivileged students in the schools. The goal is to support and provide guidance in terms of pupils’ professional ambitions, and the direction necessary to access higher education courses while removing some of the socio-cultural barriers that impede such access.\textsuperscript{20} As well as providing financial access to BEM through a solidarity fund and thus better access to opportunities, the personalised nature of the process means that it is adapted to the needs of the students in question, thus trying to address other inequality barriers that may impact upon the life of each student.

Another member of the GRLI is the Welingkar Institute of Management Development & Research in India, whose leadership programme, Project Neutrutha, aims to provide social–economic empowerment to underprivileged individuals through management education. By integrating disadvantaged students that were unable to complete their school education into a management course at Welingkar, such students are encouraged to complete their higher learning, potentially enabling greater social mobility and professional development.

To facilitate the process, the school needed to think about the practical aspects of incorporating students with lower educational qualifications into the programme. A first step was to pay the selected students a stipend to replace any lost income so that they could focus on their studies. Another step was to reduce the knowledge divide between students with lower qualifications and the students that had passed through the usual entry criteria. Rather than marginalising the disadvantaged students, Welingkar inaugurated a participative approach to the programme so that peers take responsibility for the development of the students needing to catch-up.

This original approach by Welingkar is positive for several reasons. First, all disadvantaged students graduating from the programme between 2005 and 2009 succeeded in obtaining more qualified positions with better salaries. Second, the programme redefines leadership from the typical competition based management school paradigm to a values-based leadership centred on values such as goodness, courage, commitment, risk-taking and compassion. As Professor Swar Kranti explains:

\begin{quote}
These are not just competencies but are virtues which cannot simply be learnt through books or case studies but through real life experiences and challenges. This is a challenge of the responsibility, growth and well-being of another individual. It’s a challenge that has serious consequences—consequences which are far greater than examination scores and degrees.\textsuperscript{21}
\end{quote}

Third, Welingkar has created a conduit whereby there is a connection between education, corporations and marginalised people. As a number of companies have pledged support for the programme, not only do disadvantaged students have another chance at education, some companies also offer job placements after graduation. So by asking the question how an educational institution can address a particular social issue, Welingkar has developed a socially innovative programme for students, which inculcates the importance of a cause, not just a job.

Perhaps the leading social innovation in university education comes from South Africa. The Community Individual Development Association (CIDA) University in Johannesburg aims to provide education in business administration for the rural poor with a view to transforming its students into leaders of their communities in turn advancing the socioeconomic

\textsuperscript{20} One author’s communication with Philip McLaughlin, Dean at BEM, 26 May 2010.

\textsuperscript{21} Personal correspondence with Professor Swar Kranti at Welingkar, 27 April 2010.
transformation of the country and the broader region. To do this, it focuses on four building blocks, namely: being holistically centred—that is, going beyond the technical competencies related to business; low-cost; relevant to the different segments of society including business and government; and encouraging student resourcefulness to study. The school recognises the challenging backgrounds of students including former street-kids, students from geographically isolated areas, orphans and students whose parents have criminal records, and has put in place a life skills certificate as a part of the programme.

In terms of tuition fees, all students have scholarships and according to Taddy Blecher, one of the founders of CIDA, it is ‘the lowest-cost university in the world’.22 In acknowledging the new access to opportunities that the school provides upon graduation, graduates are expected to pay the tuition fees of students that follow in their footsteps. CIDA has managed to raise large corporate support to finance the school’s operations. According to Emmanuel Raufflet, associate professor of management at HEC Montréal, one of the instrumental factors in obtaining business support for the school was due to the leading role played by Lisa Kropman, head of social investment for the Investec Group, who sought political endorsement of the initiative. What this highlights is how socially innovative initiatives can unify the public and private spheres.23

If one is to have a lasting impact in addressing social inequalities, then it is important that students from disadvantaged backgrounds do not simply forget others from similar circumstances. François Dubet highlights the potential problem:

Imagine that, tomorrow, 10% of the highest performing students in a marginalised area leave their school for one of the prestigious institutions: what would be good for them would be catastrophic for their neighbourhood, depriving it of the most active, the most ‘intelligent’ and the most open-minded people. In this case, the neighbourhood would be further impoverished and marginalised.24

