

A SOCIOLOGICAL STUDY OF CORPORATE SOCIAL RESPONSIBILITY: A  
MARXIST PERSPECTIVE

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## **ABSTRACT**

### **A SOCIOLOGICAL STUDY OF CORPORATE SOCIAL RESPONSIBILITY: A MARXIST PERSPECTIVE**

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The main concern of this thesis is to problematize the so-called mutually beneficial relationship between free market mechanism and common good through the debates around Corporate Social Responsibility (CSR). Despite the social problems deepened by the free market, capitalist discourse attempts to justify itself by adopting some ethical concerns. However, it should be recognized that these attempts including CSR constitute market-based ethics. Trying to move beyond the existing critical literature on CSR, this thesis approaches to the concept of CSR from a Marxist perspective. I attempt to do it with the help of Marxist concept of commodity combined with Guy Debord's notion of spectacle. I argue that CSR can be considered as a spectacle, because it has at least two characteristics of the spectacle: confronting the working class with each other and commodifying the humanitarian values. This thesis also includes a close reading of the discourse about CSR in order to show that how these two characteristics of the spectacle are embedded in the global language of CSR and how they are manifested through the institutions of capitalism. In this context, I will focus on four institutions that have major contributions to the existing CSR discourse worldwide: UN Global Compact and OECD Guidelines for Multinational Corporations, the most comprehensive international guidelines for CSR, and Nike and Walmart, two monopolies that have been under intense public scrutiny for their unethical practices

and have produced the most intense discourse about their corporate responsibility practices.

Keywords: Corporate Social Responsibility (CSR), commodification, spectacle, humanitarian discourse, international organizations

## ÖZ

### KURUMSAL SOSYAL SORUMLULUĞUN SOSYOLOJİK ANALİZİ: MARKSİST BİR YAKLAŞIM

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Bu tezin ana konusu, serbest piyasa mekanizması ile kamusal yarar arasındaki sözde karşılıklı fayda ilişkisini, Kurumsal Sosyal Sorumluluk (KSS) tartışmaları üzerinden sorgulamaktır. Serbest piyasa koşullarında derinleşen sosyal sorunlara rağmen, kapitalist söylem bazı etik kaygılar benimseyerek kendini aklamaya çalışmaktadır. Ancak, KSS'yi de kapsayan bu girişimlerin piyasa tabanlı bir etiği ifade ettiği fark edilmelidir. Hali hazırda bulunan eleştirel KSS literatürünü aşmak amacıyla olan bu tez, KSS kavramına Marksist bir bakış açısı ile yaklaşmaya çalışmaktadır. Bu amaç Marksist meta kavramı ile Guy Debord'un gösteri kavramını kullanarak gerçekleştirilmeye çalışılmaktadır. Bu tez, KSS kavramının, gösteri kavramının en az iki özelliğini taşıdığı için (işçi sınıfının birbirleriyle karşılaştırılması ve insani değerlerin metalaştırılması), gösteri olarak nitelendirilebileceğini iddia etmektedir. Bu tez aynı zamanda, sözü edilen iki özelliğin küresel alandaki KSS söylemine ne kadar içkin olduğunu ve kapitalizmin kurumları aracılığıyla nasıl ortaya koyulduğunu göstermek amacıyla, var olan söylemlerin detaylı bir okumasını da içermektedir. Bu bağlamda, bu tez KSS alanında kabul edilmiş en kapsamlı kılavuzlar olan Birleşmiş Milletler Küresel İlkeler Sözleşmesi ve Ekonomik Kalkınma ve İşbirliği Örgütü'nün Çokuluslu Şirketler için Klavuzu ile etik olmayan uygulamaları nedeniyle kamuoyunda eleştirelere maruz kalan ve aynı zamanda kurumsal sorumluluk alanında yoğun bir söylem üreten iki büyük şirket olarak Nike ve Walmart üzerinde durmaktadır.

Anahtar Kelimeler: Kurumsal Sosyal Sorumluluk (KSS), metalařma, gösteri, hayırseverlik söylemleri, uluslararası örgütler

*TOGO ve THY direniřçilerine ve diđerlerine...*



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## LIST OF ABBREVIATIONS

<b>BP</b>	British Petroleum
<b>CEO</b>	Chief Executive Officer
<b>CSR</b>	Corporate Social Responsibility
<b>GC</b>	Global Compact
<b>IGO</b>	Intergovernmental Organization
<b>IMF</b>	International Monetary Fund
<b>ISO</b>	International Organization for Standardization
<b>MDG</b>	Millennium Development Goals
<b>NGO</b>	Non-governmental Organization
<b>OECD</b>	Organization for Economic Co-operation and Development
<b>RGC</b>	Responsible Global Capitalism
<b>TNC</b>	Transnational Corporation
<b>UK</b>	United Kingdom
<b>UN</b>	United Nations
<b>UNIDO</b>	United Nations Industrial Development Organization
<b>US</b>	United States
<b>USAS</b>	United Students Against Sweatshops
<b>WBCSD</b>	World Business Council for Sustainable Development

**WRC** Worker Rights Consortium

## CHAPTER 1

### INTRODUCTION

Bozuk düzende sağlam çark olmaz.

[None can be right in a wrong order.]

(Pir Sultan Abdal)

“Wherever capitalism goes”, says David Harvey, “its illusory apparatus, its fetishisms and its system of mirrors come not far behind” (1989:344). And capitalism in the neoliberal era is not far from anywhere in the world. Then, we are surrounded with the illusions, fetishisms and mirrors integrated to the capitalist mode of production and reproduction. One of the main illusions of capitalism is the discourse announcing that market mechanism is for the benefit of everyone. Market mechanism justifies itself by believing - and make people believe - in that expanding the free market maximizes the common good. However, this so-called common good lies on the grounds of capitalist production, which has placed the seeds of capitalist accumulation and exploitation into the world, and which has always led to continuation of class conflict.

As declared by Marx and Engels in *Manifesto of the Communist Party*, for more accumulation, the market “must nestle everywhere, settle everywhere, establish connections everywhere” (1848:16). Despite associating the exploitative capitalist

production with common good sounds mind confusing, the capitalist mode of production enjoys its freedom globally today with a premise of bringing “good”, as Marx and Engels foresaw. Thanks to the novelty of neoliberal capitalism, there are now advanced tools to persuade people to believe in market solutions for any kind of problem. Once dispersed, it becomes so integrated that it is not always easy to realize the virtuality around us created by global neoliberal capitalism. For this creation of virtuality, neoliberal thought has to invent some political apparatus corresponding to the co-existence of free market and ethical considerations about common good. There has to be a compromise between capitalist globalization and humanitarian belief, which is historically universal. The neoliberal perspective, today, tries to show how complementary they are by hiding the controversies between ethical considerations and the domination of economic interests over the others. It presents morality as superior to any other interest. However, the emphasis of free market mechanism on humanitarian ideals and the discourse centered on these ideals deserve too much attention. We should be critical about the connection between neoliberal practices and popular moral discourse. When an economic interest introduces itself as something else, one should suspect that there is unreality behind. What becomes crucial, then, I think, is to reveal the reality distorted by illusions, power relations behind fetishisms, and the other side of the mirror. In fact, this inquiry is the leading motivation for me to write this thesis.

Neoliberal thought under the domination of capitalist economy tends to dehistoricize and deconceptualize the relationship between global capitalism and humanitarian discourse. Military power, which has resulted in the death of millions of people, has

been used in the name of freedom, democracy, human rights, and peace; international division of labor, which has written countless stories on the painful conditions of migrant workers, has been promoted for the sake of freedom of movement; international economic institutions, which has created many dependent economies, has been established to help nations to develop; corporations has become global, which also globalizes the exploitation, to distribute freedom of choice. This freedom that global capitalism embodies is by no means innocent. As Costas Douzinas puts it, “[e]very polity, state or empire promotes a version of morality and of people’s entitlements that accord with its priorities and interests”; and it is after communism when these discourses became “the ideology of the new order” (2007a:178-179). This kind of discourse, therefore, reflects the capitalist interests, since it serves for legitimizing the new order.

In that context, as an example to the capitalist version of morality, this thesis will focus on the concept of Corporate Social Responsibility (CSR). The construction of the notion, in the way that I will try to open up, has surely many direct or indirect impacts on the structure. What does this way of constructing humanitarian discourse render possible? I will try to discuss this question as systematically as I can throughout the thesis, by being inspired by Marxist theory. However, I will now try to introduce the main concern of this thesis by being inspired by Douzinas’ arguments. He argues that “humanity has no intrinsic normative value. It is continuously mobilized however in political, military and, recently, humanitarian campaigns. Humanitarianism started its career as a limited regulation of war but has now expanded and affects all aspects of



culture and politics” (2007b:5). As CSR can be considered among various humanitarian campaigns, the *humanity*, or I would say the *humanism*, that the notion embodies is a “floating signifier” (ibid:4). By this, the *human* is defined according to the rules and needs of capital accumulation. Douzinas adds that “human rights do not belong to humans and do not follow the dictates of humanity; they construct humans” (2007b, p.45). On this context, he identifies three constructions, “three masks of the human”: “the suffering victim, the atrocious evil-doer and the moral rescuer” (ibid:69). Firstly, I will try to summarize these three masks as Douzinas presents them. Then, I will attempt to rethink this way of construction in the context of CSR, which, I believe, already embodies a similar construction of humanism.

I think it is better to start with an example to understand the three masks of human. We can think the invasion of Iraq by the imperialist powers. As the first mask, the evil-doer finds its face in Saddam Hussein’s Iraq. The state is constructed as an evil-doer according to international law, and relatedly the United States. By blaming the state for violating the international law, violating human rights, or democratic rules, the stronger one created its own legitimation for bombing them with embodying a moral discourse. The suffering victim, secondly, is again a construction of the stronger, but the reverse side of the evil, according to Douzinas. “The victim is someone whose dignity and worth has been violated.” This victim is regarded as the victim of the evil, because the evil violates human rights (2007b:69). The place of victim and the evil seems to be same. They both live in so-called rogue states, or so-called underdeveloped, or developing regions of the world. Finally, the moral rescuer defines a crisis in the region

for where it already constructs the evil and the victim. The rescuer with moral intentions comes to rescue the victim from the evil and legitimizes its intervention to the state or region, even if it is a military intervention. The evil and victim become the *others* for the rescuer. This othering puts the stronger in a different position, where it is not a violator of human rights. The stronger as the moral rescuer reproduces its power again and again.

Similarly, responsible or ethical business suggests there is a crisis about ethical considerations in the global market. This crisis, which was invisible before, became visible after anti-corporate and anti-globalization campaigns started to threaten the necessary circulation of capital. “It is suggested that people don’t trust businesses anymore, that negative images of organizations are common in the media, that hyper competition is making employees and organization perform whatever the costs ... or that the environment can no longer sustain unbridled capitalism” (Parker, 2003:199). When Douzinas’s terms are considered in the context of CSR, the victim and the rescuer are easy to identify. Within the narratives of CSR, the victim is constructed as a person, a community or a natural resource that is affected by some bad consequences of globalization, which is used as a neutral concept. It can be a labor who is not able to work and live in good conditions in the South; an African who is not able to find necessary medication, or clear water; a student who is not able to access basic education; a woman who is not treated equally; or a forest that is exploited. The rescuers, on the other hand, are the capitalist institutions, particularly corporations in that sense, that provide better working and living conditions to the people in need; that

donate medication or refine the water for the African people; that provide basic education to the students; or that save the forest for the next generations. However, the capitalist ideology does well in hiding the evil doer. Thanks to the illusions it creates, the evil doer is invisible in the context of CSR. The evil is not clearly identified in these narratives of global capitalism, simply because it is the capitalist mode of production itself. It is sometimes associated with the concepts of globalization, underdevelopment, lack of modernization, inefficiency, or corruption (ibid:70,71). Yet, these concepts are also used as floating signifiers in which the doer is still unidentified. This intentionally hidden doer helps the capitalist mode of production and its institutions not to be identified as the real cause. Therefore, the society becomes a stage on which the capitalist institutions play the rescuers of the victims throughout the world, where the rescuers and the evil doers are actually the same institutions, but the evil character is hidden behind the rescuer character.

### **1.1. Overview**

The main concern of this thesis is to reveal the evil doer that defines the rescuer as the free market and the victim as the society by criticizing the so-called happy convergence between free market mechanism and common good in the society. Despite the social problems deepened by the free market, capitalist discourse tends to justify itself and create an image that is essentially good and benefits to the public good. As being one of the main powerful actors of capitalism, and as an actor increasingly speaking about ethical concerns in the global arena, corporations have not been behind the

aestheticization process. On the contrary, they have always had intentions for creating corporate image. At the heart of my critique of this “market-based ethics” (Harvey, 2005) is the concept of corporate social responsibility, which is a good example of the illusions that market mechanism uses. Moreover, this concept is not only about corporate activities, but also is included in the larger global economic and political arena, in which CSR discourse is increasingly embedded. My aim is to contribute to critical understanding of CSR by (re)conceptualizing it with a Marxist critique of capitalism. I argue that we should rethink this concept with a Marxist perspective, since it allows us to understand how market mechanism justifies itself by creating illusions.

For this purpose, the thesis consists of theoretical discussions on CSR and discourse analysis related to these discussions. I use qualitative research method, which is usually employed by critical studies. The research method allows describing the social processes and how these processes are given meaning within the society (Gephart, 2004). This meaning will be analyzed in a realist approach with an attempt to explain the underlying structures of the processes within the capitalist mode of production (Keat and Urry, 1994)<sup>1</sup>. The qualitative method will also allow me to employ a discourse analysis in order to understand the theoretical arguments of the thesis better. First of all, the thesis aims to establish a strong theoretical ground for a critique of CSR. For this, the discussions in the second chapter aim to build a critical standpoint of CSR. I intend to place CSR within the current context by explaining what CSR is, where we see it and

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<sup>1</sup> The realist approach employed in this thesis is Marxist realism that is different than the realist approach in natural sciences. Marxist realism attempts to understand the social structures with reference to the economic structures underlying them. It does not assume that there are some natural economic laws, because this kind of an assumption posits that capitalist mode of production is natural and perpetual (Keat and Urry, 1994).

who shows it to us. Besides recognizing the place of CSR as a constituted image, it is important to go back and look at the origins of the concept and related discourses. After giving a brief history, I will focus on the narratives we are being told about the concept as well as the reasons why we should be critical about these narratives. The third chapter will give a summary of theoretical approaches to CSR. This summary will be designed for achieving to the main theoretical argument of this thesis, for which Marxist perspective will be used. In this chapter, I will identify two main approaches, which are business approaches mainly from management studies and critical approaches mainly from other social sciences. Then, I will try to review these approaches by indicating what should be learned from and also what is missing in them. This third chapter will also try to shed light on the need of looking at the contradictory concept in question from a Marxist perspective. The fourth chapter constitutes the main theoretical arguments of this thesis and can be considered as the main contribution of this thesis. I will try to rethink and (re)conceptualize CSR with a Marxist critique of capitalist mode of production. For this conceptualization, I will try to show the links we will need to establish for a Marxist critique of the concept. I will summarize how global capitalism and corporations can be viewed from a Marxist perspective. Since my aim is to contribute to our critical understanding of CSR by (re)conceptualizing, I will attempt to do it with the help of recent debates on the reinvigorated concept of *commodity* combined with Guy Debord's notion of *spectacle*. This will give me the chance of defining CSR different than the definitions in mainstream debates. In the end, I will argue that CSR can be considered as a spectacle, because it has at least two characteristics of the spectacle: confronting the working class with each other and

commodifying the humanitarian values. For the part of discourse analysis, the fifth chapter will include a close reading of the discourse about CSR in order to show that how these two characteristics are demonstrated. I believe this analysis will show how the two characteristics of the spectacle are embedded in the global language of CSR and how they are manifested through the institutions of capitalism. In this context, I will focus on four examples that have major contributions to the existing CSR discourse worldwide. To exemplify the discourse coming from capital in general, I selected two initiatives, UN Global Compact and OECD Guidelines for Multinational Corporations, as they are the most comprehensive international guidelines for CSR (Blowfield and Allan, 2008; Soederberg, 2006). Then, to exemplify the discourse of individual capitals, I selected Nike, Inc. and Walmart, two monopolies dominating their own sectors, sports goods and retailing. They incorporate a high level of contradiction, since these two companies have been under intense public scrutiny for their unethical practices on the one hand, and they produce the most intense discourse about their corporate responsibility practices on the other hand.

## **CHAPTER 2**

### **WHY CRITICIZE CORPORATE SOCIAL RESPONSIBILITY?:**

#### **PAST AND PRESENT**

The oil giant Shell does not have a reputation for human rights campaigns. Indeed, in 1995, Shell was involved in the execution of nine Ogoni activists, including the renowned author Ken Saro-Wiwa, who fought for the land rights of their people brutally violated by the Nigerian government with the connivance of Shell. However after protests against its activities, Shell now proclaims its commitment to human rights. Its web-site has an introduction to Nigerian literature, in which Saro-Wiwa is presented as a martyr (Douzinas, 2007b:20).

#### **2.1. Introduction**

For the aim of critical conceptualization of CSR, defining and historicizing the concept are significant to start with. A narrative including what CSR is, how it has risen and how it is used today forms the ground for the debates of CSR in a critical perspective. Therefore, in this chapter, I want to collect already-written and told stories about the concept, as well as the new ones in process. My main objective in presenting these stories is to problematize the way CSR is told and done. This kind of narrative that questions the concept and the actions done in the name of it is crucial for developing a critical perspective. In other words, the question of ‘why criticize CSR’ comes before the question of “how to criticize CSR”, since a critical literature is relatively young and

constitutes a minority among the debates about CSR. Therefore, with the intention of “making sense of CSR”, I try to find answers to the relevant question posed by Sklair and Miller: “What evidence is there to sustain this highly critical view of CSR?” (2010:472). This attempt will also remind how the evil-doer is hidden by the capitalist ideology, as discussed before by referring to Douzinas’ arguments, and will help us to reveal the evil-doer.

