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SUZANNE BENN AND DIANNE BOLTON

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preface

WHY STUDY CSR?

Does business have responsibilities to society broader than making profits for business owners and investors? Over the last fifty years the long history of debate around this question has been focussed through increasing interest in the concept of 'corporate social responsibility' (CSR). At various times, debates about CSR have surfaced in response to social, environmental, economic and political pressures. For example, in the 1950s even the legality of corporate philanthropy was questioned, the concern being whether it transgressed business responsibilities to shareholders. Subsequently interest arose as to whether and how business might benefit commercially from 'doing good'. This in turn generated debate concerning whether such a 'bolt-on' approach to CSR focused on corporate profit maximisation might contradict the higher moral obligations that business had to society. Ongoing debate concerning the multiplicity of business purposes broader than mere financial outcomes had been consistent in the academic and practitioner communities.

However, in the 1990s the coining of the term 'triple bottom line' (TBL) helped popularise an understanding of the need for business to account to a constituency broader than shareholders. By purporting that business should report on its financial, social and environmental outcomes as a matter of course, the framework improved clarity around the interface of business with society. Later, governance and political impact were also suggested as additional and desirable areas for business reporting. Since that time there has been a burgeoning interest in the nature of corporate responsibility and accountability, driven to a large extent by an increasing social awareness of the impact of commercial practices, products and services on the natural environment. These pressures are currently polarising the political debate at a national and global level and creating an environment of dynamic complexity for business around stakeholder relationships, pathways to sustainable business practices, global citizenry responsibilities and risk management.

HOW WILL THIS BOOK ASSIST YOUR UNDERSTANDING AND PRACTICE?

This book presents students, researchers and practitioners with a cross-disciplinary perspective around the core theme of CSR. It addresses three broad areas of inquiry: 'What is CSR?', 'Why would firms undertake CSR?', and 'How are businesses implementing CSR in context?' As a nascent and dynamic area of research and study, we draw broad conceptual boundaries around CSR that include social, economic and environmental dimensions. The 50 entries focus on definitions, the relevance of topics to CSR, development of the concept and related constructs, the key debates and tensions (academic and practical) and some evidence of practice. The book will be useful for researchers/readers in concept mapping their own areas of interest in an informed and holistic manner and facilitating their cross-disciplinary research and study.

This is an increasingly important and urgent area for business and management studies. Traditionally managers have been required to draw upon a range of perspectives through the 'lenses' of different disciplines. New business models that incorporate social responsibility or sustainability concepts have extended the scope of management concerns and accountability across even broader disciplinary areas, particularly in relation to the way business uses resources (both physical and human) and the ensuing environmental impacts. The intention of this book is to help the reader identify these critical CSR issues and make better decisions in the current complex and shifting business environment. We do this by presenting entries from multiple disciplines illustrating CSR as a dynamic and contextual response to internal and external environmental pressures and shifts in community expectations concerning the roles, responsibilities and accountabilities of business.

Agency Theory

WHAT IS AGENCY THEORY?

Agency theory is concerned with the governance of the firm. It assumes that the governance function administers delegations on behalf of the firm's owners (principals) to rational actors (agents) who, by undertaking managerial roles, will seek to maximise their individual utility (or their access to desirable goods and services) on economic grounds. The principal, as the owner of the firm, enters into contracts with agents to manage the principal's firm; an executive manager (the agent of the principal) accepts the responsibility to shareholders to maximise shareholder utility. In appointing the agent the owner knows that the agent's role offers opportunities to maximise the agent's utility whilst managing the principal's wealth in the form of investments. Thus agency theory suggests that 'in the modern corporation agents and principals are motivated by opportunities for their own personal gain' (Davis et al., 1997: 22).

Agency theory suggests that if the 'utility functions' of self-serving agents and principals are aligned, then both parties will benefit. However, if they are not, then what are described as 'agency costs' will arise. For example, managers might protect their jobs by promoting unnecessarily risk averse strategies that reduce shareholder value. It is assumed that governance frameworks that determine both the mechanisms of and control over delegations will minimise agency costs. Davis et al. (1997) note that although agency costs can arise from factors such as poor information or managerial skill deficits, agency theory has focused mainly on 'motivation' to pursue self-interest as the main cause of agency costs. An example is the well publicised debate about whether effective governance can be achieved by providing incentive pay to managers to pursue strategic targets of the organisation, rather than to engage in self-serving behaviours. There is much evidence to suggest that these incentives can be perverse and encourage self-serving behaviours by managers.