One way that CIDA addresses this issue is by requiring students to return to their former high schools and communities of origin to teach courses such as money management, banking and insurance and entrepreneurship during their holidays. Other approaches to this issue of transforming communities rather than removing talent from them that could be adopted by other business schools include programmes that facilitate cancellation of debts for university fees if graduates work in certain jobs. For instance, students could be encouraged to submit a proposal to organisations that are working towards social equality or perhaps sustainable development in a marginalised area. In the event that the proposal is accepted, students would be required to work a certain length of time at the organisation and the university debt owing would be cancelled. Similarly, corporations could partner with higher learning institutions


23 Ibid.

so that the ‘best and brightest’ are working towards socially viable projects. Such a process would expand the notion of merit so that it is measured according to one’s contribution to society, rather than one’s place in it.

The work of CIDA highlights that business can be involved in social innovation in education. The fact that the Investec Group rallied political support for the school is an example of how the private sector can also work with government. The result was that other companies got on board to try to resolve the social issue of inequality in education in South Africa, a project of social value for the purposes of personal, professional and economic development. It illustrates that business can play a role in development, even in complex issues such as inequality in education. What will be interesting to see is how these students then go on to impact business approaches to social innovation. Perhaps it will be CIDA and BEM graduates that will shape not only issues related to inequality in education, but the business and development agenda in the future.

For more universities and business schools to act on this social agenda in a comprehensive fashion will require reconsidering some core operations and system conditions. Two key issues are school finances and school rankings. Heads of business schools have warned of the financial challenge posed by a lack of endowments and reductions in government funding due to fiscal tightening. They say this is leading them to raise fees, which will not help them in their social role. However, one answer lies close to home—their own salaries. A New York Times article highlighted how university chancellor compensation is starting to resemble the trends in corporate executive pay. Labelled by Dr Constantine W. Curris, president emeritus of the American Association of State Colleges and Universities as an ‘arms race in presidential pay’, he stated that, ‘What we have is a system in which presidential salaries on campus are compared to those of other CEOs.’

When commenting on the recent salary raise of Matthew Goldstein of the City University of New York (CUNY), which entitled him to a compensation package of just over US$600,000 per annum, Ms Barbara Bowen, president of the Professional Staff Congress, the faculty and staff union for CUNY, stated:

Lavish salaries for top management are unfortunately standard in American higher education . . . But what’s also standard is under-financing of the core activity of the university, which is instruction. The gap between the chancellor’s salary [and that of lecturers], or the standard of living of many of our students and their families, is huge.

A report by the Guardian newspaper illustrated a similar trend in the United Kingdom where some vice-chancellors had seen their annual earnings double or even triple over the last decade compared with a 45.7% rise for the same period for average higher-education teaching professionals. Unless senior executives in business schools curb their pay, then expressions of commitment to social inclusion, or explanations for raising fees in the name of quality, will be seen as disingenuous.

Business school heads also need to collectively call for a change in the way rankings are produced. Currently, one of the key indicators of the success of a business

25 FDC and EFMD, Strategic Movements in Business Education (Brazil: Fundação Dom Cabral—FDC, in partnership with the European Foundation for Management Development, 2010; www.fdc.org.br/efmdconference/Pages/default.aspx).


27 Ibid.

school is the students’ salary upon leaving the institution. If this remains, then initiatives such as encouraging graduates into social enterprise or public service, will always remain marginal. Ranking systems need to measure the social utility of projects and careers, rather than equating success with monetary worth. Although the rankings assume salary to be a key interest of prospective students, it could be that the status of the institution, i.e. its ranking, is of key interest, and thus the rankings have the opportunity to encourage, not thwart, the social purpose of business schools.