Before a brief introduction to past and present stories of CSR, it is important to note two things regarding the following discussions throughout the chapter and the thesis. First is about the use and definition of the term. A group of similar concepts, such as *business ethics*, *business philanthropy*, *corporate citizenship*, and *corporate responsiveness* are used to refer the same initiatives. Therefore, I have to be clear about that I use the term CSR to refer to all these similar concepts, which, I think, do not make conceptually different suggestions. Moreover, the fact that the concept of CSR does not have a universal definition makes it a vague term. What is the range of responsibilities? To whom is the corporation responsible? These questions find different answers within different corporations. Every corporation that adopts some CSR strategies claims having different concerns about the problems of wider society and different implementations of social responsibility. Below are the CSR definitions from three big corporations that are among the most well-known and biggest companies in the world: Chiquita, BP, and Pfizer. At the same time it is worth to note that these corporations seem to be so committed to ethical business behavior that they publicize their commitment in various ways. Thus, these three corporations, I believe, will constitute very good examples for



understanding the common discourse created by transnational corporations:

Corporate Social Responsibility is an important part of our global business strategy. We strive to operate in a socially responsible manner everywhere we do business, while fairly balancing the needs and concerns of our various stakeholders—all those who impact, are impacted by, or have a legitimate interest in our actions and performance (Chiquita, 2011).

We are committed to the safety and development of our people and the communities and societies in which we operate. We aim for no accidents, no harm to people and no damage to the environment (BP, 2011).

As a member of today's rapidly changing global community, we are striving to adapt to the evolving needs of society and contribute to the overall health and wellness of our world. We are continually reviewing and improving our efforts to lessen our impact on the environment, nurture a workplace of diversity and inclusion, conduct responsible business practices, and uphold the highest ethical standards in everything from research and development to sales and marketing (Pfizer, 2011).

Besides the given definitions of corporations, CSR is an increasingly popular debate in international political arena. Inter-governmental and non-governmental organizations do not draw conceptually diverse pictures of CSR. Here are the definitions of World Business Council and European Commission:

The commitment of business to contribute to sustainable economic development working with employees, their families, the local community and society at large to improve their quality of life (World Business Council, 2005; cited in Banerjee, 2007:16).

A concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis (European Commission, 2005; cited in Banerjee, 2007:16).

Considering all these definitions and more others, as Soederberg puts it, "CSR provides the opportunity to demonstrate the human face of business" (2006: 53). She also stresses that even though there is no universal definition, it is possible to talk about one

when the discourses of corporations and non-private organizations about CSR are considered. Accordingly, she says that “the common theme ... is the belief that corporations should be accountable to a wide array of stakeholders and shareholders” (Soederberg, 2006:54). This definition is very helpful to show how CSR is recognized in ‘common sense’; yet, it is obviously so comprehensive that it is still difficult to explore the particular strategies and implementations of CSR. The questions about for what the corporations are accountable and who exactly the stakeholders are still remain uncertain. I, therefore, approach to CSR as a concept incorporating all of the discourses said and practices done about social responsibility of private sector.

The second point I want to open up before narrating the past and present stories of CSR is related with the global character of the concept. Corporate responsibility can not be considered as an isolated concept. As it is obvious in the above definitions, especially in the definitions of global institutions, it is crucial to understand that CSR is embedded into the global arena, with an increasing popularity. Thus, that the concept should be thought within the globalization process, any critical attention should take these processes into account, as many critical scholars (Banerjee, 2007; Cloud, 2007; Rowe, 2005; Soederberg, 2006) do so. I will address three main reasons about why CSR is a global phenomenon, and why this concept is increasingly being considered within global studies. First of all, it is widely acknowledged that ethical considerations and values have always been considered to be global. From Greek philosophy to postmodern theories of ethics, the question of morality has always been discussed with respect to generalizable concerns. Consequently, corporate responsibility, namely

business ethics, which generally refers to building up ethical relationships between private-sector and wider society, denotes a universal phenomenon, at least by definition. Secondly, this concept is highly associated with and adopted by the transnational corporations (TNCs). In fact, the *Corporate Responsibility Magazine*'s list of 100 Best Corporate Citizens led by Hewlett-Packard comprises 100 TNCs, including IBM, Coca-Cola, Procter&Gamble, Nike, McDonalds and many other well-known companies<sup>2</sup>. This association is mostly a result of the changes in the relationship between the free market, government and civil society; that is to say, the role of the private sector has been expanding in the global arena, leading to the dominance of corporations. As the power of governments began to be questioned, the TNCs are now expected to connect with wider social issues, since free market expands itself globally. Finally, CSR is now a global phenomenon, as the concern of CSR is an issue for not only privately-held corporations, but also international bodies and non-profit sector. The code of conduct or other ethical guidelines adopted by TNCs are, in fact, fed by the global institutions' initiatives of constructing a theoretical background and proposing practical tools to adopt CSR. UN Global Compact, OECD Guidelines for multinational enterprises, and ISO 26000 corporate responsibility standards are a few among many "global CSR strategies" (Soederberg, 2006).

## **2.2. Historicizing CSR: Formation of the Iceberg**

As the free market begins to defeat the influence of government on society, as mentioned above, corporations became more powerful. This power dates back to when

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<sup>2</sup> Available at <http://www.thecro.com/files/CR100Best3.pdf>

the corporations had their own individualities before the law (Rowe, 2005; Bakan, 2004). The freedom of corporations is important for the expansion of free market and its continuance. This kind of freedom provides the corporation with easier transactions in the market. Through the path of getting this freedom, capitalist production led to an increase in the number of corporations; in the US, between 1781 and 1790, the number of corporations increased from 33 to 328 (Bakan, 2005:9). As an inevitable case in capitalist production processes, one century later, larger corporations emerged as the smaller corporations combined into larger ones. In fact, 1800 corporations in the US absorbed into 157 between 1898 and 1904, which paves the way for TNCs. Then, corporations composed of hundreds of shareholders which led to the fact that “the law has to find someone else ... to assume the legal rights and duties” (ibid: 14, 15). Thus, corporation became an individual.

However, the big size of the corporations led to one of the immanent crisis of capitalism. Corporations were considered so huge that makes them terrifying in common sense. Joel Bakan points out that this “identity crisis” was overcome by the corporation itself; and he gives the example of AT&T who advertised itself as having human values and soul (2005:17). These kinds of efforts in the early years of the individualization process of corporations may be considered as the ancestor of the recent concept of CSR, which is, of course, more widespread than the earlier attempts. Furthermore, it is crucial to note that before contemporary concept of CSR has started to place itself into the discussions about contemporary capitalism, “corporate philanthropy” was there because “companies recognized the need to build schools and

health centers, for example, as a means of securing the social license to operate” (Newell, 2008:1065).

While the interest in CSR was very limited to a few big corporations, starting from 1960s, the concept and related initiatives have been globally popular with the contributive efforts of the institutions of global governance. James K. Rowe suggests dividing this increasing interest in CSR into two periods. First period is characterized by the crisis due to the rise of TNCs in 1960s and 70s. Anti-corporation movements emerged in this period, because of the “negative concerns about TNCs”, according to Rowe, followed by a government intervention to the free market in US (Rowe, 2005:127). This was obviously a sign for global governance also, since international regulations came so soon. In fact, in 1976, UN Commission on Transnational Corporations established with the aim of being a “draft for a comprehensive and legally binding UN Code of Conduct” (ibid:128). This commission was claimed to be created in order “to provide a permanent intergovernmental forum for deliberations on issues related to TNCs” (UNCTC, 2011). As this initiative remained as a draft, OECD Guidelines for Multinational Enterprises came onto the global stage as the first voluntary code of conduct (Rowe, 2005:130). These legally non-binding guidelines were adopted in 1976 and since now, according to OECD, it has been “aimed to ensure their continued role as a leading international instrument for the promotion of responsible business conduct” (OECD, 2011b). 1980s and 1990s had been mostly neutral about CSR, because of the decrease in social critique, according to Rowe; but, late 1990s had witnessed a series of protests against globalization and global institutions. One of the most sensational protests against corporate capitalism might be

the protest against the meeting of the World Trade Organization on November, 1999 in Seattle<sup>3</sup>. This chaos was turned to a battle between the police and the eclectic group of protesters whose frustration was to be able to shout out that they question “the unchecked growth of corporate power enabled by global trade rules that put profit before labor rights or environmental protection” (Newell, 2008:1064). The premises of the free market were ever more under scrutiny as the exploitation of labor, especially children in the South, exploitation of natural resources and the environment, and poverty were becoming visible globally.

Anxieties about where corporate capitalism was going had grown with the bankruptcy of the Enron Corporation in 2001, which was referred as a “scandal” because its unethical practices caused it to fail. This bankruptcy made the business environment rethink about some regulatory actions for the free market; this experience even was referred as a new period in capitalism, capitalism after Enron. “The Enron episode”, Nederveen-Pieterse says, “shows the impact of deregulation, financialization and marketization, reveals Washington’s money culture, and coincides with the failure of the new economy” (2004:278). Yet, Enron was not simply a bad apple, of course. “The consequences of the Reagan administration’s deregulation of business and finance are now becoming visible - Enron is the tip of an iceberg of corporate malpractice.

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<sup>3</sup> I am well aware of that many demonstrations against capitalist economic globalization had been experienced -and are still being experienced- throughout the world. Some may be much bigger. However, the history of corporate capitalism has been mostly written by the experiences in the US, especially when neoliberal globalization is concerned. Since this country has a leading role in the development of private corporations and their integrality to economic and social life, when we talk about the history related with corporations, it is inevitable to come up with US experiences which also are dominant in academia. “American capitalism”, as Jan Nederveen Pieterse comments, “has played a large part in shaping contemporary globalization in its own image, as neoliberal globalization” (Nederveen-Pieterse, 2004:274).

Following deregulation, corporate malpractice has multiplied while stakeholders have much less legal recourse” (ibid: 279). The Enron scandal, therefore, has made the existing corporate crimes, which are immanent to capitalist system, more visible. While the corporations had been comfortable in less visible conditions, the aim of accumulating more capital put them in a more “vulnerable” situation. Now, by neoliberal globalization, corporate acts have become easier to follow because they have become highly central in the social relations and got big enough to be observed. However, a visibility to the detriment of capital’s image, like Enron’s, can only be allowed for the sake of giving a lesson to other corporations. Enron’s collapse caused many investors to loose money. For contemporary capitalism, this case had been something that had to be overcome. The scandal associated with Enron was totally about the crack it created in the path of getting bigger and richer. This crack was made visible because the capitalist class would not tolerate shrinking profits resulted from bad business management and deteriorated corporate image. As a result of this fact, it was decided that global political attempts to ease the public discomfort about the harmful results of market capitalism and to encourage corporations for paying attention to ensure a long-term capitalism were needed after 1990s. These attempts did not come late. In fact, in the early 1990s, Kofi Annan, the seventh Secretary-General of UN, suggested an initiative which plays a crucial role in the globalization story of Corporate Social Responsibility. He introduced the UN Global Compact, which presents 10 principles about how to become a responsible corporation, and for him, “open markets offer the only realistic hope of pulling billions of people in developing countries out of abject poverty” (cited in Rowe, 2005:122). Besides the initiatives of international

agencies for an ethical free market, individual corporations have been increasingly and explicitly talk about global ethical concerns and their contributions to them. What they tell and show us through the media forms how CSR issues are perceived in public. This is, in fact, only the visible part of the iceberg.

### **2.3. CSR as Told and Shown: The Tip of the Iceberg**

It is clear that we have witnessed a more intensive talk about CSR after it was globalized. It becomes a necessity for the business world to maintain the public trust. Therefore, the universalization of the idea of corporate responsibility is required (Cloud, 2007). In fact, it has already done. “Every Fortune 500 company... has some sort of corporate responsibility statement in their annual reports; government leaders, CEOs, policy makers and academic bodies regularly host CSR conferences; and international bodies like the United Nations, World Bank, and International Monetary Fund all publicly affirm their commitment to social responsibility” (Banerjee, 2007:7). Yet, As Dana Cloud (2007) suggests CSR is an oxymoron. In her case study on Boeing, she shows that a corporation “can universalize an ethical position in order to quell labor unrest, co-opt various stakeholder groups, including union leadership, and maintain a favorable public image even if times of economic trouble or scandal”. Boeing, for instance, does this universalization by legitimizing its mass layoffs and pressure on workers under the discourse of creating a high-performance work place and by making the workers accountable for shareholders “without reciprocal accountability” under the discourse of having a corporate conduct (2007:220). As Cloud’s study explicitly suggests this universalization is manufactured by the corporation to serve itself as an



ethical entity.

Andrew Barry suggests that to embody ethics to them, companies use two strategies: “to make ethical conduct observable” and “to create explicit connections with sources of ethical authority (establishing links with NGOs)”. He also mentions that websites are of great importance for making their relationship with ethics observable (2004:202). In this section, I want to focus on the ethical conduct and related actions that have being made observable by the companies, what Barry mentions as the first strategy. These narratives composing the tip of the iceberg will lead to the broader and more important questionings regarding what is left unobservable behind these CSR discourses. The second strategy of creating connections with ethical authorities, on the other hand, is actually embedded to the first one, since the companies who have ethical discourses use these connections for making their ethical conduct observable. Moreover, the links established are not only with non-governmental organizations, but also with intergovernmental organizations (IGOs) such as United Nations, World Trade Organization, and Organization for Economic Co-operation and Development (OECD). I think the two strategies, therefore, are not mutually exclusive and so integrated that when companies make their commitments to international ethical principles public, they enjoy making their ethical commitment observable at the same time<sup>4</sup>. Thus, as I give examples for observable ethical discourses and practices, I do not consider the

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<sup>4</sup> It is worth to mention here that the question of “What is left unobservable?” calls for a Marxist analysis. In fact, the main aim of this thesis is to answer this question with a Marxist perspective and this will be presented in Chapter 4. A Marxist analysis will conceptualize the notion of CSR different than the existing conceptualizations in management studies and critical approaches that will be discussed in Chapter 3 at length. However, this chapter is focusing on the question “Why are we criticizing the notion of CSR” and creating a common sense of approaching CSR with a critical perspective.

commitments made to the ethical authorities separate. I want to address the three big corporations again, BP, Pfizer and Chiquita in order to give examples of how CSR is pictured and implemented. Since I already gave their CSR definitions, I want to uncover the acts hidden behind the discourse created. However, it is important not to forget that these are just a few among too many CSR practices.

British Petroleum (BP), one of the largest energy companies in the world, for example, represents itself as one of the most ethical companies. The CEO of BP, John Browne, has rebranded the company as a green company with the slogan “Beyond Petroleum” for BP. In his speech at Stanford Business School in 1997, Browne introduced this new campaign and claimed that BP was committed to the agreements reached at Rio, referring to the UN Conference on Environment and Development (UNCED), which is known as the Rio Earth Summit. He announced how BP was responsible to the environment and society: “[t]he Rio agreements recognize the need for economic development in the developing world. We believe we can contribute to achievement of the right balance by ensuring that we apply the technical innovations we're making on a common basis, everywhere in the world. What we propose to do is substantial, real, and measurable. I believe it will make a difference”.<sup>5</sup> BP’s alternative energy initiative is an example to a “green” BP, since the aim is to invest in and develop alternative energy supplies such as biofuels, wind and solar energies which are more environment-friendly. Furthermore, in its website, BP emphasizes its ethical behaviors including how it “makes positive impacts” on communities, how it “contributes to social and economic

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<sup>5</sup> The entire speech is available at [http://www.gsb.stanford.edu/community/bmag/sbsm0997/feature\\_ranks.html](http://www.gsb.stanford.edu/community/bmag/sbsm0997/feature_ranks.html)

development”, how it “responds to humanitarian needs” by donating money to charities, how it contributes to local communities by creating opportunities and jobs (BP, 2011).

Another example to businesses that are said to be ethically concerned is Pfizer, a multinational pharmaceutical company. Pfizer is committed to donate Zithromax, the drug used for the treatment of trachoma which is endemic mostly in African countries and which can cause blindness, to poor countries who suffer from trachoma. As of September 2011, Pfizer claimed that, “the program has donated more than 225 million Zithromax treatments with an estimated total value of \$5 billion USD to people in 19 countries and supported the performance of surgeries to treat advanced cases of trachoma” (Pfizer, 2011). Similarly, since the company claims to be aware of the fact that some people in poor regions still can not purchase necessary medicines, Pfizer is trying to develop new business strategies to make medicines more accessible to low income people around the world. As it was declared in 2010 Annual Report on Pfizer’s impact on the world, they “are exploring new business models, including work with institutional buyers who purchase medicines for the neediest of patients and use of technology to help address barriers to access, opening Pfizer’s doors to billions of new customers” (Pfizer, 2011).

For Chiquita Brands International Inc. also, the standards achieved are sources of “great pride” (Chiquita, 2011). Besides “producing healthy foods for everyone”, according to the company, they have high standards in their farms, they respect the rights of workers, and they are committed to the international standards on environment (Rainforest Alliance), labor (Social Accountability 8000), and food safety (Global Good

Agricultural Practice). The company is now proud of the fact that all of their banana farms in Latin America are certified by Rainforest Alliance (Chiquita, 2011a). As it is shown in one of the video commercials of Chiquita, the company has recycled 3000 tons of plastic yearly in its own banana farms from which native women are making handbags, earning some money, and out of which they are making a living. The company's responsible acts, therefore, are multiplied by its contributions to the environment and to the people in the community at the same time. Moreover, Chiquita claims to be protecting worker's rights and health by its cooperation with labor unions and by the health and safety standards. One of the objectives declared in 2008 Annual Report is about the company's housing project by which hundreds of workers are intended to become homeowners by paying reasonable prices. The houses in which company workers are living are actually owned by Chiquita, and since the company "recognized that such dependency upon the company was no longer the right solution from either an economic or social perspective", they are planned to be sold to the residents within the scope of a CSR project (Chiquita, 2011b:26). In Costa Rica, for example, during the "transfer of existing company-owned houses to workers ... The National Learning Institute provided free classes on family budgeting, home maintenance and human relations" to the employees (ibid:28).

#### **2.4. Rethinking past and present: Below the tip of the iceberg**

There is no doubt that corporations with CSR projects have put a positive image on themselves. This image creates a kind of identity embodying the ethical values in order

to show that business is not only a profit seeker but also concerned about social good. Yet, behind this image, there lies the question why a private entity whose ultimate aim is to increase its shareholders' wealth tries to show that it is also a humanitarian and benevolent entity. The answer is actually neither hidden behind black curtains nor inexplicable. In his call on US business environment for supporting the campaign against HIV/AIDS, the former Secretary General of the UN, Kofi Annan, managed to mention the two words, "AIDS" and "balance sheet", at the same time. He asked the same question: "Why should business be involved"? For him, the answer is not complicated: "because AIDS affects business. The spread of the pandemic has caused business costs to expand, and markets to shrink. As both the current balance sheet and future indicators show, the business community needs to get involved, to protect its bottom line" (Annan, 2001).