CRITIQUE OF AGENCY THEORY

Jensen and Meckling (1976) critique agency theory from a perspective relevant to emerging theories of CSR. They suggest that agency theory falsely simplifies human nature (to facilitate modelling exercises) by only describing principal–agent relationships that are at odds. Agency theory is seen as incomplete in comparison with other evolving governance models of stakeholder theory and stewardship theory, both of which suggest that the manager now has broader stakeholder obligations which are not necessarily at odds with short or longer term shareholder interests. In this context, Jensen (2000) introduces the term 'enlightened value maximisation' to specify the firm's intent to seek longer term value maximisation. This approach is also used to determine tradeoffs amongst stakeholder interests and claims.

Caldwell et al. (2006) have produced a conceptual framework around 'principal theory' and 'principle theory' as a way of understanding relationships between agency theory, stakeholder theory and stewardship theory. The assumption behind their principal theory is that in practice it is the principal who often pursues 'self interest with guile rather than the agent'. In other words, 'organizational owners and shareholders can often be ethically opportunistic and take advantage of employees who serve them' (2006: 207). This is illustrated by such activities as downsizing in 'the absence of much planning or strategic thought' (Pfeffer, 1998). Caldwell et al. note that employees often view principal theory as embodying an organisational ethic of power, the rationale for decision-making being 'because we can' rather than the pursuit of long-term outcomes for the organisation. In contrast, principle theory suggests that firms adhere to guiding principles embodying 'core values and sense of purpose beyond just making money – that guides and inspires people through the organization and remains relatively fixed for long periods of time' (Collins and Porras, 1994: 77).

Thus, Caldwell et al. (2006) broaden the debate about organisational governance and its ethical assumptions through employing a critique of agency theory. To do this they illustrate the relevance of principal theory and principle theory, comparing them with other theories of governance including agency theory. In this respect, they question the relevance of agency theory on the basis of arguments around: the open-ended nature of the likely increase in transaction costs to incentivise the agent to act ethically; the possible impact of this policy on a desirable organisational culture of trust and followership; the lack of evidence that a self-interested focus on profit maximises shareholder wealth; and, finally the negative impact on employees who are treated as commodities and are therefore less likely to give their best efforts or engage. Other governance models compared with principal theory and principle theory include stakeholder theory and stewardship theory, which are covered in separate entries.

See also: *Employee Engagement, Governance, Stakeholder Theory, Stewardship*

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Business at the Bottom of the Pyramid

A NEW BUSINESS MODEL

The term 'bottom of the pyramid' (BoP) refers to the poorest people in the world who live on less than US$2 per day. There are around 2.7 billion people in this situation, more than half the population of the developing world (see http://web.worldbank.org/). Some economists conceptualise the wealth and earning capacity of the world's population as a pyramid, where those in the bottom quartile are not only the worst off financially but also account for the largest sector of the pyramid. The people categorised as at the bottom of the pyramid often live in rural areas, with little access to education or technology.

Several leading business scholars have researched business activities that could achieve the dual purpose of eradicating this poverty-stricken demographic while at the same time making profits for the companies who can devise products to sell into this market (see Hart, 2005; Prahalad 2006). These writers see the BoP group as a problem in terms of social equity, but a problem that provides an opportunity for phenomenal growth in the private sector in which these 2.7 billion people represent untapped potential for multinationals. They claim that if products such as mini water purifiers or household detergents in disposable minipacks are designed to be affordable for this market and also provide human health and environmental benefits, the firm will be contributing to the overall wellbeing of this sector. Hence BoP proponents claim that if businesses take on the challenges of servicing this demographic, they can assist in alleviating social decay and environmental degradation while also delivering returns on investments by the corporation.

London and Hart's (2004: 361) empirical research on appropriate business strategies to apply to BoP suggests that there are three key strategies of successful BoP market entries:

1. **Collaborating with non-traditional partners**

   - recognising the value of both corporate and non-corporate partners
   - proactively establishing relationships with non-profit and other non-traditional partner organisations
   - relying on non-corporate partners for expertise on the social infrastructure and local legitimacy

2. **Co-inventing custom solutions**

   - linking with multiple distributors, who may modify product differently before selling to the final user
   - allowing for user innovation and modification
   - allowing for the product and business model design to co-evolve
   - viewing the product in terms of the functionality it provides

3. **Building local capacity**

   - recognising the value of existing local institutions
   - providing training to local entrepreneurs and other partners
   - seeing gaps in the local infrastructure or missing services as potential opportunities

These business strategies have been widely supported by the World Business Council for Sustainable Development and other global business networks. According to one of its leading proponents, the only way large corporations can work towards the betterment of society and the natural environment and remain economically viable is through targeting markets at the base of the pyramid (Hart, 2005). BoP can be thought of as a systems approach to change for social good because it emphasises the relationships between the various elements of the global socio-economic system rather than the elements themselves. For instance, it would appear that the success of the model is dependent upon cooperation between governments and consumers, NGOs, business, research and development organisations and other facets of the global socio-economic system.