The growing profile of Aspen Institute’s ‘Beyond Grey Pinstripes’ survey is useful in this regard, but it focuses only on the social, environmental and ethical content of teaching and research, rather than the broader agenda that was beginning to be understood during 2010. 29 Although the UN Principles for Responsible Management Education (UNPRME) have played a useful role in internationalising the conversation among university staff, they do not provide a structured framework for management. It is promising, therefore, that the hosts of those principles, the United Nations Global Compact, 30 are collaborating with the World Business School Council for Sustainable Business 31 and the Globally Responsible Leadership Initiative (GRLI) 32 to prepare a high-level report on transforming business education. To help this process to produce specific guidance, we have identified 16 steps for responsible business schools to take (Box 1). 33

The challenge of transforming management education is at the same time highly systemic, broadly institutional and deeply personal. Prestigious universities may be able to attract millions from donors for chairs and centres in social enterprise or inclusive business, yet our brief review has found that the real innovations in education are occurring among people to whom the struggle and creativity of social change is a lived experience, not just a topic of study. Humility and exchange are the parents of new insight. Herein lies perhaps the greatest challenge for elite institutions—to overcome the pride of a high status, or the fear of losing such status. Only then will they authentically embrace a public purpose and take risks to lead, rather than just reacting to public pressure or government legislation. As Mark Drewell, Chief Executive of the GRLI Foundation, explained: ‘It is about moving from being the best in the world to an era where business success is predicated on being the best for the world.’ 34

29 www.beyondgreypinstripes.org
30 www.unglobalcompact.org
31 www.wbscsb.com
32 www.GRLI.org
33 These steps were identified by Jem Bendell, through his work in advising Griffith Business School on implementing the mission it adopted in 2006 to be a responsible business school committed to sustainability and community.

Box 1 THE 16 STEPS FOR RESPONSIBLE BUSINESS SCHOOLS

1. Clarify the social purpose of the institution and what it means for today’s context and incorporate that into organisational mission and governance

2. Upgrade existing curricula and pedagogy to incorporate the social purpose of the institution, such as teaching on social, environmental and ethical issues

3. Create new curricula and executive courses with content and pedagogy aligned to the social purpose of the institution

4. Encourage the research projects of existing faculty and students to include more social, environmental and ethical themes

5. Encourage and fund new action-oriented rather than theory-driven research

6. Incorporate social, environmental or ethical expertise into recruitment of faculty and research students

7. Upgrade admissions procedures, fee structures, scholarships, advertising and outreach, to improve diversity of students and their ability to do progressive work upon graduating

8. Support students and alumni to organise to promote learning and action on social, environmental or ethical issues

9. Incorporate consideration of social, environmental, and ethical issues into the operations of the organisation (i.e. practices at work), including core issues such as executive compensation

10. Encourage an organisational learning environment by requiring departments put forward academics to lead compulsory internal staff training on the social, environmental or ethical dimensions of the organisational functions they are experts in

11. Host events and produce newsworthy reports or papers that stimulate public and professional discussion on social, environmental and ethical issues

12. Encourage and support staff to engage helpfully with issues affecting the local community, using their particular talents, either as volunteers or in their work for the school

13. Seek and support collaboration outside the organisation to align external factors such as institution and staff rankings, accreditations, awards, and funding, as well market demand, with these steps

14. Develop policies and procedures for private donations to be received transparently and in line with the mission of the organisation and without threatening the success of the organisation’s other activities

15. Align incentives within the organisation with all these steps, including reducing perverse incentives

16. Communicate internally and externally on implementation of these steps, using (and perhaps developing) relevant benchmarks, as well as providing mechanisms for stakeholder feedback on progress
THE POTENTIAL IMPACT OF SOCIAL media and the Internet in general on corporate responsibility moved to a new level in the last quarter of 2010. And it was timely, as November 2010 marked what some believe to be the 20th anniversary of the Internet (Tim Berners-Lee introduced his proposal for a ‘WorldWideWeb’ to CERN on 12 November 1990). In the same month, the social media sustainability specialists Custom Communication launched the world’s first ever Social Media Sustainability Index. The index reports on how the world’s largest companies communicate their CSR initiatives via social media and is an indicator of how social media will impact corporate responsibility in the near future.  

This also coincided with the publicity surrounding the activities of WikiLeaks, a whistle-blowing site founded in 2006 by Julian Assange, generating new debate on issues such as transparency, responsibility and the role of new media. While there are major implications in two related, but distinct areas—whistle-blowing and activism—it also raises questions about the sometimes blurry line between legality and ethics, the big-bully tactics of major corporations and the role of whistle-blowing organisations.