Protecting the bottom line, which refers to the earnings or profit of the corporation, is obviously the first objective of CSR discourses and practices, for Annan. McMillan reminds that the corporations "delivering those [socially responsible] services would also succumb to market rationality that required them ultimately to measure success, despite the altruism of their commitments, by one single criterion: the bottom line" (2007: 17). Thinking with a Marxist perspective, I argue that this bottom line is actually the legitimate ground where capital ensures its own accumulation, for which continuity of flow is very important. The flow should not be interrupted for the growth of capital; so the market should sometimes make additional efforts to overcome any potential barriers to capital expansion (see Chapter 4 for a broader discussion).

An explanation to why this bottom line is recently in danger and why business has to protect it was given by BP's CEO, John Browne. He believes that the public discomfort about corporations can be eased by CSR (Bakan, 2004:144). In fact, the "green" image of BP seems to benefit to its balance sheet as Kofi Annan suggested. The "Beyond Petroleum" invested \$200 million in solar energy projects between 1995 and 2001. This amount is not as much as what is spent for advertising annually. However, in 2001 alone, the company spent \$15 billion for the projects to get oil from the Gulf of Mexico. In addition, for one of the most important projects of becoming a green corporation, emissions reduction project, \$20 million dollar was spent; while the company saved \$650 million because of the cost reductions from energy savings (Banerjee, 2007). Browne as "one of the most outspoken advocates of social responsibility" received an award in Earth Day in 1999, while he did not stop drilling in Prudhoe Bay, Alaska despite it was scientifically evidenced that drilling process was dangerous for the Gwich'in people living in the region and for the caribou (Bakan, 2004). These benevolent acts are not acts of charity, for Browne, but "enlightened self-interest" (ibid:45).

The former CEO of Pfizer, Henry McKinnell also pointed out that social responsibility projects are for the benefit of the corporation. This case of "doing well by doing good", according to Joel Bakan, justifies the drug donations as they cost too little to the company. Pfizer's profits are fed more by the sales of baldness and impotence drugs than of drugs for more serious diseases. Ironically enough, Bakan has also noticed that

for the “innovative” pharmaceutical industry, development of drugs for personality disorders in pets are more privileged than drugs for killer diseases in human beings (ibid:49). Chiquita, on the other hand, will always be questioned in terms of its ethical practices, because of its past, when it was United Fruit Company. Controlling a large fruit region and transportation means necessary for the trade of the productions, United Fruit Co. created its own Banana Empire in the lands of Latin America (Wiley, 2008). When its monopolistic power was challenged, the company remained silent. The violent case of the killing of 400 striking workers in Colombia in 1929 has been written to the history (Banerjee, 2007:142). Similarly, when the government of Guatemala “passed a law in 1947 allowing the organization of unions, and active destabilization followed and accelerated upon its attempt to engage in moderate land reforms, partly at the expense of the United Fruit Company” (Herman, 2003:17), the company dealt with the situation by turning to US government. “It was well connected to the sources of U.S. foreign policy development, a legacy that continues today. U.S. pressure usually was sufficient to gain local compliance with company demands. Where pressure failed, more direct action was taken, as occurred later with the Central Intelligence Agency’s (CIA’s) well documented assistance in the 1954 coup that overthrew the democratic government of Guatemala” (Wiley, 2008:31), when it was ended with the deaths of more than 200 union leaders (Banerjee: 2007:142).

Looking at the corporate activities of BP, Pfizer and Chiquita from another window shows that the companies are not always managed by ethical concerns, despite more and more companies claim to do so. It is possible to describe CSR as a conscious

attempt of the business environment in order to give a normative mask to the free market system, where big corporations are sometimes accused of being unethical, or in Bakan's terms, "a pathological institution" which only pursues its own interest despite being harmful to others (Bakan, 2005). Neoliberal economy, today, does not discourage these harmful deeds because they are for the benefit of the corporation and because the market should be free according to this ideology. However, the harm should be tamed by active involvements of corporations to some social problems in order to protect the bottom line and let the system survive. As Rowe points out the fact that CSR "has flourished as discourse and practice at times when corporations and the institutional structures that supported them become subject to intense public scrutiny" (2005:124), ethical concerns of the corporations are not more than a strategic response to and a way of dealing with specific criticisms that are considered as dangerous by business environment.



## **CHAPTER 3**

### **THEORETICAL APPROACHES TO CSR**

#### **3.1. Introduction**

Since Corporate Social Responsibility began to be discussed theoretically, it has gained attraction from various fields. The major field getting involved with CSR debates is management, because of the fact that the roots of the concept is in this field. Yet, recently this topic has been studied by other scholars from different fields such as sociology, political science, and economics. For the purpose of presenting these different perspectives, I will follow an uncomplicated path. I will summarize the perspectives in two main topics: approaches from management studies and critical approaches. The major distinction between the two is the level of analysis. Management studies remain in the corporate-level focusing on profits and losses of individual corporations, even when the debates sometimes seem to have a deeper level when the discourse is about the role of the business in society, or the relationship between the economical and the social. I will try to summarize the CSR approaches from managements studies under three topics: Milton Friedman's approach stating that business should feel itself responsible for only the shareholders; the approach based on Stakeholder Theory according to which the business should consider 'some' needs of

‘some’ groups in the society conceptualized as stakeholders by the business itself for both short and long-term profits; and the perspective that conceptualizes CSR as a way of improving business and society relations in the global context for the sake of sustainability of the market. Although these perspectives from management studies can sometimes be regarded as controversial, I will suggest that these debates have one common line of thought, which reflects only the business rhetoric that focuses on how CSR should be managed in order to serve for the benefit of corporations. Critical approaches, on the other hand, have more systemic level of analysis that questions the concept of corporate responsibility in the global capitalist system. They largely suggest that private corporations are limited in contributing to the social problems because of their nature and the concept of CSR is not actually compatible with the logic of private corporations. Although these critical perspectives constituted the basis of my study’s critical approach, my critique of CSR will attempt to move beyond these perspectives through a Marxist analysis of the concept and related practices.

## **3.2. Approaches from Management Studies**

### **3.2.1 “The Social Responsibility of Business is to Increase Profits”**

The statement quoted above belongs to Milton Friedman (1970), a well-known economist who was an advocate of free market system and opposed to government regulations on the system. The approach, fed by classical economic theory and expressing that corporate responsibility should not be a business of private corporations,

is very much associated with Friedman. According to him, the social responsibility concept is a “subversive doctrine” in the free market system, and therefore, should not be present for the sake of the market (Friedman, 1970). I will summarize why he argued that integrating the concept to the free market was dangerous in two main reasons. The first and fundamental one is that social responsibility is against the nature of the free market mechanism. Friedman believes that even if corporate giving “may well be in the long-run interest of a corporation”, these acts are only justifications of corporation’s self interest (1970:5). It is, in any case, “an inappropriate use of corporate funds in a free-enterprise society” (1962:135), and it will destroy the free capitalist society, because “the doctrine of social responsibility involves the acceptance of the socialist view” (1970:3). Nevertheless, Friedman believes that since a corporation is an artificial person, it is not actually sensible to say that business has responsibilities. Then, as a second reason why CSR should not be implemented by businesses, he focuses on the conflict between shareholders and corporate executives. Besides contrasting with capitalism’s freedom premises, CSR also increases the agency problem, which occurs because of the different interests of shareholders and managers. The managers who decide on CSR actions “would be spending someone else’s money for a general social interest” (Friedman, 1970:2). However, Friedman argues that a manager should only be responsible to his employers who own the corporation and this responsibility is to increase its profits. As a result, for Friedman, CSR is a big threat for capitalism. He writes: “Whether blameworthy or not, the use of the cloak of social responsibility, and the nonsense spoken in its name by influential and prestigious businessman, does clearly harm the foundations of a free society. ... There is nothing that could do more in

a brief period to destroy a market system...“ (1970:5).

The (neo)classical perspective of Friedman and the like-minded scholars are clearly against the capitalism's innovation of CSR. Their view that corporations are *essentially* wealth generators, has been widespread until 1990s. “However, since its beginnings and especially after the series of enormous corporate scandals, the neo-classical view has “moderated” a lot. Claims CSR would “threaten free society” like Friedman observed have fallen silent” (Keinert, 2008:63). Recent theoretical perspectives from management studies and practitioners are more “CSR-friendly” (ibid: 64).

### **3.2.2. CSR contributes to the financial performance: Stakeholder Theory**

Stakeholder theory in management studies aims to address the stakeholders' interests by trying to identify how the corporation can serve for their interests besides serving the interests of shareholders. This kind of perspective, which Friedman is clearly against, primarily focuses on improving the financial performance and competitive advantage of the corporation by the help of CSR strategies. Stakeholder theory dates back to 1960s and since then the literature has grown considerably. Yet, for the purpose of summarizing the perspective introduced and adapted by many scholars and managers, I will refer to two main authors writing about the theory, R. Edward Freeman and Thomas Donaldson. The term stakeholder was first described as “those groups without whose support the organization would cease to exist” at Stanford Research Institute in 1963 and it was argued that “unless executives understood the needs and concerns of

these stakeholder groups, they could not formulate corporate objectives which would receive the necessary support for the continued survival of the firm” (Freeman, 1984:31,32). Freeman (1984) presents that the integration of the CSR concept and stakeholder theory depends on the fact that the social unrest in sixties and seventies, in a way, forced the corporations to replace themselves in the society as being more concerned about social issues. Following the needs for replacement and the stakeholder theory, mainstream management literature has devoted itself mostly to pragmatic models, studying the relationship among social responsibility and profitability of the corporation.

According to Freeman, the stakeholder theory, as a management approach, concerns with the long term benefits of the firm, rather than outputs in the short term. “[I]t provides no rival to the traditional aim of maximizing shareholder wealth. To the contrary, a stakeholder approach rejects the very idea of maximizing a single objective function as a useful way of thinking about management strategy. Rather, stakeholder management is a never-ending task of balancing and integrating multiple relationships and multiple objectives” (Freeman, McVea, 2001:10). However, the literature on this theory has methodological emphasis on two different points of view: instrumental and normative. While the instrumental point of view put emphasis on the influence of establishing relationships with stakeholders to the financial performance of the corporation, normative point of view has a more ethical agenda in mind, in which the thought is that the managers *should* consider the normativity of their actions or decision (Donaldson, 1999). Despite this divergence, what is common in the stakeholder

literature is that scholars concern about finding a common ground between capitalism and morality, namely a “glue” as Donaldson (1999) puts it. According to the author, this glue is a must, otherwise “stakeholder theory threatens to Balkanize” (1999:237).

It is clear that stakeholder theorists think that corporations, or managers in that sense, have to have a kind of moral agenda without abandoning their capitalist instincts in their management practices. It is theorized that they will do better when they find proper “glue” for convergence of profit maximization and ethical considerations. Stakeholder theory, moreover, attempts to establish a framework for a better relationship between society and business. However, within this framework, the society represents a “selected” group of stakeholders, who “are identified by their interests in the corporation, whether the corporation has any corresponding functional interest in them” (Donaldson; Preston, 1995:67). This definition of stakeholder also means that every stakeholder group does not have to be treated in the same way. The theory, in that sense, summarizes that as the ‘balance’ needs to be maintained between normative values and shareholders’ wealth, a similar kind of balance should be maintained between the selected shareholders considering their level of correspondence with the corporation’s interests. The tendency in management literature is to find the balance by quantitative methods. Therefore, taking primarily the management point of view into consideration, stakeholder approach believes that the practices including moral considerations such as social responsibility initiatives can be best evaluated by calculating the costs and benefits of establishing a relationship with the stakeholders and determining the level of ‘morality’ or ‘responsibility’ according to the level of relationships.

### **3.2.3 CSR should have a wider agenda: Global Level**

The two approaches above, so to speak, watch the environment around a corporation from a window placed within the corporation. The level of analysis of these two approaches, therefore, can be considered as narrow, since the level is the individual corporation. This level of analysis deals with the performance, particularly financial performance, of the corporation and management practices. Not surprisingly, the related literature does not talk much about global economy, global inequality or global business environment. On the other hand, as the capitalist economy has increasingly concerned with a global agenda, the literature on the relationship between business and society with a global level of analysis has grown. Therefore, this approach supports that CSR should have a wider agenda rather than focusing on the immediate stakeholders only. General well-being of the society and wider contributions to economic development are in question in this perspective. Yet, this approach should be considered among management approaches, in my view, since the primary focus in management studies is to ensure the survival of the business in capitalist economy. A global perspective from management studies, in a similar way, does not move beyond inquiring about the survival of capitalist relationships.

The approach that CSR should have a global agenda is also presented as an obligation that the institutions of capitalist economy including corporations should satisfy. This agenda has a key term that has been used by many corporate managers as well as politicians and activists: Sustainable Development. About the place of CSR in the world

business, The World Business Council for Sustainable Development (WBCSD) says that “CSR is the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large” (Brei; Böhm, 2011: 236). The term sustainable development, Şahin argues, is assumed to be a normative value that denotes helping the poor countries develop (2008:50). The two main texts of sustainable development, Brundtland Report and Rio Declaration, lay emphasis on decreasing poverty, environmental problems, the rights of next generations, reasonable use of resources. These subjects are declared to be important in terms of the common interests of humanity (ibid:56). Then, the helpers, so-called developed countries or their political and economic organizations, take the responsibility of so-called less developed countries, next generations and the future of the environment. Discourses about CSR have always been on the stage and grew hand in hand with the discourses on sustainable development. In fact, very similar to the discourses on sustainable development, business also shows that it thinks global and presents this thought with CSR discourses and practices. Similarly again, CSR also tries to establish the links between social and environmental objectives with economic imperatives.

During 1970s and 1980s, there was an effort in international level to standardize the corporate practices. Most of this effort came from international organizations. A global perspective in CSR literature, that is to say, has been mostly shaped by these organizations and led by the concept of ‘global governance’. The role provided for businesses in the changing world is obvious in UN Secretary General, H.E. Ban Ki-



moon: “We can and must shape a future where robust markets, sustainable development and a healthy planet become the new status quo. In this pursuit, the greatest contribution by business is the integration of environmental, social and governance issues into their strategies and operations”. He also adds that the “roadmap” needed is provided by UN Global Compact (UN Global Compact, 2010:3). Moreover, the most recent annual review of Global Compact also contributes to the terminology of this literature and uses “corporate sustainability” interchangeably with corporate responsibility, and describes the term as “a company’s delivery long-term value in financial , social, environmental and ethical terms” (ibid: 10). In this context, as Rowe argues, Global Compact seems to be “an attempt to globalize the growing CSR movement” (2005:123). Thus, it is clear that this close relationship between the institutions of global governance and corporations aims to shape the business-society relationship in the era of globalizations without abandoning capitalistic interests and mostly determines what we currently understand from the concept of Corporate Social Responsibility.

### **3.3. Critical Approaches to CSR**

The approaches above centralize the corporations, or business in a broader sense, in their analysis by the force of coming from the management studies, whose ultimate objective is to protect the profit-seeking institutions. In contrast, the critical literature about the notion and corporate practices of CSR mostly questions the premises of business in global capitalism that is to be socially responsible, ethical, environmental friendly, etc. In this context, critiques of CSR pose this question first: “Can business

generate solutions to the social problems?” This question reveals the concerns about the role of the corporations, which has become increasingly dominant within social and political life, particularly with the neoliberal globalization. Joel Bakan’s book, *The Corporation: The Pathological Pursuit of Profit and Power* (2004), and the documentary with the same title have become well-known among the studies criticizing the results of corporations’ actions. He defines the corporation as a “pathological institution”, because its “legally defined mandate is to pursue, relentlessly and without exception, its own self-interest, regardless of the often harmful consequences it might cause to others” (2004:2). But, as a public opinion against the big corporations has emerged because the harmful consequences have become very visible, the need for corporations to find a way of protecting the image has been inevitable. Then, the notion of corporate responsibility, in this context, is no more than a way of legitimizing the pathological pursuits. For Bakan, “the message is clear”. The corporation aims to show that it is “not just the soulless pursuit of profit; they are allies of governments and non-governmental organizations, not enemies” (2004:32).

The suspicions about whose goals and interests are served by the discourse of responsibility are relevant, and in fact, the second chapter of this thesis questioned the conflict between the discourse of CSR and the results of the corporate behavior. In his book *Corporate Social Responsibility: The Good, the Bad, and the Ugly* (2007), Subhabrata Bobby Banerjee summarizes all these conflicts and describes the *ugly* face of CSR as the corporations’ “illusory perception of good when describing the bad” (2007:2). He mentions that the literature on CSR, under the dominance of management

studies, is “silent” about the power relations under the level where we see the good face of CSR (2007:21). He further argues that when the level of analysis is the individual corporation, the solutions to the problems will be very limited; in fact this level of analysis only results in win-win situations (2007:125).

After historicizing CSR, Peter Newell concludes that “CSR has ... served as a vehicle for re-gaining public trust and confidence in the wake of public reaction to corporate irresponsibility” (2008:1065). In the historical context, the discourses and initiative about CSR has intensified when the voices of anti-corporate and anti-globalization movements has increasingly been noticeable, such as the 1999 Seattle Battle or the public unrest after the brutal scenes related with the United Fruit Company in Central America. As Bakan and Banerjee, Newell also tries to reveal that CSR has not emerged for the sake of society; on the contrary, it legitimizes the harmful results of the capitalist economy to the society and it “is ultimately and inherently a product of neoliberal political economy from which it emerged and which it aims to legitimate and advance, reproducing its modalities, technologies of governance and failings” (2008:1069). Furthermore, according to Leslie Sklair and David Miller, these harmful consequences that global capitalism generates are presented as “problems to be solved rather than crises” (2010:474). This results in capitalism to be perceived as the problem solver without questioning the source of these problems, who created them and for what. However, within the conditions of capitalism, corporations cannot “resolve these crises but can only make them worse” (ibid:483). Therefore, what CSR initiatives make worse, for Sklair and Miller, is the existing class polarization and ecological

unsustainability since they serve for the transnational capitalist class (TCC) and not for the “sustainability of the planet” but for the “sustainability of economic growth” (ibid:490).