The Aspen Institute provides three case examples to illustrate this phenomenon (see www.beyondgreypinstripes.org/pdf/BOP.pdf):

- The Grameen Bank was started by Nobel laureate Muhammed Yunus in Bangladesh to offer mini-loans to entrepreneurs who wouldn't qualify for the traditional form of bank loans that are based on collateral.
- PlayPumps sell a water pump that runs on the energy created from children playing on a merry-go-round. Advertising space on the pump's storage tank generates revenue that covers maintenance costs.
- Cell phone providers have developed the means to sell relatively cheap units to remote villages, thus allowing farmers, as just one example, to check grain prices at the nearest market before deciding to take their product into town.

THE ROLE OF INNOVATION

There are many problems and challenges in ensuring these types of business models are ethical, requiring high levels of innovation to ensure that the products or processes they deliver are sustainable. Providing single doses of hair shampoo in plastic containers obviously is problematic in sustainability terms if the country where it is distributed has weak governance systems for waste. Currently, Dow Chemical is experimenting with a totally biodegradable plastic that would enable a sustainable BoP market for this product but would also have positive implications for other sectors of the economy.

As Porritt (2006: 254) points out, a particularly important example refers to the BoP providing support for new technologies designed to generate electricity at the point of use, whether it be the home, factory, school or hospital. This 'distributed generation' or micro-technology capacity would include mini wind turbines, biogas boilers and digesters that would operate independent of the grid. It is these technologies that could be sold into this market, enabling economic, social and environmental benefits. Getting multinationals to market such technologies could help address the dependence of the rural poor in many countries on forest products as a source of energy.

While small local entrepreneurs can target this market, BoP proponents argue that multinational firms have a greater resource and research capacity to develop innovative products and supply the infrastructure required for social, environmental and economic benefits to be obtained. Multinational corporations also have the bridging capacity to transfer knowledge and work across the different regions of the world where these markets are to be found.

Prahalad (2006), originator of some key ideas of BoP, coined the phrase 'inclusive capitalism' to describe the pursuit of profit-making business opportunities which deliver social benefits in developing countries. The BoP model is also linked to other emergent business models, such as social entrepreneurship. That is, starting with social or environmental issues and then applying a business model that addresses the issues while also delivering economic benefits.

CRITICAL PERSPECTIVES ON BOP

While there is wide recognition that governments alone cannot address the problem of global poverty, there are also critics of BoP and associated models such as inclusive capitalism and microfinance. For example, Karnani (2006) argues that we need to view the poor as producers, and emphasise buying from them, rather than selling to them. Questions can also be raised regarding the level of profit companies should be making from selling such products if their overall aim is to do good as well as to make money. Other concerns refer to the role of marketers for the companies selling such goods – are some of these goods essential or are they simply creating a demand for unnecessary products? While companies such as Proctor and Gamble might provide employment for some local people as distributors of these goods, do BoP activities then remove the livelihood of many local vendors? Davidson (2009) argues that these dilemmas can only be resolved if the multinational involved has a clear understanding of CSR and business ethics. At core, such initiatives must deliver value to the poor as the highest priority. This is in contrast to other writers in the field who argue that BoP must not be confused with 'charity' or 'philanthropy', stating that above all BoP is a business concern.

Clearly there are ethical and CSR issues that are important for multinational companies working with these markets to understand and observe. Some of the most successful boycotts of our time have been targeted at companies which have ignored these principles when dealing with the world's poor. For example, Nestlé's promotion of milk products in less economically developed countries resulted in a decrease in breast feeding and the use of dirty water in infant formula, leading to a rise in health problems and deaths among infants. This resulted in the boycotting of Nestlé's baby milk products. Companies now appear to be more aware of such damaging reputational issues and hopefully can work with this new business model to deliver on its expectations for poverty alleviation as well as corporate returns.