Whistle-blowing is the act of raising concern about alleged illegal or unethical activities by individuals or organisations. This is most often done by anonymous leaks to government, public watchdogs or the media from someone within the targeted institution. These acts are widely regarded as improving transparency and being in the public interest. Hence, most countries have legislation to protect whistle-blowers. In the US, this practice dates back to the Lloyd–La Follette Act of 1912 and was most recently reinforced and strengthened through the Sarbanes–Oxley Act of 2002.

Some argue that WikiLeaks has simply continued the honourable tradition of whistle-blowing and raised it to another level, appropriate to the open-access age of the Internet—part of what Daniel Goleman calls ‘radical transparency’. For instance, in September 2009, the website posted a leaked internal report from Trafigura, a commodities multinational, exposing it for dumping hazardous waste in Côte d’Ivoire. The site also claimed to have damaging information linked to a major US bank, widely speculated to be the Bank of America, which some believe caused their stock price to fall by 3%.

In a July 2010 TED interview, Assange claimed to have inside information from BP as well.

Not surprisingly, companies (and governments) are extremely nervous—even hostile—about the activities of WikiLeaks.


The issue came to a head in the final quarter of 2010 with ‘megaleaks’ to various high-profile newspapers such as the Guardian and the New York Times, among others; with the release in October of 390,000 previously secret US military field reports on the Iraq war and in November, over 250,000 cables from more than 250 US embassies around the world. This followed a July 2010 release of over 92,000 classified documents on the War in Afghanistan. When the US government declared these releases ‘illegal’, several companies with commercial ties to WikiLeaks, notably Mastercard and PayPal, froze their transactions, resulting in a funding crisis for the organisation.

What happened next revealed the new face of activism in the 21st century. Using methods that The Economist called ‘guerrilla transparency’ and which have been dubbed by the media as ‘hacktivism’, there was a rapid proliferation of mirror sites and counter-attacks by hacker groups such as Anonymous in response to attempts by governments and commercial partners to shut WikiLeaks down or cut off its financial oxygen. One of the tactics of these groups was to bombard the websites of organisations that were perceived to be obstructing WikiLeaks with online requests, thus causing them to crash. In the case of Mastercard, one such orchestrated DDoS (distributed denial of service) campaign by Operation Payback was successful. For a couple of weeks it appeared that online services companies were experiencing their own digital ‘Brent Spar moment’, as activism disrupted their business and brought new questions about their responsibilities beyond simple compliance with law.

Irrespective of the merits or demerits of these tactics, one thing is clear: WikiLeaks has blown the debate about transparency wide open, raising many more questions than it answers. For instance, what is the role of corporate social responsibility (CSR) when one leak about a corporate malpractice can destroy years of conscientious work on corporate responsibility? The research of Professors Paul Godfrey, Craig Merrill and Jared Hansen, from Brigham Young University and the University of North Carolina, is relevant to this new era of web-enabled whistle-blowing. They focused on companies experiencing negative consequences from events such as a lawsuit, new regulation, or an accident. They measured what happened to the share price of the company as a result of the event. They found that the correlation between stock price and a negative incident depended on how much of a socially responsible company it was perceived to be. Firms that rank poorly on a social responsibility index saw their share price plummet as a result of negative news, while the impact for firms with good CSR resulted in less of a drop in the stock price. The professors concluded that a socially responsible reputation acts as a form of insurance; as a result of a negative event, investors are persuaded to


think that it was a one-off incident and is therefore not an indicator of something structurally wrong with the firm. However, if the company is considered socially irresponsible, then such events are understood as part of a pattern, and so the stock market reacts more strongly.45 This is a strong argument derived from reputation management; yet the CSR rationale extends further, to encouraging organisational learning and more socially and environmentally beneficial forms of enterprise. The rewards for shifting towards such business models may only increase from more digital sunlight on the murkier areas of business practice.

Despite such evidence of the commercial sense of CSR, will this new generation of online whistle-blowing—whether by WikiLeaks or others—increase transparency, or will it simply cause governments and companies to clamp even tighter; to invest more in data security and counter-hacking measures? And if they do react defensively, will this result in what Assange called an effective ‘secrecy tax’, whereby those organisations with the most to hide end up being less competitive as a result of their security-related expenditures? As Assange explains:

> When an organisation acts in a more clandestine manner, its own internal efficiency decreases, because information cannot flow quickly through the organisation.46

This may be also interpreted as organisations not fulfilling their fiduciary duties to their shareholders, raising the question of how to measure the impact of such secrecy within a corporation.