The critical literature on CSR, which is much smaller than the management literature and which has grown recently, mainly talks about the structural limitations of the corporations in the capitalist system. Jill J. McMillan’s (2007) arguments can be regarded as an overall summary of the critical approaches to CSR. As he answers his own questions “*Why corporate social responsibility? Why now? And how?*”, his first point is about corporation’s incapability of being responsible as it is an imaginary entity and “its *raison d’être* is too narrow for the values of social responsibility”. Secondly, even if they had this capacity, the recent “corporate meltdown” shows that they were not able to act morally (2007:17). These points, in my view, cover the common arguments and critiques made by the scholars who study CSR with a critical perspective. However, in the following section, I will argue that even though these critical approaches are very good at describing how, for what, and in which contexts the concept of CSR emerged and is used, and why we should be critical about this concept, they all assume that there is a better way of implementing CSR strategies. Therefore, what else these critical approaches have in common is their answer to the question how CSR should be implemented and how corporations should change for generating better solutions. But, in my view, this kind of assumption should be challenged, because it does not allow us move beyond and contribute to the critique of capitalism by reconceptualizing CSR within the capitalist relations of production.

### **3.4. Moving Further Beyond the Critical Approaches**

The most popular, and may be the most ‘radical’ argument about CSR in management studies is Friedman’s argument. Being a neoliberal economist and one of the most famous scholars advocating capitalist economy, he sometimes is criticized by his like-minded colleagues, because they believe the new phase of capitalism needs to have a more ethical image in order to survive. With the era of globalization, Friedman have found less proponents. He has been criticized on the grounds that his scientific argument includes “individualistic and utilitarian ethical standards”; he fails to relate the economy and society; that he regards his opponents as anti-capitalists who are not realistic; that he gives importance to short-term benefits rather than long-term benefits (Aune, 2007:208). Stakeholder approach can be considered as a response to the classical neoliberal approach of Friedman and others. It allows business to establish relationship with others than just shareholders as soon as it is beneficial, or simply profitable, for the corporation. It is worth to note that again, these two approaches have corporate level analysis, while the global approach has a wider level of analysis. Also, the discourse of CSR that we are surrounded with is mostly determined by this global level of analysis. CSR as a global trend has become more visible, when the influence of business environment on international debates of social and environmental problems have considerably increased by 1980s. The commonality of all three approaches from management studies is that these approaches have no problems with the capitalist relations but they try to protect and improve these relations. Therefore, for these approaches, there is no doubt that business has more power than every other economic

and social institution, and intervention of private domain to the social domain is legitimate, and not an issue to be questioned.

On the other hand, critical approaches, simply put, are uncomfortable with the capitalist relations and the deepening influence of the business over the society. Thus, the normative discourses of capitalist institutions are in question. The critical scholars think, as Banerjee puts it, that “these developments by no means challenge the fundamental assumptions of the neoliberal agenda, and serve instead to enhance the legitimacy of existing structures” (2007:155). They do not believe in the sincerity of the discourses about CSR and think that they are not actually about ethics, but about legitimizing the dominance of the corporations. The current constitution of the corporations, it is argued, limits its ability to behave ethically. For the critiques of CSR, in that sense, the concept is an ideological tool to enhance the corporate power and it is not promising for a social change. That being said, the critical literature on CSR also attempts to define what can be done for social change. However, they do not go beyond focusing on changing the “current constitution” of the corporations. Banerjee, for instance, inquires about “new ways of theorizing the nature and role of corporations” (2007:143). To this end, he argues that “we can reconstitute the corporation” and adopt “a different ontology” in order to imagine the corporation as an agent “for positive social change” (ibid:162). Similarly, Bakan also talks about the need of reconstituting and creating “public-purpose corporations” (2004:160). What he offers for this reconstitution, he adds, demands for a larger economic change. According to Bakan, more enforcing government regulations, creating public sphere, local government

bodies, that is to say government intervention to capitalist economy, in which the active role of government has not found satisfactory, are needed. Sklair and Miller, with the same concerns, conclude their critical article with a demand for “a genuine CSR, one that puts human needs and ecological sustainability at the heart of its practice, rather than the CSR we have now...” (2010:492). Peter Newell also thinks that regulation is needed to control the capital and he suggests that for positive outcomes, a kind of regulation which is “not an end in itself, but as a means to serve broader social and environmental goals” can be considered rather than having a *laissez-faire* capitalism (2008:1076).

As I mentioned earlier, these critical studies say a lot of things about why we should be critical about the concept of Corporate Social Responsibility. They criticize the approaches from management studies with regard to not seeing the limits of capital for being ethical and focusing too much on the financial benefits of social responsibility initiatives. To support their critical view, they reveal what the corporations say and what they do in the name of being ethical and socially responsible. Most importantly, they show the conflict between the ethical discourse regarding CSR and the true consequences of corporate behavior and how the corporations maintain their pursuit for profit despite the fact that harmful consequences of their acts have become obvious. The critical literature also marks CSR as an ideological movement of global capitalism, which is now trying to be ensured by international organizations. Nevertheless, I argue that the critical literature, itself, still thinks, or is convicted to remain, within the boundaries of capitalist system and its relations, because it raises very few questions

about the systemic problems of capitalism. I find some assumptions and conclusions of this kind of critical approach problematic on the grounds of at least two points: First, analyzing CSR as a conscious attempt to modify the free market system and trying to find better ways to implement CSR, at the same time, is contradictory. This brings the critiques directed to the corporations to focus only on their current formations, as the critical scholars already claimed so. However, the capitalist system and its institutions should be regarded and analyzed as a whole, if we try to develop a critical standpoint towards the free market. Otherwise, focusing on some situational consequences within the capitalist relations, as the critical literature did, does not take us beyond criticizing only these situational results and not allow us developing critiques for the corporations themselves. Secondly, the existing critical literature, intentionally or unintentionally, shares the assumption of a distinction between *business* and *society* with the management literature. As I mentioned, the common and primary question of the critical literature on CSR is if we should expect from the current formation of the business to contribute to the solutions of social problems. This distinction is problematic in the sense that it conceptualizes the business and the society as two independent and equally powerful domains. But, this kind of assumption fails to analyze how the economic relations determine every other social structure in capitalist societies.

Based on these problematic points, it is not surprising that the analyses from critical perspectives either barely refer or do not refer to Marxist critique of capitalist economy. Yet, for criticizing the place of CSR in critical literature, I think, we have to turn to Marxist analysis. The first problem with the critical approaches, focusing on situational



results of capitalist economy, demands for Marxist analysis, because of the following:

- Marxist analysis approaches to the situational consequences of the capitalist economy in the context of the whole capitalist system. All social phenomena are related with each other, so social relations should only be understood by referring to the capital or domination of the capital.
- It does not naturalize the capitalist institutions, since they are only concrete forms of the ideology of the capitalist system as a whole. The interdependence between the whole system and its institutions is so obvious for Marxist analysis that different consequences from the capitalist institutions that will change the structure are not expected.
- The social change is not theorized by the need of modifying capitalist institutions, but demanding for a structural change.

Against the second problem, that was assuming economy and society as two independent areas, Marxist analysis offers that this kind of distinction is an illusory one; because of the following:

- As the main objective of the capitalist economy is commodity production and circulation for the accumulation of wealth, the commodity relations already incorporate both the economic and social relations.
- They exist together in unequal power relations, in which economic relations dominate the social. Therefore, the impact of business on society can only be understood by looking at how the former dominates the latter for the sake of maintaining its power.

In conclusion, I cannot agree more with Koray R. Yılmaz on his argument that corporations are “placed in common sense as natural institutions”, which ultimately legitimizes all their acts, including social responsibility acts. Following his line of thought, I think that both management and critical approaches of CSR serve for this naturalization process. The former assumes that corporations are means of producing social welfare, providing employment, ensuring development; however “the social relations that bring corporations into existence are invisible in these studies” (Yılmaz, 2010:21). The latter with a critical standpoint mostly focuses on “the fact that corporations become so big today, and the environmental, ethical and control problems generated by this fact”. Then, in this context, the critical approaches do not concentrate on the corporations and the problems immanent to them, but with some cyclical consequences, which they believe can be resolved, or will be resolved, ultimately (ibid:22). However, the corporations and their acts should be analyzed by defining them within the capitalist relations of production. Therefore, in order to develop a better critical standpoint, my aim in the following chapter is to rethink CSR from a Marxist perspective.

## **CHAPTER 4**

### **APPROACHING CSR FROM A MARXIST PERSPECTIVE**

When the trumpet sounded  
everything was prepared on earth,  
and Jehovah gave the world  
to Coca-Cola Inc., Anaconda,  
Ford Motors, and other corporations.

The United Fruit company  
reserved for itself the most juicy  
piece, the central coast of my world,  
the delicate waist of America.

Pablo Neruda

#### **4.1. Introduction: On Globalization**

After 1990s, debates on social and economic changes across the globe have blossomed and academics and intellectuals have had a new concern that we should rethink everything regarding the order of the world. The studies on globalization, in that context, has gained importance and the concept has become, as Jan Nederveen Pieterse puts it, “like a prism in which major disputes over the collective human condition are now refracted: questions of capitalism, inequality, power, development, ecology, culture, identity, population, all come back to a landscape where ‘globalization did it’ “

(2004:7). Nevertheless, there is no consensus on the definition of globalization. Yet, in general, it refers to a kind of *intensification* of the social and economic relations among nations or people with less binding geographical boundaries. We may say that this process has begun in the 16<sup>th</sup> century when the signs of capitalist mode of production started to be observed or it is more of a recent phenomenon beginning after 1970s (Nederveen Pieterse, 2004; Bromley, 1999; Robinson, 2004). The latter is mostly adapted in the field of economics and according to Nederveen Pieterse and the discourse regarding globalization includes the words global capitalism, global corporation, new economy and world product (2004:16). The crucial issue at stake is defining the characteristics of the contemporary globalization. The concept, in that sense, does imply the *intensification* and *diffusion* of the capitalist mode of production due to easier and faster movement of capital. Capitalist production and ideology are now preeminently dominant in the world with its multinational corporations to produce and governmental, intergovernmental or intergovernmental agencies to diffuse the capitalist ideology.

Considering globalization mostly as a capitalist expansionism, I argue that understanding and developing a critique of Corporate Social Responsibility must begin with a critique of capitalism in general, which is now global in character, and its primary economic institutions, the corporations. It is worth to note here again that the time of expansion of the concept of CSR coincides with the recently increasing debates around globalization, in 1970s and 1980s. Therefore, in this thesis, I take the concept as a product of global capitalism, particularly a product of capitalist ideology in which to

emphasize some moral considerations are now, so to speak, ‘trendy’. For me, Marx and Marxist Theory provide the broadest ground for a critique of capitalism and capitalist ideology, and also “an indispensable point of departure for the study of globalization” (Bromley, 1999:280). After approaching the issue of global capitalism and the capitalist corporations from a Marxist perspective, what I want to do is to see where we can situate the concept of Corporate Social Responsibility within the Marxist analysis of capitalist production. By this, it will be possible to see why CSR is a materialistic phenomenon, in the economic sense, rather than a moral one as the general discourse around the concept claims to be.

#### **4.2. Global Capitalism and Marxist Theory**

In *The Manifesto of the Communist Party* (1848), Marx and Engels made it clear that the globalization of capitalist mode of production is inevitable due to its immanently expansionist character:

The bourgeoisie cannot exist without constantly revolutionizing the instruments of production, and thereby the relations of production, and with them the whole relations of society. (...) The need of a constantly expanding market for its products chases the bourgeoisie over the entire surface of the globe. It must nestle everywhere, settle everywhere, establish connections everywhere. The bourgeoisie has through its exploitation of the world market given a cosmopolitan character to production and consumption in every country (1848:6).

For Marxist Theory, capitalist accumulation has no limits. The capitalist class has a “right” to possess the means of production in society on the grounds of private property rights, which ultimately allows accumulation of capital. In the meantime, this

accumulation is made possible by production of more and more commodities, which are exchanged by money in capitalist societies. This process of exchange, of course, comes with a profit for the capitalist class. However, not all of this profit, namely the surplus value, is consumed by the capitalist; but some of it should be saved for the reproduction of the circulation. This saving is used for producing more and accumulates by time, so that the capital accumulation is realized (Marx, 1887; Harvey, 2010). Then, “the circulation of commodities” becomes “the starting-point of capital” (Marx, 1887:102). Therefore, as long as the capitalist class holds the means of production in their hands, they tend to reproduce their capital by accumulating more and more. In this process of accumulation, the circulation should be perpetuated for the capitalist to stay as a capitalist.

Lenin (2006) describes where this capitalist accumulation went in the beginning of 20<sup>th</sup> century. He clearly shows that the capital exceeded the border of nation states and became global with the new roles of the banks and emergence of business mergers which turned into monopolies. In this stage of capitalism, which he describes as *the Highest Stage*, capitalists could now export *capital* as well as *commodity*, which allows them to make less costly and more profitable investments in other countries, where capitalism did not developed as it did in England, Germany and the USA. In other words, the circulation of capital added to the circulation of commodities and capitalism, so to speak, proved itself globally in this way. Hilferding describes the transformation of capital into a new form in the highest stage of capitalism. This new form is *finance capital*, which he simply describes as the “capital at the disposition of the banks which

is used by the industrialists”. “So far as its owners are concerned, it always retains the money form; it is invested by them in the form of money capital, interest-bearing capital, and can always be withdrawn by them as money capital. But in reality the greater part of the capital so invested with the banks is transformed into industrial, productive capital (means of production and labor power) and is invested in the productive process” (1981, Section 14, para.6). This capitalist phase, according to Lenin (2006), is a capitalist imperialism, in which many economically dependent economies are created throughout the world as a result of the colonial policies of the finance capital. He reminds that in the new world order “[t]he export of capital influences and greatly accelerates the development of capitalism in those countries to which it is exported. While, therefore, the export of capital may tend to a certain extent to arrest development in the capital-exporting countries, it can only do so by expanding and deepening the further development of capitalism throughout the world” (2006:72).

It is clear the earlier scholars of Marxism and Marx, himself, foresaw and showed how capitalist relations of production would create a world market for itself. Defining capitalism as a historical social system, Wallerstein informs that there have been advocates of limitless capital accumulation for the sake of limitless capital accumulation and their justification has been that the accumulation will bring social welfare in the long run (2009:39). Therefore, we should not forget that the main objective in historical capitalism is the growth of capital and capital is *capital* as long as it is used for accumulating more. In that context, Wallerstein does not define “the globalization of capitalist production and its world market as a fundamentally new

situation and a significant historical shift” (Hardt and Negri, 2000:8). On the other hand, while recognizing the originally universalizing character of capitalist development, Hardt and Negri argue that contemporary global capitalism led to a shift in the world order, since it successfully integrated the economic and political powers and weakened the capitalist nation states. They note that the competition between the imperialist states has been replaced by “the idea of a single power that overdetermines them all, structures them in a unitary way” (ibid:9). This idea dates back to the time of the First World War and establishment of League of Nations, which became United Nations at the end of the Second World War (ibid:4). And now, with the juridical transformation to a “supranational world power”, we are witnessing formation of *Empire*, according to Hardt and Negri, that has legitimized itself economically, politically, culturally, and may be most importantly, ethically. The capitalist and accordingly imperialist motives are now represented by “supranational subjects that are legitimated not by right but by consensus intervene [in the territories of others] in the name of any type of emergency and superior ethical principles” (ibid:18).

I find useful to mention the concept of neoliberalism here, as I used and will use it mostly to define the contemporary capitalist phase<sup>6</sup>. I also think it coincides with Hardt and Negri’s concept of *Empire*, even if they would argue that Empire had more supranational characteristics than the neoliberal stage. Harvey argues that neoliberalism emerged to “restore the capital accumulation” after 1970s, when the debate between

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<sup>6</sup> The major distinction of the contemporary capitalist phase from the earlier capitalist phases is the transformation of the role of the state. The state becomes a neoliberal state in which its “sovereignty over commodity and capital movements is willingly surrendered to the global market” (Harvey, 2005:66).



state interventionists and those who defend “liberating corporate and business power and re-establishing market freedoms” mostly ended in favor of the latter. (2005:14). As Marx notes, the circulation should not be interrupted for capitalism to survive and neoliberalism succeeded “as a political project to re-establish the conditions for capital accumulation and to restore the power of economic elites” (ibid:19). Now, it also seems to work for solving the social ills of capitalism with its own “superior ethical principles”, to quote Hardt and Negri again. Finally, it becomes clear, in all these scholars, that global capitalism is trying to legitimize itself, and to perpetuate its domination, by diffusing in every economic, political and social domain.

#### **4.3. Corporations<sup>7</sup> in Global Capitalism**

The previous section focused on “capital in general” in the formulation of Marx and Marxist theory. As Rosdolsky (1974) warns us, Marx made the separation between the capital in general and individual capital, and we have to understand the capital in general before analyzing the individual capitals. The goal for the abstraction of "capital in general" is to pursue the "life history" of capital in all its phases. The circulation mentioned is circulation of *the* capital, “the capital of the entire society” rather than the circulation of one of each capital, individual capital (Rosdolsky, 1974:69). Analysis about corporations, then, has to start with understanding the capital in general, which

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<sup>7</sup> I find it useful to mention, as Koray R. Yılmaz (2010) did, that in common usage, the terms like enterprise, firm, company, business and corporation can be mentioned interchangeably. In this thesis, I mostly use the term corporation, which refers to a separate legal entity with the feature of limited liability and which is also compatible with the usage in global context as it is used in the se terms: *corporate* social responsibility, *corporate* governance, multi-national *corporations*.

holds the common characteristics of individual capitals, and the previous section was all about understanding the history of capital in general. Now, I will focus on the corporation, as an individual capital.

The corporation, in that context, is where the capital in general becomes concrete in the sense that it realizes the circulation of capital and serves as the concrete body making the capital accumulation possible (Yılmaz, 2010:96). It reserves the economic and social relations defined by the capitalist system and represents these capitalist relations of production. The growth of capitalist production has clearly been experienced throughout the world particularly after the Industrial Revolution. The capitalist enterprises, namely the corporations, have gained power since then. Lenin (2006) reveals how the competition among individual capitals has been monopolistic in character. In the beginning of the 19<sup>th</sup> century, we see that the number of capitalist enterprises increased and then, capitalist competition forced them to merge. As Lenin puts it, “the enormous growth of industry and the remarkably rapid concentration of production in ever-larger enterprises are one of the most characteristic features of capitalism (2006:19). This concentration of production also paved the way for concentration of power in capitalist enterprises, which at the end created monopolies. The holding system, which is composed of many shareholders as we have today, “serves enormously to increase the power of the monopolists”. Yet, according to Lenin, the only “benefit” of the holding system to the capitalist is not only this. The system also allows them “to cheat the public”, because the owners of the main corporation are not legally accountable for the smaller firms merged into the big one, “and *through the medium of*

which they can “pull off” *anything*” (ibid:56). Therefore, as the companies get bigger, it becomes difficult to follow their ‘business activities’. Lenin describes the effects of the concentration of production so well that he also covers today’s situation. He claims that “none of the rules of control, the publication of balance-sheets, the drawing up of balance-sheets according to a definite form, the public auditing of accounts, etc., the things about which well-intentioned professors and officials—that is, those imbued with the good intention of defending and prettifying capitalism—discourse to the public, are of any avail; for private property is sacred, and no one can be prohibited from buying, selling, exchanging or hypothecating shares, etc.” (ibid:57).