See also: *Corporate Citizenship, Corporate Social Responsibility, Corporate Sustainability, Intergenerational Equity, Intragenerational Equity, Social Entrepreneurship, Systems Approaches*

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Business Case for CSR

DEFINITION AND EVOLUTION OF A BUSINESS CASE FOR CSR

The business case for CSR draws upon the argument that the market will economically and financially reward organisations that engage in CSR activities (Carroll and Shabana, 2010: 101). Although a widely accepted business case for CSR exists (Vogel, 2005; Lindgreen and Swaen, 2010), the argument that there is no business case (in that CSR takes resources away from the firm's principal economic functions) is also well documented. The debate is complicated further by Wood (2010), who argues that the results of research demonstrating a business case for corporate social performance are generally 'wishy-washy', such an approach being flawed theoretically and ethically because it treats CSR as an add-on to the business function rather than as a moral imperative that underpins business's right to operate.

SO HOW HAS THE BUSINESS CASE FOR CSR EVOLVED?

Lydenberg (2005) suggests that until the late 1970s, CSR was not treated seriously by the investment and business community. This was not helped by Friedman's fierce (1972) advocacy that CSR imposed inappropriate costs on shareholders, and that managers often invested shareholder funds in activities unrelated to core business and core capabilities to further their ego and status whilst creating little social benefit for other stakeholders. However, both Vogel (2005) and Lee (2008) conclude that by the 1990s, discourse around CSR had shifted towards demonstrating how its adoption might be linked to explicit market outcomes and measurable benefits to business.

BUILDING A BUSINESS CASE AROUND AN EVOLVING DEFINITION OF CSR

Lee (2008) notes that the 1960s witnessed an increase in corporate social responsiveness and business awareness about the social and ecological impact of business, but there was little attempt to link social responsibility to financial performance. For example, in 1978 Frederick noted that companies were beginning either to take responsibility for the social environment (CR_1) or to respond to the social environment (CR_2). Carroll and Shabana (2010) describe how in the 1970s a focus on corporate social performance (CSP) emerged that attempted to reconcile the approaches of CR_1 and CR_2, moving the direction of the debate around CSR much more closely to the idea of a business case. The 1980s witnessed increasing academic interest in the business case for social performance. By 1991 Wood was seeking to add clarity to such debates by refining the concept of CSP as 'a business organization's configuration of principles of social responsibility, processes of social responsiveness, and policies, programs and observable outcomes as they relate to the firm's societal relationships' (1991: 697). Carroll and Shabana remind us that by the 2000s the corporate scandals and the GFC were shifting the focus of debate towards business ethics and away from CSP or CSR, with tension emerging between a voluntaristic approach to CSP and calls for more regulation to curb the worst excesses of corporate risk-taking. Dahlsrud's (2006) factor analysis of CSR practices suggests approaches to CSR include a voluntariness in addressing discrete functions, and ethical and regulatory frameworks pertinent to the development of business sustainability, covering society's required and expected business behaviours.

Kurucz et al. (2008) suggest that despite the diverse definitions of CSR, the rationale for the business case commonly includes its capacity to: reduce cost and risk; build a reputation in the market and the broader community; create competitive advantage in an environment experiencing increasing community expectations of firms to act in a socially responsible manner; build synergy and innovation for broad stakeholder benefit through the creation of social capital across stakeholder groups. Wood (2010) also includes claims concerning increased employee motivation, and the possibility of reducing the threat of increased regulation through self-regulation.

ECONOMIC ISSUES UNDERPINNING THE DEBATE

Key debates that impact on the business case for CSR concern the function and level of profit required to ensure long-term business success. Emphasis in this debate has shifted along with changing social expectations on business. In 1962, Friedman maintained the role of business to be that of optimising profits for shareholders. Four decades on, Barnett

(2007) suggests that an excessive focus on profits decreases an essential capability of the firm to influence and manage stakeholders. Although tension between these viewpoints remains, there is increasing activity amongst academics and practitioners to demonstrate that companies can improve their performance economically and financially by undertaking their core business in a manner that considers its impact on the broader society. There is evidence that stakeholders increasingly appreciate the benefits of a more strategic approach to CSR, i.e. its positive financial and economic impacts as well as social benefit. As Lee (2008) and Vogel (2005) have noted, we are shifting towards CSR frameworks that are more financially performance-oriented and witnessing a gradual acceptance by companies that CSR influences profit.