The actions of WikiLeaks have brought into light more serious ethical and political issues that go beyond transparency and the potential impact on an organisation. If companies such as Mastercard and PayPal can use their power to impede the transactional abilities of an organisation such as WikiLeaks because it exposes government secrets, it shows that they are not apolitical. Furthermore, it also brings to light the systemic nature of the flow of information and how companies indirectly related to media organisations could affect the public’s right to information. But there is also a corollary: could social media itself be a source of censorship? The latter was the theme of a December 2010 blog entitled ‘Twitter is censoring the discussion of Wikileaks’, which questioned some irregularities in Twitter’s ‘Trend’ function despite the high level of discussion surrounding WikiLeaks.47 The company rejected these claims, but it is impossible to know unless there is more transparency or, perhaps, a whistle-blower emerging from inside Twitter itself. While suspicion cannot be taken as fact, it shows that even social media organisations require levels of accountability and need to reflect more deeply on their social purpose beyond the mere distribution of information. The disturbance to the normal information order that WikiLeaks’ activities has caused has helped to expose the political nature of technology hitherto assumed to simply be tools of a modern life: credit cards, online payments, social media platforms. These tools are owned by institutions and as they become more critical to normal life, their accountability becomes more important.

Deeper questions can be asked about the future effectiveness of the WikiLeaks style of activism and other tamer campaign-based versions on social media sites. Will such activism be able to create real and sustained positive change faced...
with such opposition? This was the theme of an October 2010 article in *The New Yorker* entitled ‘Why the revolution will not be Tweeted’, by *Tipping Point* author Malcolm Gladwell. He argued that

the drawbacks of networks scarcely matter if the network isn’t interested in systemic change—if it just wants to frighten or humiliate or make a splash—or if it doesn’t need to think strategically. But if you’re taking on a powerful and organized establishment you have to be a hierarchy.48

Critics that share Gladwell’s view have started to characterise the sort of online activism seen on Facebook and other social media sites as ‘slacktivism’, which was apparently coined by anti-scam crusader Barbara Mikkelson49 and who defined it as ‘the desire people have to do something good without getting out of their chair’.50

By the end of the year, such armchair analysis already appeared a little dated. The revelations in the US cables from WikiLeaks about corruption in Tunisia fuelled protests against the regime, while Facebook, Twitter and YouTube were helping young activists in North Africa and the Middle East to organise protests. The revolutions were indeed being tweeted, and in concert with satellite TV channels, shining a digital spotlight on both injustice and a new generation of hope. If in the West Generation Y is highly individualistic and hedonistic, Generation Y in Arab regions is reminding the whole world of our ability and need to work collectively for our individual freedoms. It appears that the reason for ‘slacktivism’ may be found not in the technology but the mentality of those using it. The potential for massive change from new digital sunlight being shone on large institutions currently exists. The long-term implications are unclear, but it is likely that decisions that were once possible in private will need to evolve to the public domain if they are to prosper in future. Such a situation should give way to a new standard, not to mention simplified, guide for staff when confronting a business ethics dilemma: would you feel comfortable if your wider circle of friends knew you are doing what you are doing?

Those were some of the big-picture changes occurring at the end of 2010 that have implications for the future of business, and indeed society as a whole. Yet there were also a range of developments using social media within the narrower field of corporate citizenship and CSR during 2010, which give pointers to changing times ahead.

We now have companies such as GoodGuide providing sustainability ratings for over 60,000 products in the US, all accessible at the point of purchase simply by using a free iPhone barcode scanning application.51 We have JustMeans providing a social networking platform that allows self-declared stakeholders to ‘follow’

48 M. Gladwell, ‘Small Change: Why the revolution will not be Tweeted’, *New Yorker Online*, 4 October 2010; www.newyorker.com/reporting/2010/10/04/101004fa_fact_gladwell.


