A CITIZEN-DRIVEN ALTERNATIVE TO CORPORATE SOCIAL RESPONSIBILITY

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Abstract. *Despite the existence of a small number of companies genuinely committed to investing in sustainable products, the shallowness of the green claims of many others, which has often been revealed in recent years, is a considerable flaw of a classic CSR model that emphasizes the development of a corporate responsibility towards environment and society. This is the main reason why I argue for a shift in business ethics from a corporate- to a citizen-driven moral responsibility to build a sustainable future. Likewise, although governments are major players in any global shift towards a cleaner production, they cannot be taken as primary moral agents, due to electoral considerations that may discourage them from promoting a climate legislation which promises mostly long-term benefits, and makes "sacrifices" in the short- and middle-run. As an alternative, I advance a triadic model, which considers the environmentally minded citizens as the driving force of a green shift. According to this model, citizens would pressure governments to enforce climate regulations and to monitor the green claims of companies and business groups, by sanctioning them electorally if they fail to do so. Governments, in turn, would be mandated to promote new enforceable climate regulations and to provide mandatory guidelines to companies as to how to implement new cleaner technologies. Yet, the technological innovations themselves, and the investment in renewable energy should belong to the private sector, which has both the expertise and the capability to create and implement new designs and technologies for their own products.*

Keywords: *green citizenship; sustainability; enforcement of climate regulations; responsibility towards the environment; interaction between civil society, the public, and the private sector.*

Introduction

Corporate Social Responsibility (CSR) has often been used by many companies as a rationalization for building a "green image" which was instrumental in boosting their sales and obtaining tax rewards. Basically, many companies have deliberately used the "green" issue for maximizing their profits, according to a traditional neoliberal logic of avoiding as much genuine societal responsibility as possible, while jumping on the bandwagon by appearing to be environmentally friendly. The most egregious corporate duplicity of the kind has led to the *greenwashing* practices of many companies. Only last year, we learned about the large-scale strategy of emission cheating of the notorious "environmentally friendly" German carmaker Volkswagen, which, as I have argued elsewhere (Palade, 2016), should trigger a new approach in business ethics and a revision of the ideal of corporate responsibility towards "people and planet", beside the creation of shareholder value. The hope shared by business

ethicists such as Kenneth Goodpaster (2006) that corporations would gradually develop *by themselves* an environmental conscience, has proved to be more or less illusory.

At the same time, for obvious reasons related to the electoral cycles, governments cannot be relied upon as the main moral agents of a green societal shift in business ethics. They have of course the capability to enforce climate regulations and to monitor the green claims of the corporations in order to diminish greenwashing practices, but, in a democratic regime, they are accountable to citizens for their success or failure to do so. Moreover, governments should maintain a dialogue with civil society, and the latter usually has the interest and capability to pressure them to enforce better climate legislation – a priority that is usually followed with a clearer societal conscience by civic actors, than by politicians whose environmental motivations, if any, are usually mixed with other interests. The elections and the interests of politicians to be reelected are usually considered the most obvious destabilizing factor in democratic systems (Sartorius & Zundel, 2005).

A triadic model of interaction between civil society, governments, and businesses

The main moral agents of a societal shift in business practices should be the citizens who have formed an environmental conscience and consequently, have internalized the need to take action in order to put the priorities of the Earth on the top of policy agendas. The value of intergenerational justice is better pursued by citizens than by both governments and corporations since the former are more likely to wish to protect the public interests than the latter's. Therefore, We first propose a shift in the approach of business ethics from either corporate or political to civic responsibility towards the future of the Earth and the next generations.

Second, the interaction of citizens with politicians and governments is twofold. On the one hand, citizens may reward or sanction governments through elections for their success or failure to promote enforceable climate regulations and to monitor effectively companies in the process of introducing new sustainable technologies. On the other hand, civil society groups and organizations have the capability to pressure politicians in order to remind their own "green" electoral promises and to enforce the environmental legislation more effectively. Civil society may also cooperate with the government in the attempt to promote a broader environmental education. In this particular regard, environmental NGOs should advocate the insertion of business ethics and environmental education as required subjects in curricula, not only in business schools and in departments of management.