What Lenin saw then is presented as the “monstrous corporation” today. The relationship between global capitalism and corporations seem to be interdependent in the sense that the global expansion of capitalism demanded for corporations to become even larger and the monopolistic character of corporations demanded for larger corporations to reach larger markets for more accumulation. The history of corporations, therefore, is composed of this mutual relationship based on the capitalistic instincts. Especially with neoliberalism, as the corporation became more liberal than ever, the power of corporations is now considered more or less natural. The idea that the large corporations are running the world today stems from the political and economic engagement of capitalist ideology in almost everywhere around the world. For example, David Harvey informs that the leading companies in the US “accounted for ‘about one half of the GNP of the United States’ during the 1970s, and they spent close to \$900 million annually (a huge amount at that time) on political matters” (2005:43,44).

Besides the direct expenditures on political lobbying, the capitalist ideology has created its own global political institutions, for which Hardt and Negri use the term supranational regulatory institutions such as UN, IMF, World Bank, etc. and “what legitimizes them now is ... their newly possible function in the symbology of the imperial order” (2000:31).

All this growth in the size and capital accumulation of the corporations are made possible through the capitalist class’s works of “construction of consent” (Harvey, 2005). The ideology of capitalism “circulated through the corporations, the media, and the numerous institutions that constitute civil society—such as the universities, schools, churches, and professional associations” (ibid:40). As mentioned before, the naturalization of the corporations are also made possible through these processes. What we should ask in the first place, I think, is why the capitalist ideology needs to construct consent. The answer seems more or less obvious: in order to legitimize itself in the society. Then there remains a very crucial thing to understand: the relationship between capital and people, or the society. According to Marxist Theory, capitalist relations of production define the social relations. In other words, social relations are inherent in the commodity, commodity production and circulation, in short in all phases of capital accumulation and these relations are crystallized in the body of corporation as an individual capital. As Kenneth Barr puts it “capital is more than money, commodities, productive capacities, and account books. It is more than its forms - money, commodity, productive, and accumulated capital. Capital is also a social relation... Operationally, then, the enterprise is a unit of social action” (1981:63). Therefore, in order to

understand the relationship between the capital and society, I will focus on Marxist conceptualization of commodity and commodification and Debord's analysis of spectacle in the next sections. I believe this will allow me to reconceptualize Corporate Social Responsibility, which has been created and developed as a way of relationship between business and society, with using Marxist conceptualizations regarding the relationship.

#### **4.4. Commodity and Commodification**

For the capitalist society, accumulation of capital, as already mentioned, is realized by the commodity production and circulation, which can be considered as the main analysis of Marx and Marxist Theory. In this section, I will focus on an important process realized within the capitalist mode of production while ensuring the capital accumulation: objectification of social relations. I will, then, open up this objectification in Debord's analysis, which will suggest us an expanded and deepened objectification in today's capitalist mode of production dominated by the images. For Marxist theory, the capitalist society is characterized by private property and commodification. Private property is the cause and result of capital accumulation mentioned in previous sections. The capitalist class holds the means of production in their hands as a legal right defined as private property rights. However, the production process contains not only materialist phenomena, but also many kind of social relations, including labor power and makes them tradable. We may think the term commodification, in Marxist analysis, basically as referring to anything related to social that originally does not have an economic

value, but is given one in the process of capitalist production or consumption. The crucial analysis of Marx is the commodification of labor. First of all, labor power is required for commodity production and those who do not have access to the means of production, constituting the proletariat, only have their labor power to sell. This “releases labor power as a commodity into the market place” (Harvey, 2010:58) and the worker becomes a free laborer, “free in the double sense that as a free man he can dispose of his [or her] labor-power as his [or her] own commodity, and that on the other hand he [or she] has no other commodity for sale” (Marx, 1887:118). Second of all, labor is embedded in the commodity produced. Marx describes how the labor is originated in commodities in his famous section entitled as *The Fetishism of Commodities and the Secret Thereof* in Capital Vol.1:

For, in the first place, however varied the useful kinds of labor, or productive activities, may be, it is a physiological fact, that they are functions of the human organism, and that each such function, whatever may be its nature or form, is essentially the expenditure of human brain, nerves, muscles, etc. Secondly, with regard to that which forms the ground-work for the quantitative determination of value, namely, the duration of that expenditure, or the quantity of labor, it is quite clear that there is a palpable difference between its quantity and quality. In all states of society, the labor time that it costs to produce the means of subsistence, must necessarily be an object of interest to mankind, though not of equal interest in different stages of development. And lastly, from the moment that men in any way work for one another, their labor assumes a social form (1887:46).

The exchange value of commodities assumes that only objects are involved in exchange. However, Marx suggests that “their value is illusory since the fetishized exchange establishes a fantastic relationship between things that obscures the relationship between people” (Dant, 1996:500). In that context, during the circulation process of commodities, the qualitative relationship between the laborer and the

capitalist becomes quantitative, since the only relationship is established by the worker's selling his or her labor power, which is an "expenditure" of his or her manual and mental possessions. Moreover, the relationship of the workers with themselves through their own production is also interrupted by the capitalist relations of production.

This interruption, resulting in the objectification of social relations, leads to alienation. For Marx, the complexity of the production process and the domination of the capitalist on the production process and on the products of workers cause workers to be separated from their own products. Thus, "the object which labor produces – labor's product – confronts it as something alien, as a power independent of the producer". As Marx adds, "the alienation of the worker in his product means not only that his labor becomes an object, an external existence, but that it exists outside him, independently, as something alien to him, and that it becomes a power on its own confronting him. It means that the life which he has conferred on the object confronts him as something hostile and alien" (Marx, 1959:29). Because the labor of the workers is embedded in their products, the separation of them leads to worker's alienation, or estrangement, from the products. Thus, this estrangement of the worker ultimately brings an estrangement from his or her own human potential (Best, 1994:43); because "he does not affirm himself but denies himself, does not feel content but unhappy, does not develop freely his physical and mental energy but mortifies his body and ruins his mind" (Marx, 1959:30). The alienation process, in that context, undermines the human potential. As Marx describes it, although the workers realize themselves through their labor embedded in their products, "under these economic conditions this realization of labor appears as loss of

realization for the workers” (Marx, 1959:29). However, loss of realization is a force between not only the worker and himself or herself, but also the worker and other workers. As it is obvious in Marx’s above quotation from the section about fetishism, people work for one another and the loss of realization becomes a fact in the social relations of people. In other words, social relation between people is forced to be defined economically, which ultimately leads to an unreal relation between people.

There is no doubt that this unreality is required for the survival of capitalist mode of production. Thus, capitalism needs to reproduce these unreal processes every time and everywhere. This need of capitalist production brings “commodification of everything”, which is an advancement of contemporary capitalism. I already mentioned that the relationship between the subject and object ends up in “the domination of the subject by the object” in the capitalist mode of production (Best, 1994:43). However, this objectification takes place as long as the aim of the society is commodity production and the aim of commodity production is to make profit. In that context, “*abstractions* take over, and with them comes the danger of obscuring the nature of social reality, and so a deepening domination” (ibid:44). This is obviously a vicious circle for the capitalist society, in which it has to produce commodities in order to survive; but as it produces more, the domination of objects becomes much deeper. It is exactly where Marx uses the term *fetishism*, “which attaches itself to the products of labor, so soon as they are produced as commodities, and which is therefore inseparable from the production of commodities” (Marx, 1887:47).



Among the Marxist scholars, commodity fetishism has been an important analysis in understanding the changing conditions and social relations in the capitalist society. As the main purpose of the capitalist society remains to be profit maximizing, or capital accumulation, commodity fetishism has done nothing but expand and diffuse in the social (un)reality. Today, not only quantities dominate qualities, but also “...one is able to *buy* qualities – if only in a temporary and illusory way” (Best, 1994:46). The geographical expansion of capitalist mode of production has required much more complex relations to complete the circulation of commodity. Wallerstein argues that before modern times, the chain of process for profit making could not be completed due to the fact that some elements of the chain could not become available during the process. The capitalist mode of production, on the contrary, has been successful in completing the chain because all the processes such as production, distribution and investment have been commodified. What was solved “out of the market” in previous times now needs a “market” solution, or go through the “market”, and this leads to “commodification of everything” (Wallerstein, 2009:13).

The geographical expansion, however, is limited and capitalism reached to these limits. Capitalism, therefore, urged to find new ways and fields to reproduce itself. Neoliberal projects have been introduced to answer this call. The capital has “moved to the area of activity once considered to be outside the realm of profit” (O’Laughlin, 2008:946). According to Harvey (2005), the new profitable fields have been replenished by corporatization, privatization and finally commodification of the public assets. These domains, for him, include privatization of public utilities, social welfare provision,

public institutions; exploitation of natural resources; “capital-intensive modes of agricultural production”; “the commodification (through tourism) of cultural forms, histories, and intellectual creativity” (2005:160). Thus, today, everything that is in relation with the market is commodified; or better to say, everything is brought into the relations of the market and, as a result, commodified. As Harvey puts it “commodification presumes the existence of property rights over processes, things, and social relations, that a price can be put on them, and that they can be traded subject to legal contract. The market is presumed to work as an appropriate guide—an ethic—for all human action” (2005:165). Then, the abstraction of social reality that turns into the unreality of social relations has been intensified within the new phases of capitalism. For a deeper discussion around today’s more intense commodification, Debord’s analysis will provide us with a good departing point. But before that, I find it useful to revisit the characteristics of the commodification process for the specific purpose of this thesis, which is criticizing the notion of Corporate Social Responsibility by the help of Marx’s analysis of commodity.

First and foremost, as I want to emphasize in this section, commodity production embodies the *objectification of social relations*. By turning all the qualitative relations into quantitative relations, it gives an economic value to the social. Qualities, or social relations, are now sellable and purchasable. Departing from Marx’s analysis of commodity and commodification, I will be able to discuss the process of objectification in a deeper level, relevant for today’s capitalism. This discussion will be around Debord’s analysis of a deepening objectification of social relations, as they become

more and more unreal today. Debord's concept of the spectacle allows us to understand the deepening distance between the reality and appearance in today's capitalist system. With his concept, I will get closer to draw the framework I will use for defining the notion of CSR. For this purpose, I will discuss this deepened objectification in two levels, which I already started to mention in this section: *confrontation of human with human* and *commodification of humanitarian values*. It is worth to note that I take these two levels as advanced processes immanent to the process of objectification of social relations. I believe opening up the process of objectification of social relations within the context of these two processes that characterize the spectacle will provide a better understanding.

#### **4.5. Spectacles of Capitalism: Guy Debord**

In his book devoted to Debord and his theory, Jappe claims that Debord's conceptualization of spectacle represents "the most highly developed form of a society based on commodity production and its corollary, the fetishism of commodities" (1999:3). With the notion, therefore, we are able to strengthen the critique of today's capitalist world through a Marxist understanding. In other words, Debord's concept shows us the way to interpret the contemporary capitalist relations in the light of commodification in Marxist sense. He allows us to theorize commodification processes by and within the concept of spectacle. Following the process of objectification of social relations realized through commodity production and circulation, I will try to elaborate on the discussions in the previous section by using Debordian analysis of

contemporary capitalism and by focusing on two important processes developed with and as the result of objectification.

At the outset, objectification of social relations finds itself in a more intense level in Debord's theory. In his words, "the spectacle is the moment when the commodity has attained the total occupation of social life" (1977, thesis 42). Debord's book *Society of the Spectacle* consists of short but intense theses about the transformation of "modern society" due to the increasing domination of economy over social life. He summarizes the transformation with his one of the widely known thesis:

The first phase of the domination of the economy over social life brought into the definition of all human realization the obvious degradation of being into having. The present phase of total occupation of social life by the accumulated results of the economy leads to a generalized sliding of having into appearing, from which all actual "having" must draw its immediate prestige and its ultimate function. At the same time all individual reality has become social reality directly dependent on social power and shaped by it. It is allowed to appear only to the extent that it is not (Debord, 1977, thesis 17).

The spectacle, in that context, is a new form of domination that is still indebted to the "commodity society", but "reorganized at a higher and more abstract level" (Best, 1994:47). This level is the *appearance*, or the *image*. The objectification of social relations is now reproduced not only through objects, but also through images. These images can be reproduced by capitalist economy as different and separate from each other, but they actually "fuse in a common stream" (Debord, 1977, thesis 2). This fusion makes the existing domination of economy over social even deeper than the earlier phases of capitalism in the sense that the accumulation of images hides the reality more. Although this accumulation may seem like forming a unity; it does nothing but creating

a pseudo-world. This pseudo-world we live in has a more intense objectification, which has been expanded to all kinds of relations. This intensity realized in today's phase of capitalism makes it difficult to overcome the chain of objectified relationships.

Therefore, as the first advancement, so long as the chain of social relationships become more complex, the confrontation of human with each other has become more indirect and invisible. In other words, the spectacle is now hiding the real contradiction immanent to capitalist society, which is between the worker and the capitalist classes, better. In fact, the surplus in the production of commodities as capitalism grows makes possible only by the "help" of the labor power and as soon as the capitalist class discovered this fact, it began to see the worker "in his [or her] leisure and humanity". In this context, Debord defines the new condition of the worker within the contemporary capitalist society: "The worker, suddenly redeemed from the total contempt ... and finds himself [or herself] everyday, outside of production and in the guise of a consumer, seemingly treated as an adult, with zealous politeness" (1977, thesis 43). The changing perception of the capitalist class on the worker is legitimized with the concept of humanist perception. This humanism, however, is an illusion for Debord and he uses the term *humanism of the commodity* for this kind of illusory humanism. This condition is actually "the perfected denial of man" which reflects itself as if the capitalist economy is the reason of the human existence (ibid, thesis 43). At this point, with the help of the term *humanism* used as an ideological tool, the spectacle offers a kind of unity in society which is unreal in the sense that it "masks the class division on which the real unity of the capitalist mode of production rests" (ibid, thesis 72).

As the real conflict between the bourgeoisie and proletariat becomes more and more invisible in the society of spectacle, it leaves the entire stage to images of a social unity. For instance, we are increasingly witnessing the rise of the discourse of “unified consumption which address everyone equally as consumers” (Best, 1994:50). This equality, however, is illusory since the only purpose of the “politeness” to the consumer is the fact that he/she is a worker at the same time and the capitalist production needs the human body as both a worker and a consumer. This unreal unity and its result, the mask over the class conflict, absorb the possible resistance towards the domination and the dominant class. The spectacle, in that sense, ultimately works as a “tool of pacification and depoliticization” (ibid:47). The depoliticized society cannot see the power that controls it in every field of life.

As a second advancement, because of the need of forcing everything to enter into the capitalist market, the spectacle subsumed humanitarian values, or ethics, for its own survival. The spectacle creates an image for itself in order to ensure the commodified relationships and to maintain the separation of the worker class. It is important to mention that for Debord, the ability of the dominant class to hide the existing reality of class conflict stems from its professionalization in the activity of speaking for others. In that sense, communication here is a one-way activity that is managed by the dominant class and thus, reproduces the domination of the dominant. An easy example to the spectacle would be the mass media which is the tool for spreading the dominant ideology; however this would not define the complexity of the notion. The images that

Debord talks about cover “the entirety of the social activity that is appropriated by the spectacle for its own ends” (Jappe, 1999:7). Therefore, the spectacle “refers to the vast institutional and technical apparatus of late capitalism” (Best, 1994:47). These apparatuses are embedded in the society, both partly and with its entirety. They hide the reality by splitting it into images and accumulate them as a new reality by appropriating them for serving to their own ends. As a result, nothing but the voice of dominant class is heard through the institutions of capitalism and we should not expect any institutionalization that is not dominated by the spectacle.

By speaking for, and sometimes even as if the proletariat, the capitalist class creates one of the biggest illusions in the society of the spectacle. The economic developments in history, Debord argues, might have freed “from the natural pressure which required their direct struggle for survival”. As liberal economists would argue the economic growth changed the conditions of existence of societies by “resolving the primary question of survival”; but what they do not pay attention to is that this growth has led to the extension of commodification which ultimately created a world based on economy. As Debord puts it, “the economy transforms the world, but transforms it only into a world of economy”. His striking point in his fortieth thesis is that during all these historical transformation, or the economic growth, capitalism denounced the capitalist class as liberators (1977, thesis 40). Therefore, the crucial point is that contemporary capitalist relations tend to give a humanist mask to the capitalist class. There is an illusory humanism for which Debord uses the term “humanism of commodity”.

This mask also presents the contemporary capitalist society as a unified entity. However, for Debord, a real unification is no longer possible and the unification the spectacle presents only serves for the creation of a discourse in favor of capitalist ideology. This discourse creation was both the aim of the capitalist economy and the result of it. Its domination leads to “the justification of existing system’s conditions and goals” (ibid., thesis 6). As Debord perfectly puts it:

The spectacle is the existing order’s uninterrupted discourse about itself, its laudatory monologue. It is the self-portrait of power in the epoch of its totalitarian management of the conditions of existence. The fetishistic, purely objective appearance of spectacular relations conceals the fact that they are relations among men and classes: a second nature with its fatal laws seems to dominate our environment (ibid., thesis 24).

In conclusion, I think Debord’s analysis gives us a broader area to situate the discussions about Corporate Social Responsibility in the field of commodification. As the spectacle represents the most highly developed form of a capitalist society, it also represents the objectification of social relations at a more intense level. This intensity, then, causes to a more hidden class conflict. The spectacle shows us a unity, but this unity is only an accumulation of images, therefore it is unreal. Furthermore, in order to ensure this unreality, the spectacle creates its own humanist discourse which only serves for legitimizing and perpetuating the domination of the capitalist class and its ideology.