50 Wikipedia defines *slacktivism* as ‘a pejorative term that describes “feel-good” measures, in support of an issue or social cause, that have little or no practical effect other than to make the person doing it feel satisfaction’ (4 January 2011).

51 Good Guide; www.goodguide.com/about/mobile.
planning a company through the site, providing not only access to their published CSR information, but also providing a conduit for feedback.\textsuperscript{52} JustMeans and CRD Analytics have also launched an innovative platform to provide companies with the capability to verify the accuracy and completeness of their ESG Data Set.\textsuperscript{53} Social media is also proving an effective platform for ‘crowdsourcing’, which is the act of outsourcing tasks to an undefined, large group of people through an open call. One new company, OpenEyeWorld, provides a ‘crowdsourcing’ tool for companies to consult with sustainability experts from around the world.\textsuperscript{54}

However, like any new tool, social media is still a double-edged sword for companies trying to turn it their advantage in the sphere of business responsibility. An already classic case is that of Greenpeace’s anti-Kit-Kat chocolate campaign, which went viral in March 2010 across the social media networks such as Facebook and Twitter. The 60-second Greenpeace video, which was at the heart of their campaign, shows a bored office worker biting into a Kit-Kat, and as he does so, it turns into the finger of an orang-utan and ‘crunch!’ the blood spills down his chin and over his clean white shirt. One estimate by Scott Douglas on Prezi calculated that within four days the Greenpeace report and shock-video may have reached half a million people through social media sites. This viral effect was seemingly boosted by Nestlé’s attempt on its Facebook page to censor comments made by its critics (including activists who had changed their Facebook profile pictures to a de-famed logo of Nestlé, which said ‘Killer’ instead).\textsuperscript{55}

The fact that Nestlé took swift action by dropping the accused Indonesian supplier and that their hands are effectively tied by a lack of available sustainable palm oil did little to quell the angry reactions of online activists. Greenpeace later called off the campaign, which Nestlé Executive Vice President for Operations, José Lopez, said was achieved ‘by putting on the table a very technical view of the issues we are talking about. We’ve demonstrated that we have a logic, a path and a process that drives continuous improvement into topics of high concern, which in this case is deforestation.’\textsuperscript{56} Nestlé’s successful resolution, however, did not take away the fact that social media is a tricky area for companies to master.

Besides the risks, however, there are also massive opportunities. For instance, in December 2010, BBC News highlighted the ways in which the Internet is empowering small traders and promoting greater equity in the supply chain. Until China Mobile’s Nongxintong—or farming information service—became available four years ago, farmers still lacked information on commodity prices despite most farming households having mobile phones. As Liu Jing, a local manager for the service at China Mobile explained:

Building the mobile network and covering most of the country’s

\textsuperscript{52} JustMeans; www.justmeans.com.
\textsuperscript{53} JustMeans; www.justmeans.com/companies/crd-analytics/214662.html.
\textsuperscript{54} OpenEyeWorld; openeyeworld.com.
\textsuperscript{55} Scott Douglas, ‘The astonishing numbers in the Kit Kat social media case and why business should take notice’, Holyroodpr Online, 22 March 2010; www.holyroodpr.co.uk/blog/entry/the_astonishing_numbers_in_the_kit_kat_social_media_case_and_why_business_s.
\textsuperscript{56} P. Courtice, ‘Interview of José Lopez by Polly Courtice, Director of the Cambridge Programme for Sustainability Leadership’, 17 June 2010.
administrative villages, we realised that there was only a network signal. In rural areas, this is not enough. It’s like having a highway and no cars!"\textsuperscript{57}

As most households did not have access to the Internet, China Mobile introduced a new generation of web-enabled mobile phones, which allows 20 million farmers to stay up to date on commodity prices. Other innovations include the Geo Fair Trade research project, which is devising a geo-traceability tool for the Fair Trade sector as a way of re-personalising ethics in the Fairtrade supply chain.\textsuperscript{58} Meanwhile, Patagonia’s forsaking of GRI-style sustainability reporting in favour of their online Footprint Chronicles\textsuperscript{®}, which map the impacts of their products through the supply chain, perhaps gives a glimpse into the future of transparency.\textsuperscript{59}