Third, there is a crucial interaction between the government and the private sector upon which the whole enforceability of the green legislation depends on. A government cannot provide public expertise for cleaner products since the technology and design usually belong to the private sector. Yet, the government should take seriously the enforcement of climate regulations and the monitoring of companies in this respect. Likewise, it should punish greenwashing and "green" cheating behavior as serious crimes, and reward the genuine environmental progress made by some economic actors, while at the same time reducing the likelihood that environmental

taxation would lead to perverse incentives and emerging strategies of cheating behavior in the long run (Verbeke & Coeck, 1997).

As regards strategic resources, such as household electric utilities, a government could lawfully (e.g. through tax incentives) favor the "Ethical Electric"-like companies that obtain the energy entirely from renewable sources, instead of those using non-sustainable sources, thus making it easier for the former to attract customers. If more customers subscribe to sustainably sourced utilities, through economy of scale the price of such sustainable services will normally decrease. The same logic goes, in fact, also for other eco-friendly products and services: they are currently more expensive because of the prevalence of non-sustainable products on the market that makes the former less profitable to sell. As governments increase the monitoring and accuracy of business actors who claim to provide eco-friendly products, the "green" public label can lead not only to safer choices for environmentally-minded customers but can make the green businesses more profitable and the green products cheaper. Finally, governments should set standards and priorities for businesses, based on the scientific consensus and international agreements, and help facilitate the translation of these priorities and norms into reality. This can be done, among other means, by setting guidelines and targets for businesses towards the implementation of new sustainable technologies and instituting carbon and pollution taxation and penalties. The development of the new business models, processes, expertise, and technologies for meeting the government-mandated targets shall remain the private sector's responsibilities.

Such guidelines ought to help estimate, however, the long-term benefits of sustainable technologies on a larger scale. Such estimates can lead to new prospective profit models for businesses, which take into account societal and global factors such as the health of the workforce, and the impact of climate disruptions and consequent conflicts on businesses and their customer base. Consequently, companies could also reach profitability after introducing sustainable technologies on a larger scale, and the old apprehension of business managers stemming from the misconception that any practical concern for the environment must necessarily cut profits can be alleviated, and eventually reversed.

This triadic model of interaction between citizens/civil society, the public, and the private sector is, of course, a *normative* one that combines deontological with consequentialist ethics. Yet, it is at the boundary of moral, economical, and political theory, since it emphasizes not only rights and responsibilities but also resources and capabilities.

Why the citizens?

To propose a citizen-driven approach to business ethics may seem rather unusual. Why aren't the customers considered here? Could they not relieve the corporations of the burden of ethical responsibility and take it upon themselves? Could they not make educated choices each time they choose a product or a service by forming a judgment based on eco-friendly criteria?

Yes, they can, but only as long as they are environmentally minded *citizens* first. As customers, however, they may not always buy eco-friendly products, even if they are otherwise good "global citizens" who are committed to saving the planet. Mark Sagoff made the point that people normally act differently as customers than as citizens (Sagoff, 1990). As the rational choice, the theory argues, as customers, they are more individualistically driven, whereas as citizens their vision might be broader and they may do their best to pursue the interests of their community. Buying behavior of responsible products is a complex phenomenon, influenced by any factors (Zbuchea, 2013). For instance, they might support recycling as citizens, while they keep buying products in unrecyclable packaging as individualistic, "rational" customers. In a less idealistic scenario, individual customers can simply get a free ride. Consequently, it is a mistake to leave the choice of eco-friendly or eco-harmful products entirely up to the customers.

There is, of course, an important project to educate customers to become more ethically committed in their choices and buy eco-friendly products. Yet, insofar as they are *customers*, their tendency to revert to the "rational" economic logic and to a one-dimensional cost-benefit analysis that forgets about the environment is to be expected, especially since organic and eco-friendly products are still "luxury goods" that often cost more than eco-harmful products.

Of course, the consumer behavior also varies according to other variables, such as age, gender or income, or more psychological variables like attitudes, motivations, and perceptions. The marketing variables related to price, quality, promotion and availability are not the only ones to consider. Still, overall, many customers would prefer to buy, let us say, five conventionally grown avocados at the price of three organic ones. A reason for such a choice is that even the conventionally grown avocados are considered healthier than muffins, for example, although they are less healthy than the organic ones, which in turn are more expensive (Yet not as expensive as white truffles, so as to discourage the customer to consider buying them at least from time to time). This high variability says, however, that we can hardly rely on the customer decision when activities that may affect the environment are at stake.