#### **4.6. CSR as a Spectacle**

Hardt and Negri point out that Debord’s analysis on society of the spectacle is still, or ever more, urgent. The depoliticization, or the “non-place of politics” is so strong today



that it is a universalized destruction (2000:188). Collective form of socialites have been “sublimated or de-actualized in the virtual spaces of the spectacle” (ibid:322). Both Marx’s commodification analysis and Debord’s extension to the notion of commodity reveals capitalism’s virtuality and illusions we are living with. In the lights of these theoretical approaches on the critique of capitalist economy, I will now turn to the main quest of this thesis aiming to problematize the concept of Corporate Social Responsibility. For me, the increasing debates on globalization and its consequences call for more analyses with Marxist perspectives, since the Marxist theory will give us a broader understanding of the social changes in global capitalism. In that context, with the theoretical background I presented, I will bring the matter of CSR to the table. This will be an attempt to contribute to the Marxist critique of global capitalism and the social (un)reality created by its ideological tools.

At first, for such an attempt, the place of CSR in the context of global capitalism should be clear. In the first chapter, I conclude that there are at least three points about why we are considering CSR as a global concept and within global capitalism. It is because of the fact that the discourse on CSR refers to the universal ethical values such as equality, justice, human rights, etc.; that it has exceeded the borders of nation states and become transnational; and that it is appropriated by the political institutions of global capitalism, such as UN. In addition to these, now we have to add the fact that CSR has always been a counter-movement of the “capital in general” to the movements that have internalized an anti-capitalist spirit. The growth of corporations, due to the expansionist character of the capital, has brought its own crisis by which a global unrest against big corporations

has risen. However, since the capital has created a global market for itself and become more dominant than ever, it has become professional in solving its own crisis and soothing the social unrest by its own tools. This solution brought “commodification of everything”, because any movement coming from the economic field would eventually have to be subsumed within the relations of commodity. Thus, when the corporations started to be considered as “soulless monsters”, they realized that they had to adopt some discourse and show some activities by referring to some ethical values. This kind of attempt is not surprising; because the capital always has to “revolutionize the instruments” it needs for accumulation of capital, as Marx has already put it. Furthermore, since the accumulation of capital depends on the circulation of commodities and later on the circulation of capital, as capitalism expands globally –as we saw in Lenin’s analysis-, the capital “revolutionizes the instruments” in order not to break the circulation by which the capital and the capitalist class are fed. In that context, it is crystal clear that the responsibility initiatives coming from the capital and the capitalist class are nothing more than a “revolutionary instrument” in the sense of maintaining the survival of the capitalist system. Therefore, when we look at the story by considering the “capital in general”, we see that the notion of CSR has been presented to the market for the purpose of filling the gaps in the capitalist system and maintaining the circulation. Adopting a Marxist perspective, we should not expect a different scene in the “individual capital” side of the story. In his work modeling the circulation of capital in individual corporation, Kenneth Barr (1981) notes that the task of “revolutionizing the instruments” is what an individual enterprise should do; in fact, this task becomes concrete within the body of the corporation. As Barr puts it, “the

enterprise... is perceived as an individual unit of business activity based on the capital-labor relation” (1981:67). As the capitalist world economy, a unit by itself, aims to survive by not breaking the circulation, the individual capital also acts according to the requirements of the aim of maximizing the profit and maintaining the circulation in itself. However, in his model, Barr points out that the commodity circulation in each corporation is based on some immanent contradictions, which ultimately commodifies the social relations between laborers. His analysis is exactly in the same line with Marx’s analysis, but it is worth to remember here. First, “labor is posited against capital as that which, one, is procured by capital and, two, has its products realized on the market for capital”; and also in another phase of the accumulation, “a) capital is posited against labor as that which exploits labor and accumulates as money capital what was initially produced by labor, and labor is set against capital as that which directly influences the degree of exploitation and concomitantly the rate of accumulation; and b) labor is placed against labor through the combination and hence division of laborers and labor processes in the production of goods for sale...” (1981:67).

That being said, I may now turn to opening up the two points that I have discussed for the spectacle analysis: hiding the class conflict and commodification of humanitarian values. However, before that, it is worth to remember that I have already argued CSR represents the objectified relationships. Today, the objectification of social relations, as Wallerstein and Harvey tell us, is not only realized through the production process, but also many other fields where capitalist relations rule over, such as investment and distribution process as well as consumption, culture, arts, media, and institutions of civil

society. In other words, the qualitative is absorbed by the quantitative in every field of social life. In that context, the important point is that while CSR conceptually refers to a qualitative relationship, it is obvious from the approaches of management studies that the notion is actually a part of economic relationship. The definitions of CSR made by international institutions and corporations (see Chapter 2) are clearly considering the concept as a way to become more profitable. In fact, this is also clear in the quantitative analysis performed by many studies in the management literature about the financial benefits of pursuing CSR strategies. Although it is presented as a moral value adopted by the corporations and global capitalism for the aim of intervening into the social problems, it denotes nothing but a commodified relationship in Marxist sense.

In that context, I argue that the two characteristics of the spectacle that I have already discussed also constitute two important results of the existing rhetoric on CSR. As the first result, *CSR confronts human with each other and causes to loss of realization for working class*. Debord already claimed that societies could not have been liberated from their “liberators”. There is no doubt that the spectacle today presents the corporations as liberators through the premises that they bring social welfare, equality and solutions for all the problems in society, and CSR has been considered to be an activator for these premises. However, these liberators only create unreal relationships among people and societies, and that is why a real liberation of people cannot be realized in these conditions. While the exploitation of workers and exploitation of the environmental resources are all the negative, and inevitable, results of the capitalist mode of production, the so-called moral acts of corporations totally ignore this reality. In a way,

they cause people to forget to ask the question who and what is responsible for these negative results. But, we should not ignore the reality that the capitalist system and so the capitalist class is responsible for these results. The concept of CSR, in that context, carries a contradiction in Marxist sense. When Google grants millions of dollars to some organizations working for preventing slavery and human trafficking in the name of humanism, the laborer and also the consumer of the corporation are placed against the people suffering from slavery and human trafficking as if all of them are not from the same class. Or, when Pfizer distributes millions of medications to the people in need in Africa, all people of working class in the circuit of Pfizer's relations are placed against the African people as if they are not dominated by the same capitalist class. Or, when Chiquita gives houses to its workers and their families, these workers are placed against all the farmers of Latin America as if it is not the capitalist mode of production that disposed of Latin American people from their own lands. It is obvious that CSR initiatives create unreal relationships among the working class with its initiatives of pseudo-humanism, which in the end damages the solidarity among working people. Depoliticizing the people who are supposed to get politicized to stand against capitalist domination, CSR also depoliticizes the corporations which, in fact, politically represent the capitalist class.

*Secondly, the discourse about CSR incorporates commodification of humanitarian values.* The aim of CSR, to remind, is said to be an intermediary between business and society. Yet, this relationship as well as every other relationship within the capitalist mode of production cannot be isolated from commodification of everything. The market

is presented as “an appropriate guide” in social relations, as Harvey says; but, this can only be an appropriation of ethics, or humanism, by the capitalist class. What we see today as humanist, ethical or moral acts of corporations is just a pseudo-humanism. This is what David Harvey calls “market-based ethics” and Guy Debord calls “humanism of the commodity”, both of which perfectly summarize what CSR actually is. The notion of CSR, in that sense, becomes commodified itself within the circulations of commodities and capital, since it is adopted as an investment strategy, a management approach, a business model, a guide for managing the relations with society, which are all for the ultimate aim of maximizing profits. At the same time, the discourse and acts of CSR also commodify *humanism* and serves it as an unreal humanism to us. In fact, the embedded discourse of human rights, labor rights, and social equality has become intense after these concerns started to be addressed as a solution to the decreasing market shares of some corporations. For instance, when Nike promises to conform to labor rights after it was publicly criticized due to its extremely exploitative labor conditions in China, it starts using the discourse of rights for preventing any interruption in its commodity production and incorporates this discourse within the economic field. The labor rights, therefore, becomes something important only when the corporation considers the absence of a discourse around labor rights as a challenge. Moreover, the need of addressing these issues is being announced by the global institutions for the sake of coping with global challenges that corporations are faced with. In brief, the immanent contradiction in the humanism of the commodity leads to a “deception”, as Debord again perfectly puts it:

The epoch which displays its time to itself as essentially the sudden return of multiple festivities is also an epoch without festivals. What was,

in cyclical time, the moment of a community's participation in the luxurious expenditure of life is impossible for the society without community or luxury. When its vulgarized pseudo-festivals, parodies of the dialogue and the gift, incite a surplus of economic expenditure, they lead only to deception always compensated by the promise of a new deception. In the spectacle, the lower the use value of modern survival-time, the more highly it is exalted. The reality of time has been replaced by the advertisement of time (1977, thesis 154).

In conclusion, I argue that CSR can be defined as a spectacle because it embodies the two characteristics of the concept of spectacle Debord defines. At first, the discourse about CSR confronts the working class with each other, and thus separates without defining the people as belonging to the same class and hides the domination of the capitalist class. This illusion leads to a loss of realization in the working class, because alienation is deepened. Secondly, the same discourse uses the humanitarian values as a way to achieve more effective and profitable business strategies. Therefore, it places these values in the center of commodification process, whose ultimate purpose is capital accumulation. In the following section, I will introduce these two characteristics again by trying to show how these two are embedded in the discourse from both capital in general and individual capital. I will analyze two examples from capital in general and two from individual capital so that I will be able to show how these two points are manifested in these discourses.

## CHAPTER 5

### EVALUATING THE DISCOURSE ABOUT CSR

#### 5.1. Introduction

Advocating that the capitalist mode of production is ultimately good for people, Dunning (2004) proposes a concept, “Responsible Global Capitalism (RGC)”, because he recognizes that there are some “moral challenges” of global capitalism and these challenges can be overcome for a “good” capitalist globalization. This kind of conceptual apparatus, according to Dunning, will provide the background for encouraging some moral imperatives and setting some moral standards to make the global capitalism “better”. Undoubtedly, his perspective celebrates the contemporary so-called humanism of the capital that is pseudo-humanism as discussed in the previous chapter. According to him, this kind of humanism is ready to be implemented, because of the fact that in this “responsible” capitalism “we have far more knowledge and experience than we had in the past on how to deal with the challenges and imperfections of the global market place; and, there are far more non-government agencies seeking solutions to these challenges and imperfections than ever before” (Dunning, 2004:22)<sup>8</sup>.

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<sup>8</sup> I want to mention here that Dunning’s subject, “we”, is problematic and it deserves posing many questions on who “we” are as having more knowledge on how to advance capitalist tools. That “we” could only be referring to the capitalist class or the intellectual minds advocating the capitalist ideology. No way could it refer to society in general, since the power is not in the hands of the majority. This usage manifests how the concept of responsible capitalism is an



Given that global capitalism reinvents itself with new ideological tools, the scenario that capitalism has advanced its tools is true, but can only be a false premise if it is referred to “good”.

This kind of approach including Dunning’s RGC legitimizes the world order of global capitalism where the stronger has a responsibility to “help” to the weak by which the former, in a way, secures its own place. The RGC, thus, is a concept in which, as Debord already put, “pseudo-festivals, parodies of the dialogue and the gift” of the capital are being protected (1977, thesis 154). This protection is made possible through the institutional bodies of RGC, which are the institutions of capitalism. RGC aims to implement the humanism of commodity both *through* corporations, international institutions, NGOs and governments and *on* them. This requires the convergence of these institutions on some common standards and agreement on practicing the “pseudo-festivals” in harmony as much as possible. That is why Corporate Social Responsibility is an issue for not only the corporations but also international organizations. We even encounter with “the integration of CSR in Government Strategies” in order to link the Responsible Global Capitalism with governments to achieve CSR goals in national level (UNIDO, 2012). In fact, the Global Compact initiative receives more funds from its member states than private companies. For instance, in 2010, “the total income for the Global Compact was \$7.58 million – including \$4.02 million from voluntary contributions by 13 Member States and \$3.56 million from voluntary contributions by 810 companies and organizations” (UN Global Compact, 2010:44). Similarly, the link between the corporations and international political and economic institutions regarding

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ideological tool of the capitalist class.

the CSR strategies is obvious and considered “necessary” in today’s interdependent globalization. The consensus among the institutions of the market requires commitment from corporations to adopt CSR guidelines produced by organizations such as the UN, OECD and ISO and from these international organizations to preserve the corporations’ main motivation of existence. Thus, this “happy convergence” is more or less created through the theoretical frameworks and suggestions of international organizations and practical implementations of corporations. In Marxist sense, this convergence can be considered as a convergence between the “capital in general” and “individual capital”. Thus, it is possible to say that the Responsible Global Capitalism becomes concrete, or is applied, through the Corporate Social Responsibility projects of the corporations.

As mentioned before, the focuses of CSR projects are various, but the ideology behind them is same. Regardless of for whom it is said to be beneficial and how much benefit it will bring, it is clear from a Marxist perspective that the humanism of capital can only be considered within the commodification process of capitalist economy. In light of the Marxist approach to CSR, this chapter will make a closer look to the discourses around CSR. For this, I will look at both the discourse from the “capital in general” and “individual capital”, which complement each other and where the humanism of commodity is institutionalized. I will attempt to read the subtexts of these discourses that belong to the spectacle so that it will be possible to uncover the illusions, fetishisms and deceptions behind the discourses of capitalist ideology. Based on the discussions of the previous chapter, I will try to elaborate on how these discourses commodify the normative values, humanism or ethics; and how CSR covers the class antagonism of the

capitalist system, the two characteristics I described in the discussions of CSR as a spectacle. I will use these two characteristics of CSR as the levels of analysis for the purpose of this chapter. I will start with the discourse of international organizations to show how commodification of human values and concealment of class conflict are immanent to them. Since the most comprehensive international guidelines for CSR come from UN Global Compact and OECD Guidelines for Multinational Corporations (Blowfield and Allan, 2008; Soederberg, 2006), I will focus on these two initiatives within the scope of this thesis. To exemplify the discourse of individual capitals, I selected Nike, Inc. and Walmart, two monopolies dominating their own sectors, sports goods and retailing. They incorporate a high level of contradiction, since these two companies have been under intense public scrutiny for their unethical practices on the one hand, and they produce the most intense discourse about their corporate responsibility practices on the other hand.

## **5.2. CSR Discourse from Capital in General: International Organizations**

### **5.2.1 UN Global Compact**

The Compact presented to the world market directly by the former UN Secretary General, Kofi Annan, in 2000 after the “irresponsibility” of corporations becomes so visible. This visibility has obviously started to affect the capitalist class negatively, because the circulation of capital has started to be interrupted by some social unrest. As written on the website of the Global Compact (GC), “as social, political and economic

challenges ... affect business more than ever before, many companies recognize the need to collaborate and partner with governments, civil society, labor and the United Nations” (UN Global Compact, 2012). The Compact, in this context, serves for producing solutions to the challenges encountered throughout the capitalist accumulation in the new environment of neoliberalism. Kofi Annan, in his speech of introducing the Compact, made it clear that the Compact was launched “with the specific aim of giving global markets a human face” (Gaffney, 2009:279). This aim represented by Annan immediately allows us to make a comment on that market was prepared to put on a mask in order to appear as ethical. Yet, this unreality is not a *part* of the contemporary society, but represents the *totality*, in Debordian sense.

As “the largest voluntary corporate responsibility initiative of the world” (UN Global Compact, 2012), the GC protects and disseminates the unreality embodied in capital’s humanitarianism. In context of setting ethical principles for corporations, the GC determines ten principles “drawn from the Universal Declaration of Human Rights, the International Labor Organization’s Fundamental Principles on Rights at Work and the Rio Principles on Environment and Development” (Ruggie, 2002:31). These principles cover the areas of human rights, labor, environment and corruption.<sup>9</sup> The objective is to

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<sup>9</sup> The principles are: 1) Businesses should support and respect the protection of internationally proclaimed human rights; and 2) make sure that they are not complicit in human rights abuses. 3) Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; 4) the elimination of all forms of forced and compulsory labor; 5) the effective abolition of child labor; and 6) the elimination of discrimination in respect of employment and occupation. 7) Businesses should support a precautionary approach to environmental challenges; 8) undertake initiatives to promote greater environmental responsibility; and 9) encourage the development and diffusion of environmentally friendly technologies. 10) Businesses should work against corruption in all its forms, including extortion and bribery (UN Global Compact, 2012).

encourage businesses to support these principles in their strategic and action plans as well as engaging with broader goals of the UN, such as Millennium Development Goals (MDGs), by which the UN aims to end poverty, hunger, inequality with the collaboration of private sector. In fact, according to GC's website the Compact "pursues two complementary objectives: mainstream the ten principles in business activities around the world; catalyze actions in support of broader UN goals, including the Millennium Development Goals" (UN Global Compact, 2012).

One of the "success" stories of MDG is written about the poverty reduction in Laos, which was claimed to be "the first target of the Millennium Development Goal of cutting poverty by half in the next five year".<sup>10</sup> Oudone Vongkham, a farmer in Laos, was "protected" from poverty by the establishment of local markets and construction of roads, thanks to the development fund coming from UN agencies. It is also emphasized that there are many families in Laos rescued by these funds; in fact, it is reported that "approximately 950,000 people were lifted out of absolute poverty in Laos whose population is about 6.2 million". Furthermore, the story ends with a quotation from the district governor in Laos explaining how the projects coming from the government fails, but how they are now stable apparently owing to Responsible Global Capitalism. The stories of the farmer and other 950,000 people suggest that these people survived as the result of some goals set by the humanism of commodity. However, while a farmer in Laos is being protected from poverty, many farmers are being dispossessed of their lands in another part of the world as a result of neoliberal transformation. The poor

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<sup>10</sup> The story is available at: <http://content.undp.org/go/newsroom/2010/june/20100602-laos-localisation.en?categoryID=349423&lang=en>

farmer in Laos is placed within an illusion where it is difficult for him to realize that the global capitalism confronts him with other farmers in Laos or any other part of the world by presenting itself as the rescuer. Yet, capitalist mode of production is characterized by land dispossession. In this kind of a situation, the farmer cannot easily realize that the so-called help he receives is an ideological tool of the dominant class that legitimizes land dispossession and he will eventually be the victim of the capitalist transformation. He also cannot easily realize that he is actually confronted with his people in Laos and other farmers worldwide, as if he was not a part of them or his reality was not being a member of working class. We even are not informed why the farmer in Laos is poor or why other 950,000 people from Laos are in absolute poverty. Therefore, what is left unexplained in these kinds of stories is the reason why the global world is facing with inequality. Capitalism has been considered so natural that the extreme situations are more of a coincidence that has no doer, or has doers who do not orient themselves to the capitalist system. The seemingly ethical intervention of the dominant ideology to the reality of inequality renders an aesthetic story possible which makes the poverty “a passive depiction of otherness, alienation and contingency within the human condition” (Harvey, 1989: 336). Then, these aesthetic stories pave the way for sustaining the unreality, the illusion, of the capitalist society, namely the spectacle who is dominated by the capital. In fact, after 9/11, George W. Bush said that ‘we seek a just peace’, while preparing to go to war, ‘where repression, resentment and poverty are replaced with the hope of democracy, development, free markets and free trade’, these last two having “proved their ability to lift whole societies out of poverty” (quoted in Harvey, 2003:5).