Looking at the broader trends, the impact of social media has the potential to influence business management and corporate responsibility in general. Already, open-source platforms exist such as The Management Innovation Exchange, which aims to reinvent management for the 21st century.\textsuperscript{60} A Harvard Business School paper argues that Web 2.0 is causing a distinct shift—from Accountability 1.0 to Accountability 2.0.\textsuperscript{61} Accountability 1.0 is marked by one-way proclamations, campaigns and PR communications. Companies and stakeholders talk at each other more than with each other. Because it is more about speaking than listening, Accountability 1.0 processes sometimes unintentionally fuel antagonism, confrontation and mistrust between companies and stakeholders. Accountability 2.0 rests on the assumption of two-way communication, cooperation and mutual engagement. Accountability 2.0 allows actors in the accountability ecosystem to disagree over substantive issues while engaging in respectful dialogue that seeks mutual understanding and more consensus-oriented solutions. The growing recognition of a shift in approach to more interactivity on social responsibility is reflected in the increasing popularity of phrases such as ‘CSR 2.0’.\textsuperscript{62}

What this highlights is the need for companies to become networked communities of purpose. While Accountability 2.0 may facilitate the communication necessary to discuss and maybe resolve a particular social problem, what the attempted repression of WikiLeaks demonstrates is that, to be effective, such frameworks need to be measured against the power relations at play. Although the Internet provides greater access to information, the changing ecology of accountability due to social media does not mean that the existing structures that protect the interests of elites are being broken down. Corporations and indeed social media organisations still need to align their purposes with the concerns of society. For a new period of ‘CSR 2.0’ to be meaningful it will need not only to use new technologies but use them to become truly more open and collaborative in addressing common problems. In an age of digital sunlight, the character of our institutions, leaders, fellow citizens, and ourselves, will be clearer to see. Whether we will like what we see is up to all of us.


\textsuperscript{60} Innovation Exchange; www.managementexchange.com/about-the-mix.


CSR and disaster risk reduction

One crucial area where social media is starting to have an impact is in response to natural disasters. Examples of ‘crowdsourcing’ through social media platforms such as Peoplefinder in the aftermath of Hurricane Katrina, and Mission 4636 following the Haiti earthquake proved to be effective tools in responding to requests for help and in locating missing persons. Social media is also providing important access to information in the wake of disasters. Therefore, disaster risk reduction is one field where social media enterprise could contribute as part of its corporate social responsibility.

But business in general has a role to play in disaster risk reduction. As developing countries are most affected by natural disasters and many corporations have transferred their production facilities to these regions, it stands to reason that businesses start to reflect on their societal role in the event of a catastrophe. How business is addressing disaster risk reduction overall is thus another part of corporate responsibility which companies need to consider.

This was highlighted by an October 2010 announcement from the Small Equity Initiative (SEI) to pilot a private-sector disaster reduction programme in Nairobi, Kenya. SEI is dedicated to education, advocacy and activism to improve the capital markets for both small business entrepreneurs and investors globally. In sponsoring the pilot, it hopes to urge private-sector innovation and investment aimed at reducing disaster risk. As Mr Philip Verges, founder of SEI, stated at the press release:

Small businesses are an important source of disaster risk reduction support. They can build homes, commercial buildings and civil infrastructure, and provide communications as part of an emergency contingency plan.

Also present at the launch was Ms Margareta Wahlström, the Special Representative of the UN Secretary-General for Disaster Risk Reduction, who called for businesses and governments to develop a new cooperative approach to reduce disaster losses. She stipulated that

Governments, the private sector and donors need to team up to make cities and communities more resilient against disasters. We will not be able to achieve our goals without this strong partnership.

According to the United Nations International Strategy for Disaster Reduction (UNISDR), disaster risk reduction is:

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63 Visser, The Age of Responsibility.
The conceptual framework of elements considered with the possibilities to minimise vulnerabilities and disaster risks throughout a society, to avoid (prevention) or to limit (mitigation and preparedness) the adverse impacts of hazards, within the broad context of sustainable development.68

Therefore, the key to disaster reduction is to reduce the vulnerability of communities exposed to natural hazards and better be able to cope during, and recover after the event. Successful prevention activity can reduce natural disaster risks to business operations and the communities that depend on them thus improving business efficiency.