Wood (2010) questions whether CSR should be seen as an organisational function of a closed system, and therefore as an add-on, or as a role within an open system in which an appreciation of complex interactions with society underpins its business case. Carroll and Shabana (2010) differentiate between a narrow business case that looks for direct links between individual CSR activities and corporate financial performance (CFP) and broader approaches that justify direct and indirect linkages that can enhance collaborative and innovative stakeholder relationships based on trust and a commitment to longer term and mutual benefits.

DOES A RELATIONSHIP BETWEEN CFP AND CSP CONSTITUTE A BUSINESS CASE?

Margolis and Walsh (2003), drawing on 127 studies on the relationship between CSP and CFP, suggest that a majority of these support the business case, there being very little evidence of a negative relationship between CSP and CFP. However, they also identify strong grounds for questioning these results on the basis of research methodology. They appear to support Wood's (2010) concerns that an empirical approach relating CSP to CFP might by its very nature legitimise the economic contractual model of the firm (that assumes that the firm is nothing more than a series of contracts undertaken to maximise profits), stating that a 'preoccupation with instrumental consequences renders a theory that accommodates economic premises yet sidesteps the underlying tensions between the social and economic imperatives that confront organizations' (2003: 280). They also purport that this approach understates the need for a new normative theory of the firm concerning how business organisations might ‘respond to human misery while also sustaining their legitimacy, securing vital resources and enhancing financial performance …’ (2003: 284). They conclude that a useful starting point for researchers might be to get a better idea of how organisations actually benefit society, before pursuing a scientific analysis of the relationship between CFP and CSP.

Salzmann et al. (2005) also acknowledge severe shortcomings in the methodologies of existing studies supporting the business case, including poor measures of social performance and financial performance, a lack of testing of definitions and concepts, and inadequate sampling techniques, with few comparative studies undertaken at an organisational level. Despite these limitations, scholars, consultants and think-tanks have not hesitated to make broad recommendations for actions and have developed valuation tools to quantify the business case. Salzmann et al. (2005) argue further that what is needed is more descriptive research on specific target groups using comparative studies. In other words, a basic understanding of rationales, practices and impacts of CSP is required before other research methodologies are employed to assess the financial returns of a variety of CSR initiatives that are by their very nature contextually specific.

CONCLUSION

There seems to be broad support for the view that there is a business case to be made for CSR. Even critics of the CSP–CFP research focus such as Wood (2010) would acknowledge that this positive connection is well established. But there is also broad concern around the complexities of developing such business cases and a plea for more attention to building business cases that will recognise situational contingencies and the complexities associated with diverse CSR agendas. Every initiative will not be a winner in narrow financial terms. However, the literature suggests that some initiatives will in fact deliver broader stakeholder value that is recognisable in the market and in the wider community. Vogel (2005) makes this case strongly by saying ‘the effort to demonstrate through statistical analysis that corporate responsibility pays may be not only fruitless, but also pointless and unnecessary, because such studies purport to hold corporate responsibility to a standard to which no other business activity is subject’. He exemplifies this by reminding us that although it is unlikely that a direct positive relationship can be demonstrated between advertising expenditures and profit levels, it is equally unlikely that the case for advertising would be disputed.

See also: *Business at the Bottom of the Pyramid, Corporate Social Responsibility, Risk Management, Social and Societal Marketing, Triple Bottom Line*

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Business Ethics

WHAT IS BUSINESS ETHICS?

Ethics is concerned with the nature of morality, or a society's norms, values and beliefs about right and wrong, and the philosophies, principles, guidelines and conditions that influence moral choices. Wines highlights the complexity and uncertainty that typifies ethical concerns, defining ethics as 'the cognitive, analytical, systematic and reflective application of moral principles to complex, conflicting or unclear situations' (2008: 487).

Crane and Matten define business ethics as 'the study of business situations, activities and decisions where the issues of right and wrong are addressed … mean[ing] morally right and wrong as opposed to, for example, commercially, strategically, or financially right or wrong' (2007: 52). Business ethics embraces the study of ethics *for* business and *in* business, which Wines (2008) purports should go beyond a concern with moral philosophy, ethical dilemmas and CSR to examine moral psychology, corporate culture, the impact of authority and organisational design, motivation, and the historical and contemporary interactions between society, business and the law. This account places an emphasis on the relationship between business ethics, the law, moral philosophies, CSR and the risks to business.