Moreover, one of the key commitments of the GC is “to join with the UN in partnership projects to benefit developing countries largely marginalized by globalization, particularly the least developed” (Ruggie, 2002: 31). What is again left behind is the fact that the economic globalization, or the global capitalism, is a project of and for the capitalist class, and this marginalization have not emerged by itself. This kind of discourse presents both the globalization and marginalization processes as natural phenomena. The spectacle, according to Debord, hides the misery “under the spectacular oppositions”, which may refer to the different stages of development. This allows the spectacle to hide “the real contradictions which are repressed”, like the reality of class struggle. Moreover, Debord argues the spectacle can both deny and support the misery. So, in this case, the spectacle denies the historically created misery, but support today’s misery in order to get advantaged from this situation. What is presented to us is the spectacle that is “nothing more than an image of happy unification surrounded by desolation and fear at the tranquil center of misery” (Debord, 1977: thesis 63). It legitimizes the interventions of capitalist economy to the social relations and commodifies all these relations by dominating them through the ruling class ideology. In the final analysis, as Soederberg puts it, since the UN is a creation of the capitalist world order, the Compact, as a creation of the UN, acts to legitimize ideologically the neoliberal norms of the world order, such as self-regulation by powerful corporations...” (2006:89). Then, this spectacle absorbs the challenges - both existing and future - directed to the capitalist projects so that, corporations act more freely in pursuing their neoliberal strategies (ibid: 92).

Other stories of success are about fighting against HIV/AIDS, about which Kofi Annan already made himself clear by saying that this fight is actually a fight against increasing costs and decreasing market shares due to the pandemic disease. MDG claims to achieve some goals that have set regarding the disease. For instance, it is reported that “in Uganda, the adult HIV prevalence rate dropped from 8% in 2001 to 5.4% in 2007”, “Cambodia has managed to halt and reverse the spread of HIV, with the prevalence falling from 1.8% in 2001 to 0.8% in 2007”.<sup>11</sup> Based on Annan’s statement, rescuing people from this dangerous disease turns out to be a profitable investment in the balance sheet. On the one hand, HIV campaigns are carried on by the collaboration of the institutions of responsible capitalism with an emphasis of humanism; on the other hand, as Harvey reminds, “so many corporations have profited from withholding the benefits of their technologies (such as AIDS drugs) from the public sphere”, in order to guarantee the profits from existing technology (2005:38). Moreover, critics like CorpWatch, NikeWatch, and Global Exchange<sup>12</sup> mention that “the GC’s website offers companies a free forum to polish their images without their inputs being qualified by critical comment or even questions”, which means a costless advertisement (Soederberg, 2006:80). This contradictory situation constitutes an example to the

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<sup>11</sup> Information from the UN’s website on Millennium Development Goals, available at: <http://www.un.org/en/mdg/summit2010/successstories.shtml>

<sup>12</sup> Corpwatch, Nikewatch and Global Exchange are all non-profit organizations doing research on the effects of corporate malpractices and aiming to publicize this critical information about TNCs. However, their critical standpoint does not go beyond trying to foster corporations to be more “responsible”. Their criticisms focus on showing the negative impacts of the greed in corporations rather than showing how greed is inherent to the corporations as long as the capitalist system survives. In other words, they do not go beyond imagining another world of capitalism, a standpoint that this thesis tries to transcend.



second characteristic of the spectacle, commodification of humanitarian values. The right of living, particularly living in healthy conditions, and being able to access to basic health services are used as a discourse to achieve a more efficient and profitable capitalist production. The decreasing rate of disease is promoted because of its good impacts on healthier development of the capitalist system. This kind of discourse makes it obvious that the humanism embodied in the capitalist mode of production is not about the survival of people, but the survival of the system.

### **5.2.2 OECD Guidelines for Multinational Enterprises**

Different than the UN Global Compact which aims to encourage corporations to adopt socially responsible business strategies by trying to develop the relationship between the UN and corporations, OECD Guidelines target to encourage its member countries to control the corporations within their territories. This control is mostly referred as *corporate governance*. OECD defines its own aim of existence as follows:

The OECD is a unique forum where the governments of 30 democracies work together to address the economic, social and environmental challenges of globalization. The OECD is also at the forefront of efforts to understand and to help governments respond to new developments and concerns, such as corporate governance, the information economy and the challenges of an ageing population. The Organization provides a setting where governments can compare policy experiences, seek answers to common problems, identify good practice and work to co-ordinate domestic and international policies (OECD, 2006).

According to the Guidelines, corporations should take all the stakeholders into consideration and conducting their business activities by paying attention to the issues of environment, human rights, labor relations, consumer relations, preventing bribery,

etc., which are almost same with the Compact's principles. Yet, the concept of corporate governance is more central to the humanist discourse in the Guidelines. The field of corporate responsibility and corporate governance are very similar in the broad sense, in the sense that both are representatives of the neoliberal ideology. However, government is given a more active role in the concept of corporate governance, where the legal system is included into the scenario. What is obvious here is that the neoliberal ideology and the aim of maximizing shareholder value are intrinsic to the concept of corporate governance as well as to the concept of CSR. In fact, the concept is defined as "the system by which business corporations are directed and controlled, so as to enhance shareholder value". (Soederberg, 2010:92).

One of the main issues in the Guidelines is the relationship between the workers and corporations. The Guidelines claims that the corporations should "respect the right of their employees to be represented by trade unions, ... not discriminate against their employees, take adequate steps to ensure occupational health and safety in their operations, ... enable authorized representatives of their employees to negotiate on collective bargaining or labor-management relations issues" (OECD, 2008:18). However, existence of such requirements is considered as social challenges. If the government fails to overcome those and other social challenges in some regions, these regions are referred as "weak corporate governance" zones. These zones are defined as places where there is a risky investment environment, because the governments there "fail" to control the challenges that can be faced by private sector. According to the rules of the free market, these regions should be made more available for capitalist

investments by reducing any kind of risk both by corporate responsibility and government responsibility. However, so long as it is realized within the spectacle, this kind of an attempt that is trying to protect the worker is convicted to remain within the rules of capitalist production, in which exploitation of working class is inevitable in Marxist sense. A promise of protecting the worker defines a group of working people within the weak corporate governance zones. This promise cares only about this pre-defined group which has a strategic importance for ensuring the circulation of capital. Thus, while a worker living in a weak governance zone is said to be protected, he is trying to be named according to the rules of spectacle at the same time. Protection of this worker is actually done for pulling him/her into the exploitative relations of capitalist production. In this context, the discourse around the workers legitimizes the commodification of the labor. The worker living in a weak corporate governance zone is confronted with himself/herself and other workers all around the world and thus, the alienation of the working class is deepened by this confrontation. It is important to realize that attempts of depoliticizing the working class are immanent to the rise of corporate governance concept.

Another thing to take note of about the discourse produced by the OECD initiatives is that it also covers ethical and humanitarian issues within the discourse of protecting the rights of the workers, as mentioned above (OECD, 2006). However, market-based ethics should not be expected to become the rescuer of the oppressed in terms of human rights. Soederberg argues that the weak corporate governance perspective “is based on the understanding that workers can no longer rely on the state to protect their rights or

improve their security in the current era of neoliberal-led capitalism” (2010:99). As Soederberg also describes it with a Marxist perspective, it is clear that the OECD initiatives to establish better relations between multinational corporations, the government and the society is a part of commodification process of the capitalist mode of production. The worker who needs to be controlled in order to clear the way for non-risky investments in potentially risky regions is only defined as an economic category (ibid:101). However, the discourse of OECD carries out this categorization by trying to focus on human rights. Thus, corporate governance that aims to encourage so-called socially responsible actions of corporations naturalizes the commodified labor and so it manifests the commodification of humanitarian values. Because the discourse used by OECD presents itself as the protector of humanitarian values but does this only because of ensuring the commodity circulation that is vital for the survival of capitalism, it reproduces the spectacle in which we see the humanism of commodity.

### **5.3. CSR Discourse from Individual Capitals**

#### **5.3.1. Nike: Socially Responsible Sweatshops?**

Because it has one of the most recognized brand name and image, the corporate identity for Nike, Inc., has been very important. The reason why we are exposed to various marketing strategies is the company’s concern of protecting this image. Under the name of corporate responsibility, or business sustainability as the corporation uses interchangeably, Nike is trying to identify itself as a sensitive TNC to the social and environmental issues. In fact, “using celebrity endorsements and sponsorships as

vehicles for the promotion of worthy social causes (e.g., equal opportunity for women, racial minorities, and the disabled); Nike has combined its product and brand name, corporate identity, social activism on behalf of others...” (Greenberg and Knight, 2004:153). Similarly, in the beginning of the company’s CSR report for 2010-2011, the CEO of the company, Mark Parker, claims that the company’s has a strong commitment for providing “profitable growth while leveraging the efficiencies of lean manufacturing, minimizing our environmental impact and using the tools available to us to bring about positive change across our entire supply chain” (Nike, 2012:4). In order to “make today better”, the business claims to have some attempts that will bring positive changes in different areas. In their CSR report for 2010-2011, six targets are listed related to how to “make today better”: Reducing CO<sub>2</sub> emissions to “cut energy”, “empowering workers” working in the contract factories, minimizing the waste of hazardous chemicals, using the water more responsibly in order to achieve a more efficient use, reducing waste in manufacturing and packaging, and supporting communities (ibid: 18, 19). In fact, Nike reports that by 2011 it had invested a total amount of \$268.7 million to community projects worldwide (Nike, 2012).

However, making today better is nothing but an attempt to save the corporate identity and therefore, the profits. Nike’s lean manufacturing strategy, which means reducing the waste in manufacturing as much as possible, has tarnished its brand name in the early 1990s when the production processes became under scrutiny because of exploitation of labor in the sweatshops. Obviously, the aim of reducing the waste and producing low-cost products made the company decide to outsource, which is

considered as an opportunity that globalization brought to the capitalist mode of production. Locke argues that Nike wanted to benefit from this opportunity in order to invest the savings from low-cost production into “innovative designs and marketing campaigns” (2002:10). Thus, the labors who try to earn their lives in harsh working conditions in the outsourced manufacturers of Nike are defined in economical terms so that they can be sacrificed to the consumers of Nike.

In that context, it is important to look at the exploitation in the sweatshops more closely in order to historicize the CSR strategies of the corporation. Nike subcontracts with factories operating in countries where the labor power is cheap, “unskilled and semi-skilled (particularly female) labor power is plentiful, and labor standards are limited and/or easily ignored in practice”, such as in Indonesia, Pakistan, Vietnam and China (Greenberg and Knight, 2004:153; Locke, 2002). The minimum wage in Indonesia, for example, was \$1.50 a day, yet more than half of the companies were paying less than the minimum and this amount, according to the Indonesian Government, could only cover 70% of the basic needs of one person (Bullert, 2000; Locke, 2002). Besides the insufficient wages, the working conditions in the factories were brutal. The workers of Nike’s contractors were “terrified” of their managers. One of the workers from Indonesia said that the managers “yell at us when we don’t make the production quotas, and if we talk back they cut our wages” (Quoted in Locke, 2002:10). The case of Nike’s workers had been publicized through the media in 1990s and Nike had been accused of exploiting the workers in its factories by many activists and NGOs. Yet, the company tried to distance itself from the accusations by claiming that they could not take the

responsibility of the contractor manufacturers. Nike tried to whitewash itself by putting the exploitative practices on the contractors' shoulders. In fact, John Woodman, Nike's General Manager in Indonesia, claimed that they are not responsible for controlling the practices of the contractors. When asked if he knew what the disputes are about, he said he had not asked: "I don't know what I need to know" (Clancy, 2000:5).

The response coming from Nike's former CEO, Phil Knight, to this questioning of unethical practices was not different. When Michael Moore, the activist film maker, gave him two airline tickets to Indonesia and said that he could show him the working conditions were not so bad, the former CEO refused to go with him. After Moore had completed his film, he reported that he was invited by Nike's public relations person. Moore writes that "he said 'What do we have to do to get a couple of lines removed from the film?'" I wasn't quite clear what he meant. Was this a cash offering? Were they offering me shoes for life? I didn't want to know" (Moore, 2012). Later, Moore's film showed the interview made with Knight, in which Knight claimed that it did not bother him that 14-year olds were working in the factories and he thought this was how a global business operated (Clancy, 2000:9). Yet, in the late 1990s, Nike decided to change its response to these attacks and protests against Nike and took "some responsibility" to the extent that the neoliberal globalization needs to release some "innovations" to reproduce itself. It started implement CSR strategies that both hide the class conflict and commodify the humanitarian values.

Nike's profits began to decrease after all these criticisms in 1997 and 1998. The anti-Nike campaign surely damaged the corporate identity, Nike's stock price and shareholders' personal wealth at the end. More importantly, if the criticisms would grow, it would affect the market share of the company and future profits. For example, the women's organizations criticism on that the women working in factories suffered from inadequate wages and physical and sexual harassment "was especially a damning criticism given that Nike had begun to target women as its newest growth market" (ibid:9). Therefore, understanding that a discourse of corporate responsibility would help to protect its market share and to regain the competitive advantage in the market, Nike decided to add a responsible image to the corporation. It took some steps in the areas where the criticisms were focused. In that context, it is obvious that Nike's women rights campaign was launched in order to reduce the negative impacts of the criticisms. The discourse of women rights was embedded within the production process so that the corporation would not lose the chance of entering into a new and potentially profitable market. Women rights as a humanitarian value was commodified in that context and become something sellable in the long-run. In addition to this commodification, this case also reveals how the women as consumers were confronted with the women working in sweatshop factories. Improvement of the conditions of the women in factories are said to be implemented to influence the consumers and increase the profits in this way. This confrontation enables the capitalist class to separate the working class by not defining the consumer within this class. However, the majority of the women defined as the consumers do belong to the working class, even if their conditions are not same with the women working in the factories in China. This



confrontation makes it difficult to realize for the women - either the “consumers” or the others - that they belong to the same class.

After all these scandals, today Nike is still trying to present itself as a victim of the “invisible hand”, so to speak. In the most recent CSR report, it is noted that the early labor practices of the company was only result of “risk mitigation”, which is presented as a neutral business management strategy. Then, they write in the report that:

In the late 1990s we were one of the first companies to deal with the challenges of a global supply chain. Because we were among the first companies and industries to experience such scrutiny, we did not have the benefit of an established roadmap. Instead, we had to learn a great deal through taking action based on our best instincts, evaluating the results of those actions, and then modifying our course based on what we learned through those experiences (Nike, 2012:49).

The company also reports to have 1,220,288 global contract factory workers in 2009; but, the number of workers has been reduced to 1,079,137 in 2011. During these two years, the number of countries where Nike makes subcontractor agreements has declined from 55 to 50; and the number of factories from 1,034 to 930 (ibid:50). The reason of this downsizing is vague in the report. However, given that reducing the production costs as much as possible is very essential for earning more profits in the capitalist mode of production, I think it can easily be speculated that Nike decided not to work in the most “risky” countries and factories in order to avoid additional costs regarding the issues of child worker, wages, excessive working hours and brutal working conditions. Therefore, while the company claims to learn its lesson from the past experience, the attempts of being socially responsible and bringing solutions to the malpractices made nearly 140,000 workers unemployed. In addition to that, the

corporation has begun to “fight back” against the groups who made the strongest criticisms against the practices of the corporation. Together with the activists of United Students Against Sweatshops (USAS), Workers Rights Consortium (WRC) was the main organization that pushed Nike under intense public scrutiny. Not surprisingly, Nike did not welcome these criticisms. “In March 2000, the company announced that it would stop sponsoring Brown University’s hockey team after Brown joined the WRC. A month later, Knight announced he would stop giving money to his alma mater, the University of Oregon, after it too joined the WRC. The next day, Nike broke ties with the University of Michigan for the same reason” (ibid:13). It is obvious that the values of human rights are nothing different than an advantageous discourse for ensuring the commodity production. Thus, these values can only be adopted by a capitalist organization such as Nike so long as they are embedded in the commodification process.

Nike’s example, as the others, showed that the entire responsibility speech is given for the sake of masking the negative corporate images and saving the future profits. We can see that the society becomes important for the capitalist system as long as the social means something for the economic. The dominance of economic relations, today’s free market economy, has the power of producing some humanist rhetoric only when it is necessary for the reproduction of its power. When the ultimate aim is defined in economical terms, there is no other way for the capitalist economy to commodify all the processes it should go through, until it reaches to the aim of ensuring the accumulation of capital. Therefore, as a very dominant corporation in its sector of sports goods,

nothing much has changed for Nike after all these “challenges” it has been faced. In fact, after 2000s “the sweatshop issue has become notably less visible as a topic of media inquiry and scrutiny” (Greenberg and Knight, 2004:160). The first reason for this is Nike’s adoption of a more intense responsibility discourse, which is an ideological tool of neoliberalism to save the free market mechanism. The second reason is the inherent limits of the criticisms. As Greenberg and Knight (2004) note, the critical standpoints assumed that the sweatshop problem was rooted in a conflict between consumer and producer, although the real contradiction lies in the immanent contradiction of capitalist economy, which is between capital and labor. Both of the reasons, however, have done well in covering the real contradictions of the society of spectacle, by turning every step of accumulation into a spectacle.

### **5.3.2. Walmart: Who really pays for the low prices?**

In its website, Walmart advertises itself through the various awards the corporation had been given in the year 2010. For instance, Walmart was chosen as the corporation of the year by the United States Hispanic Chamber of Commerce, as the best employer by China International Human Resources Association and Peking University Business Review, as having the best corporate governance in Mexico by the British *World Finance* magazine. The corporation is represented as one of the best corporations practicing social responsibility globally. In fact, the title of Walmart’s most recent responsibility report is Global Responsibility Report, since the corporation operates globally, in the United States, Argentina, China, Chile, Brazil, India, Mexico, Canada and the U.K. “This change” in the title of the report, says the CEO of the company,

Mike Duke, “reflects the new social and environmental dimensions we have added to our efforts...” (Walmart, 2011:1). About Walmart’s low-price business strategy, Mike Duke mentions in the 2011 Global Responsibility Report that the corporation will “continue to deliver everyday low prices” together with “leading on social issues” (ibid:2). This global retailer claims to maintain the highest ethical standards. Ethical commitments of Walmart include reducing waste, increasing renewable energy, respecting for the individual, playing a leadership role on social issues, empowering women working for the corporation, maintaining good working conditions.