For business, two immediate applications are business continuity and sustainable development. The International Consortium for Organisational Resilience (ICOR) describes business continuity as the activity performed by an organisation to ensure that critical business functions will be available when there are disruptions.69 While business continuity is not a new concept, its application to disasters is a natural extension to the evolving field and is starting to come to the fore. A British Standards Institution (BSi) article in October 2010 illustrated how the private equity firm Altius Associates was able to cope during the cold snap in Europe which affected people’s mobility. As partner and head of client services Mr Adam Heaysman stated:

Thanks to our business continuity plan, we had an IT infrastructure in place which allowed those members of staff to work as if they were still in the office.70

At the 2010 CSR Asia Summit earlier in the year, a session was dedicated to business continuity planning and the role of the private sector in disaster preparedness.71 Rather than framing the business continuity and disaster preparedness theme in terms of business efficiency, the session looked at how core business practices and competencies could be extended to ensure the overall stability of the economic environment in the region. And it stands to reason, particularly in Asia. According to the Centre for Research on the Epidemiology of Disasters (CRED), Asia accounts for more than 40% of meteorological calamities such as typhoons.72 In light of the many companies that have transferred their production to Asia, there is a clear business case for disaster preparedness as part of corporate responsibility.

But by broadening the scope of business continuity to one that contributes to the overall economic stability of a region, it requires companies to think about how their business continuity plans impact society in the event of a disaster. For instance, if business expediency is the priority, a business continuity plan could entail dropping a supplier if supplies are temporarily disrupted, effectively depriving the supplier of much-needed resources to be functional again. Such a plan would be contrary to sustainable development. If any degree of economic stability is to be achieved in developing countries, disaster preparedness needs to be understood within the context of sustainable development.

The outfall from the Eyjafjallajökull volcano eruption in Iceland earlier in the year was a good example. In the three days after

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the eruption and the subsequent grounding of aircraft, 5,000 farm workers in Kenya had been temporarily laid off due to the lack of market access.\textsuperscript{73} While Tesco was able to organise an alternative delivery route through Spain, it raises the question of the viability of trade arrangements that create such dependencies.\textsuperscript{74} In the case of a supermarket chain, greater corporate responsibility could involve a strategy that strengthens local markets to provide food for the local population. This would represent an investment in the supply chain rather than an opportunity to cut costs. By taking such an approach, the unpredictability of natural disasters can be tempered as there is greater supply chain capacity to respond when calamity strikes.

Furthermore, such an approach could actually avoid some disasters altogether. While a business continuity plan for fast-onset disasters such as earthquakes and volcanic eruptions can minimise the impact of a catastrophe, slow-onset disasters such as drought need not necessarily create humanitarian crises.

An Interpares study on community-based food security systems showed how poor communities in the Medak district, a semi-arid region in the Indian state of Andhra Pradesh and also part of India’s ‘hunger belt’, were unaffected by the 2001–2002 drought.\textsuperscript{75} By growing grain that is adapted to a low-rainfall climate and through the establishment of a community grain fund that enables food sovereignty in lean times, the communities had no need of external assistance during the emergency. What this demonstrates is that, while the drought was unavoidable,

the appropriate management of resources can strengthen communities as well as reducing their vulnerability in the event of a potential disaster.

While there was no corporate involvement in the above example, companies that align their core business practices for the purposes of social development may be able to develop disaster risk reduction solutions that go beyond risk minimisation. For instance, a food services company could partner with a community to support traditional farmer methods that maintain land sovereignty and are adapted to arid climates. Rather than an emergency relief approach that is reactionary, by addressing the systemic issues that expose vulnerable communities to risk in the event of disaster, communities can be strengthened to avoid tragedy all together.

\textsuperscript{73} Nick Wadhams ‘Iceland volcano: Kenya’s farmers losing $1.3m a day in flights chaos’, \textit{Guardian Online}, 18 April 2010; \url{www.guardian.co.uk/world/2010/apr/18/iceland-volcano-kenya-farmers}.

\textsuperscript{74} ‘Volcanic ash: Tesco delivers Kenyan produce via Spain’, \textit{BBC News Online}, 20 April 2010; \url{news.bbc.co.uk/2/hi/business/8631286.stm}.


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