DEVELOPMENT OF BUSINESS ETHICS

Sauser (2005: 346) has noted that business ethics cannot be distinguished from ethics in general because 'an ethical person behaves appropriately in all societal contexts'. This position was acknowledged by Adam Smith who, in 1759, in *The Theory of Moral Sentiments*, argued that both understanding one's obligations to society and maintaining a sense of justice were preconditions for effective business and commerce. Barnard, in his seminal (1938) work *The Functions of the Executive*, also emphasised the importance of individual actions in organisations and the need for leadership to consider the economic, legal, moral, social and physical elements of the environment when making decisions. Simon's (1945) *Administrative Behaviour* built on Barnard's work by further exploring the influence of the organisation on individual actions and vice versa. In so doing, he noted that businesses were broadening their notion of responsibility towards the community beyond mere legal compliance. Drucker's (1954) *The Practice of Management* extended this moral and ethical focus beyond individual behaviour in organisations, focusing more on CSR and including it as an area in which businesses should set objectives. However, Svensson and Wood (2007) pointed out that business ethics as an academic discipline in the USA was not formalised until 1974.

Sauser (2005) notes that while law is a significant source of ethical guidance, other sources include; authority derived from organisational policies; professional codes of behaviour; the community's conceptualisation of morality or social mores; and standards derived from the individual conscience.

BUSINESS ETHICS AND THE LAW

Ethics and morality have broader application than the law, the law being the codified set of a particular society's acceptable behavioural standards. Joyner and Payne (2002) suggest the concept of legality accords with the 'letter' of the law whereas the concept of morality (and ethics) accords with the 'spirit' of the law. Sauser goes further by suggesting that 'while few business philosophers question the role of law as a *necessary* standard of business morality, there is a raging debate over whether the law is a *sufficient* standard of ethicality in business' (2005: 347). He questions whether it is appropriate for a business person to merely obey the law or to meet higher standards of morality. Many businesses seek adherence to higher ethical standards through developing codes of conduct which enshrine normative expectations of employee conduct, often over and above the law.

ETHICAL FRAMEWORKS AND CSR

According to Crane and Matten, business ethics serves as an analytical tool that can help managers evaluate different possibilities and develop 'moral imagination for the consequences of their actions for the human beings affected by those decisions' (2007: 54). Joyner and Payne consider the concepts of business ethics and CSR to be highly aligned, CSR being defined as 'categories or levels of economic, legal, ethical and discretionary activities of a business entity as adapted to the values and expectations of society' (2002: 300).

The following major ethical theories have been identified as applicable to business decision-making around CSR:

- *Ethical egoism* maintains that what is right is what is in one's own interests. Whilst this approach is often seen as individually-oriented, it can include a rational appraisal of a corporation's long-term interests, including the need to be broadly socially responsive.
- *Virtue ethics* maintains that an individual's character will influence behaviour that is aligned with the 'good life'. Virtues can include honesty, integrity, fairness, prudence and courage. In some instances virtues may conflict, creating dilemmas for business managers, e.g. courage may lead to recklessness rather than prudence. The aspirational nature of virtue ethics can limit the cross-cultural relevance in that virtues may have different cultural priorities. However, it would appear to suggest appropriate guidance about socially responsible behaviour in local societies, if not more generally in a global society.
- *Deontological ethics* (the Greek 'deon' meaning obligation or duty) is concerned with the universal moral nature of an action, regardless of the preferences or desires of the actor, or of the circumstances in which the action takes place. This approach also encounters difficulties in determining universal 'absolutes'. However, situations such as the global financial crisis (GFC) that began in 2007 and ongoing concerns about human-induced climate change (and associated transitions from fossil fuel based energy) might have highlighted possible moral 'absolutes' in a global economy.
- *Consequentialist ethics* maintains that the ethics of an action are determined by its consequences. Utilitarianism is one such approach that maintains an action is right if it generates the greatest good for the greatest number of people, with the notion of 'good' traditionally defined in terms of 'happiness', 'pleasure' or 'satisfaction'. The pragmatic nature of this ethical framework facilitates decision making based on perceived consequences. Its weakness is in defining what constitutes 'good', e.g. in determining a corporation's social responsibilities.
- *Rights-based ethics* is concerned with the rights that people have by virtue of being human, e.g. breathing clean air or freedom of association. Rights-based ethics (along with justice-based ethics) appears to have underpinned much of the early debates around CSR, especially around the 'social' impact of business decisions.
- *Justice-based ethics* is concerned with fairness and equity in the application of rules, laws and codes of conduct. Justice-based ethics can