However, likewise Nike, Walmart also has been extremely exploitative in its labor processes. As the study of Pun and Yu (2008) shows, the issue of the dormitory labor regime, in which the labor costs are low, has become more serious when the process of Walmartization began in China. The dormitory regime aims to keep the labor power close to the factories for more efficient production and management; but, the Chinese case is different than its predecessors in the West, such as Ford Motor Company of the US. In China, “the systemic provision of dormitories for internal migrant labor within or around factories facilitates continuous access to fresh labor reserves from the countryside, depresses wage demands and deters collective organization”. Furthermore, the dormitories are not designed for families so that the capitalist takes the advantage of a permanent reserve army of labor (Pun and Yu, 2008:112). Walmart has been the largest toy retailer in the US since 2000, after it contracted with the toy suppliers in China, which have appropriated the dormitory regime. The corporation’s low price strategy has nearly made it a monopoly in toy retailing. The other toy retailers in the

market started to bargain with the suppliers in China for lower prices, which put the dormitory regime under more pressure (ibid:113). The receiver of this pressure has unquestionably been the workers of the toy manufacturers, whose living standards have been even worsened. According to the study of Pun and Yu (2008) on the toy factories that are selling their products to Walmart in between 2005 and 2006, the working conditions in factories are sweatshop-like. As they put it:

Toy retail is a highly seasonal business: 45% of retail toy sales occur during the six weeks before Christmas. To meet these demands, toy manufacturers must have a flexible labor force, both in terms of the number of workers and their working schedules. At all three of the factories studied, the majority of production workers were Chinese migrant women living under a dormitory labor regime. They were employed on seasonal contracts, which allowed the company to adjust the work schedule and the size of the workforce according to the volume of orders. In the peak production season (normally from April to November), the size of the workforce and the hours in the work week were nearly double those of the slow season (from December to March) at all three factories (Pun and Yu, 2008:119).

The “responsible” Walmart, on the other hand, presents us a different story in its Global Responsibility Report. The corporation reports that it is proud of itself because a toy brand it has been selling since 2010 is certified the Forest Stewardship Council that fosters “responsibly managed forests”. For the Chinese factories, Walmart believes that “moving production inland due to lower labor costs ... is a benefit to some workers who can now reside closer to their home towns” (Walmart, 2011:75). Furthermore, and more surprisingly, Walmart presents it as responsible because it now requires its suppliers in China to collaborate with the International Country of Toy Industries by which Walmart and its suppliers will be less responsible for auditing the labor standards at their own factories, and instead they will invest more on factory development and capacity

building (Walmart, 2011). Although the corporation tries to reduce its responsibility for the labor standards, it still claims that this decision is taken for ensuring “ethical sourcing”. Yet, according to the corporation this ethical sourcing, which means respecting to the worker rights, has some challenges worldwide and Walmart tries to overcome these challenges. In Indonesia, Cambodia, Malaysia and Vietnam, for instance, challenges are related with the migrant workers. The report says that “the occurrence of strikes related to minimum wage is a potential risk for interruption of production” (ibid:75). Thus, the worker rights related with wages and living conditions are taken into account only when they become a threat for commodity circulation. The human right and worker rights discourses are commodified within the process of announcing why Walmart focuses on some CSR strategies.

This collaboration given as a responsible action by Walmart makes the purpose clear: to avoid any class conflict by distancing itself from the worker class. Furthermore, despite the conditions of the workers in China and elsewhere, who are mostly women, Walmart praises itself because it considers empowering the women as an ethical commitment. In the 2011 report, it is noted that: “There are thousands of suppliers and community leaders with whom we are proud to partner. All of these women make us a better company, which in turn, makes us a better citizen of the world” (Walmart, 2011:41). However, Walmart faced with several lawsuits because of discriminating against women workers - 700,000 in 2003 and 90,000 in 2011 reported that they were being discriminated in terms of wages and promotions (Greenhouse, 2003; Martin, 2011). Moreover, Wal-Mart has been accused of forcing employees to work overtime without

paying for it, firing workers when they are on medical leave, not allowing for lunch breaks, employing migrants illegally, skipping work breaks. It has also received several legal fines because of violating the labor laws (WalmartWatch, 2012). This contradictory attitude of the corporation towards women and other workers again reveals that the confrontation of the working class with each other has been made easier with the increasing discourse of CSR. While discriminating against thousands of women workers, Walmart claims to be proud of some other women employees. Similarly, the fact that becoming less responsible of the workers of the dormitory regime is announced as a responsible act makes the responsibility discourse a tool for ensuring the separation within the working class. With the help of the CSR discourse, the real story, the story of the other thousands of workers, is hidden behind. Therefore, it is obvious that as Walmart gets bigger and richer, the low-wage oppressed workers are confronted with each other, while these two categories have to be united as a working class. The “Walmart phenomenon” teaches that “the availability of massive labor reserves ... throughout the world is undeniable and weighs heavily upon the scales of class struggle so as to advantage capital mightily” (Harvey, 2010:64). Walmart’s so-called sensitivity on the social issues and its so-called success in being a global employer can only serve for reproducing the spectacle that hides the reality of class conflict immanent to the capitalist society. Based on the discourse of working on the business-society relationship, CSR legitimizes that such a difference is natural. The discourses about CSR assume that the world is suffering from some problems of which the doer is invisible. Then, the capitalist class takes the responsibility of defining and solving these problems. According to this narrative that we are surrounded with, the

capitalist class has to deal with some challenges with regard to a globalization “trend”, which forces the capital to take additional risks. Despite these risks, the capital has succeeded in saving the economy and society at the same time. However, it is evident that the capitalist mode of production is the only criminal of the problems. Any humanitarian act coming from capitalist class will reproduce the unreality we are told.

#### **5.4. Conclusion**

In this chapter, I tried to elaborate on my argument that CSR can be defined as a spectacle, in Debordian terms. First and foremost, it is a spectacle because it is a product of the society of spectacles. However, when we expand on the characteristics of the spectacle, I find at least two points of spectacle very related with the existing CSR discourse. Firstly, CSR contributes to the separation of the society, but it presents itself as an “instrument of unification” by its language of establishing a link between society and economy (Debord, 1977: thesis 3). However, this link is always trying to be established for the benefit of capitalist economy, not for the benefit of working class. The working class is not defined as a unity in the language of CSR. The members of the working class are confronted with each other as if they are not in the same class. For instance, the working conditions of the workers in China are claimed to be improved, while the farmers in Laos are being pulled into the exploitative relations of capitalist economy. This confrontation is done for hiding the real conflict between the capitalist class and the working class; and CSR discourse is undoubtedly used for hiding and preventing the class struggle. Secondly, the humanitarian values embedded in the



language of CSR are clearly declared for the sake of preventing any interruption into the circulation of commodities and capital. As this circulation is vital for the capitalist mode of production, the humanitarian values such as the discourse around human rights, worker rights, women rights, the right of being equal, are used as a tool for maintaining the circulation. What I tried to show, in this chapter, was how these two characteristics of the spectacle are manifested through the CSR discourse of institutions of the capitalist economy. This kind of a close reading, I believe, strengthens my argument that CSR is a spectacle.

## **CHAPTER 6**

### **CONCLUSIONS**

To sum up, it [bourgeoisie] creates a world after its own image.  
(Marx and Engels, 1848:16)

#### **6.1. What is rendered possible?**

As the preceding discussions have suggested, the humanitarian discourse in question, particularly embedded in CSR, is global. Humanism of commodity, in Debordian sense, reproduces itself everywhere, because it belongs to the spectacle and the spectacle is immanent to it. In the neoliberal era, the humanitarianism we are surrounded with is mostly served to us by the corporations and international organizations, where humanism of commodity is institutionalized and thus naturalized. What is worth to say again is that humanism of commodity refers to these institutions' market-based understanding of ethics. The ultimate aim with this kind of humanism is to overcome any challenges against accumulation of capital. For instance, the fact that CSR discourse was celebrated more when the critiques of the social and environmental consequences of global capitalism expanded shows that the movement of CSR is nothing but a rescuer of the capital in general. However, these kinds of modifications invented by the capitalist system have been celebrated by many. CSR and other tools of

market-based ethics are included themselves in common sense. This common sense tends to interpret the humanitarianism discourse of the capitalist institutions as they can promise a solution to every social and environmental problem, such as poverty, unemployment, destruction of environment. However, this interpretation intentionally does not focus on the real causes of these problems, which is the capitalist mode of production itself. As Soederberg reminds that this common sense transforms itself as ideology, and “ideology can also assume a concrete form, such as IMF structural adjustment programs or the UN's Global Compact” (2006, p.34). That is to say, the philosophy, or the ideology of the capitalist class does not only dominate the existing economic system but also legitimizes itself by emphasizing some normative values. In other words, the society of spectacle, as this thesis suggested, is always fed by more spectacles such as CSR.

Nonetheless, we have to admit that the ideology of the spectacle has placed itself in common sense (Harvey, 2005; Soederberg, 2006). David Harvey, in his book *A Brief History of Neoliberalism* (2005), historicizes this understanding with a Marxist perspective. He points out that the neoliberal project was constituted in the hands of bourgeoisie class; and so, it aims to (re)produce the class power. This aim reveals itself as ever-increasing global inequality. The process of inhuman globalization hides itself behind the humanitarian discourses that serve as ideological tools of bourgeoisie class. In Harvey's words, this “market-based ethics” is “a mask for the restoration of class power” (2005:179). However, the question about how this mask can not be recognized still remains to be analyzed. Despite powerful critiques from academy, anti-global

movements, some politicians, etc., whose intention is to reveal the mask, market-based ethics is still dominant. According to him, neoliberal capitalism presents its moral discourse in an 'aesthetic' way that the contradictions behind stay far from an unconscious mind. Harvey comments that:

[a] rhetoric that justifies homelessness, unemployment, increasing impoverishment, empowerment, and the like by appeal to supposedly traditional values of self-reliance and entrepreneurialism will just as freely laud the shift from ethics to aesthetics as its dominant system. ... Once the poor become aestheticized, poverty itself moves out of our field of social vision, except as a passive depiction of otherness, alienation and contingency within the human condition (1989: 336).

As his example about justification of poverty depicts, ethical concerns are dominated by aesthetic concerns, which, at the same time, objectifies the human values. Moreover, this justification process has embedded itself to the institutions of neoliberalism, namely transnational institutions such as IMF, World Bank, UN and transnational companies. The process of objectifying values is carried out globally by these institutions, which are the main sources of the related discourse and its commonality.

If we think justification and virtuality together - which, I believe, is very relevant in this context - we shall recognize that this justification serves for the survival of the virtuality around us, and this virtuality serves for the survival of the capitalist system. It provides the human face for capitalist globalization expanding in the neoliberal era. One of my major attempt attempts was be to problematize the relationship between the interests of neoliberal capitalism and the moral discourse it uses. In other words, following Harvey's remark, I tried to make a contribution to the recognition of "the production of images and of discourses", since it "is an important facet of activity that has to be analyzed as

part and parcel of the reproduction and transformation of any symbolic order” (2005:355).

As I tried to depict in the above discussions on CSR, there is no doubt that corporations are one of the most important parts of this “reproduction and transformation of symbolic order”. They are mainstays of capitalist production. As they represent the freedom promised by market mechanism, they expected to be the freest entities within this mechanism. The neoliberal era has been the most powerful emancipator of corporations. The debates over the decline of state power have dominated the era, because of the increasing power of corporations. This power has led to corporate crises, which are also the crisis of capital. The overgrowth of power, in turn, has always encountered with oppositions. As a result, the corporate image has deteriorated from time to time. However, it survived each time with an increased power by legitimizing itself. Corporations have re-invented their aesthetic images with using different tools. Unsurprisingly, these re-invention processes have grown when the critical movements against the power of corporations rise. They may be considered as the answers given by corporations to their critiques and they help corporations to justify themselves, and also their power.

In that context I focused on the concept of Corporate Social Responsibility (CSR), which, I think, is considerably important to understand as a capitalist tool re-inventing the image. This concept has put into words by academics, global institutions, and, of course, by corporations. The corporation tries to introduce itself as a neutral, common

good providing organizational or technical entity to the common sense (Yılmaz, 2010:96). Adding social responsibility to this constituted image gives way to the belief that corporation is not just a profit-seeking entity. It is introduced as having social concerns, while what kind of social problems it actually brings is shaded by this image. Therefore, the responsible capitalist entity should be suspected. As Dana Cloud puts it “[t]he capitalist firm is not a moral entity but rather a political one; it is materially invested in perpetuating necessarily unequal relations of power, both internal and external” (2007:229).

I agree with Cloud at this point and think that the image that the corporation embodies conceals the reality that it is a political actor in the global economic arena. Discussions about Corporate Social Responsibility, therefore, should be considered not only in the scope of corporations and corporate acts, but also the larger context into which this concept is embedded. Throughout my thesis, I did not separate CSR from its place in the global context. Moreover, as having a critical perspective, I tended to focus on the concept as it is a discourse used by global capitalism. With this perspective, I aimed to reconceptualize it within the context of produced images by capitalist production. Different than debates in the mainstream literature on Corporate Social responsibility, my aim was to transcend the discussions about the limits, failures or potentials of CSR. Instead, I tried to tie the debate to the larger context of global capitalist mode of production and my critical conceptualization was fed by Marxist perspectives and Marxist terminology. CSR, in that context, was defined as a spectacle because it embodies the two characteristics of the concept of spectacle Debord defines. Firstly, the

discourse on CSR paves the way for confronting the working class with each other, and thus separates the working class without defining the people as belonging to the same class and hides the domination of the capitalist class. This illusion leads to a loss of realization in the working class, because alienation grows deeper. Secondly, the same discourse uses the humanitarian values as a way to achieve more effective and profitable business strategies. Therefore, it places these values in the center of commodification process, whose ultimate purpose is capital accumulation.

## **6.2. What remains possible?**

Debord's book, *Society of the Spectacle*, showed the domination of market economy over society in 1960s. In his comments written 20 years later, he argues that he was right about the spectacle because it had proved itself and became more powerful throughout the years (Debord, 1988). Now, more than 40 years later, we are sure that his insights about the increasing power of the spectacle are still relevant for today's market economy. Undoubtedly, as we are subordinated by the rules of spectacle, as alienation expands and deepens, as the spectacle hides the most important things even deeper, the individuals lose their controls over their own lives. The individual today may seem as he/she can perform his/her individuality better than ever. Yet, this individuality is composed of images the spectacle dictates and the performance can only be for the advantage of the spectacle. As long as the individual is represented as a "chooser", s/he is deprived of the choices that s/he can use for his/her realization. All these developments of the spectacle and all its dominance demand for the question if there

remains a room for the chance of individual realization or collective resistance.

Debord does not suggest that there remains no way out. As Jappe argues, he “did not interpret this state of affairs as an inevitable reversal of progress, or as the fate of modern man...”. Debord’s interpretation, in the final analysis, is a Marxist understanding of domination of the economic relations over the social relations. In this context, it is obvious that “no change emanating from within the economic sphere would be sufficient so long as the economy itself was not subordinated to the conscious control of individuals” (Jappe, 1999:4). Yet, in Debordian sense, the spectacle today may present a change that is coming from the existing economic system as it is coming from outside the system. The dominance of images in the spectacle perverts the reality so that a change made for maintaining the economic structure may seem like an act to change the social structure. In other words, this kind of discourse about social change is an illusion of the capitalist hegemony that serves for the legitimation of exploitative economic relations. It is surely beyond doubt that this domination has deepened and conscious control of individuals has been buried in the ground, so to speak. Yet, this does not mean, or should not be interpreted as, that the deepened domination cannot be shaken or the soil cannot be dug.

CSR was just one of the spectacles we are surrounded with and I chose to uncover it since it is a very good example of the deepening domination of the economic relations and how this domination is hidden behind humanitarian discourses. With this domination, as I argued, the real conflict between bourgeoisie and proletariat is made



invisible. In the case of the discourse around CSR, I attempted to show that the existing critical literature does very little for showing this kind of an illusion the spectacle created. However, even if I have no doubt that a critical perspective on CSR has to go beyond the limited points made by the existing critical perspectives to situate the concept within the capitalist relations and to think about alternatives other than ameliorating CSR acts; I think they build up a common sense why we have to criticize this discourse and related acts. Therefore, I found the existing critical literature important in the sense that it attempts to create this common sense. It establishes a basic critical ground that may potentially lead to a further and broader critique of CSR and other moves of capitalist ideology that only aims to legitimize itself. I attempted to show that the field of CSR is not different than the other operational fields of the capitalist institutions, all that aim for commodification, and that its appropriation of an ethical standpoint to solve social problems is only an illusion of the spectacle. I also used that basis to elaborate on my arguments that CSR is a spectacle, it is presented as an emanation from the economic sphere, and therefore it does not suggest a social change. Yet, this basis is still there to transcend for a real revolutionary change and surely needs further analysis in Marxist perspective. The deepening domination of the capitalist economy should first be resisted by recognizing and uncovering the spectacles that hide or naturalize the real problems.

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## APPENDIX

### Appendix A: Tez Fotokopisi İzin Formu

#### ENSTİTÜ

Fen Bilimleri Enstitüsü

Sosyal Bilimler Enstitüsü

Uygulamalı Matematik Enstitüsü

Enformatik Enstitüsü

Deniz Bilimleri Enstitüsü

#### YAZARIN

Soyadı :

Adı :

Bölümü :

TEZİN ADI (İngilizce) :

TEZİN TÜRÜ : Yüksek Lisans

Doktora

1. Tezimin tamamı dünya çapında erişime açılsın ve kaynak gösterilmek şartıyla tezimin bir kısmı veya tamamının fotokopisi alınsın.
2. Tezimin tamamı yalnızca Orta Doğu Teknik Üniversitesi kullanıcılarının erişimine açılsın. (Bu seçenekle tezinizin fotokopisi ya da elektronik kopyası Kütüphane aracılığı ile ODTÜ dışına dağıtılmayacaktır.)
3. Tezim bir (1) yıl süreyle erişime kapalı olsun. (Bu seçenekle tezinizin fotokopisi ya da elektronik kopyası Kütüphane aracılığı ile ODTÜ dışına dağıtılmayacaktır.)

Yazarın imzası .....

Tarih .....