Citizens *qua* citizens, insofar as they are environmentally-minded, would more consistently argue that buying eco-friendly products is more responsible than vacillating from harmful to cleaner products because of price or other reasons. As citizens – and especially as "green citizens" – people are more likely than the customers to consider the priority of the Earth and the right of the next generations to enjoy a clean environment.

Green citizenship *vs.* libertarian manufactured skepticism

A serious challenge for the "green citizenship" is the dominant neo-conservative worldview based on the traditional notion that the resources of the Earth are unlimited and "ready to be exploited" endlessly. This theory was especially popular among economists. It derives from John Locke´s theory of natural rights (late 17th century) and Adam Smith´s economic theory (middle 18th Century). However, in view of the scientific evidence that points to the obviously limited resources of the Earth, it is similar to the flat Earth myth. If for early modern theorists such as Locke and Smith

the planet seemed capable of supporting the expansion of the human estate for an indefinite number of generations to come, today we live on a different planet, populated by 7.4 billion people, a great part of whom are subject to economic injustice and are vulnerable to the climate change that is largely the effect of the carbon footprint of others. According to the assessments made by the Global Footprint Network in 2010 and the Millennium Ecosystem Assessment in 2005, the dual demographic factors of population growth and wealth accumulation have led to an economy that exceeds the natural limits of the biosphere. The Malthusian scenario, rather than the Lockean one, is invoked by analysts of the current global economic reality.

The philosophical worldview attached to the dated economic theory above is, nonetheless, persistent. Moreover, there are some climate change denial groups who rely on similar providential views and claim, for example, that the global warming has recently stopped. This global warming hiatus thesis in particular has been disproved by the scientific community, including an article published by a group of researchers from the National Oceanic and Atmospheric Administration (Karl, Arguez, Huang, Lawrimore, McMahon, Menne, Peterson, Vose & Zhang, 2015) which shows that there is no evidence of any recent hiatus.
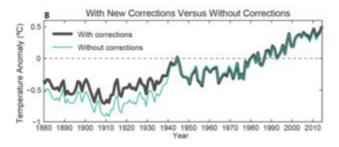

Figure 1. Global surface temperature anomaly time series with new analysis, and with or without time-dependent bias corrections (NOAA, 2015)

The dismissal of most findings of the causal correlation between the anthropic use of fossil fuels and global warming usually comes from conservative politicians, coal and oil industry advocates, and libertarian think tanks in the United States. Denialists of the kind choose to ignore, often by relying on pseudo-science and dated theoretical views, the overwhelming scientific evidence for climate change and for the need of a major global shift towards a sustainable economy.

Green citizenship, especially in the United States, has also to contend with the effect of conservative campaigns that are aimed at undermining public trust in sustainable development and try to disallow the setting of targets for reducing CO2 emissions and the use of renewable energy. In that country, which has the second global footprint after China on a global map, right wing libertarians continue to manufacture climate skepticism and to spread uncertainty for their ideological and economical purposes, while facts and science point more and more accurately toward the global warming effects of human activity. So informed green citizenship also means to challenge the voices of this "Flat Earth Society" with scientific evidence, and to expose, among its members, the oil and gas corporations that are the main beneficiaries of such fallacious narratives.

In its theoretical core, the notion of green or environmental citizenship is based on the holistic view that each citizen is a part of a larger eco-system and is able to contribute to the preservation of the integrity of the whole. The supporters of this view intend to foster an individual sense of responsibility for the future of the planet that leads to environmental action. Thus, individual citizens have also (*green*) *duties*, according to a republican conception of politics and society, not only *rights*, as in the liberal political theory (Dobson & Bell, 2006).

The notion of green citizenship is currently increasing in significance and popularity. It is not necessarily associated with any particular cultural tradition, although it may be compatible with some religious worldviews, which endorse the value of environmental stewardship. In practice, committed *green citizens* are proactive in energy saving, use of renewable energy, waste management, and recycling items that could be converted into reusable objects (Barr & Gilg, 2007). Some are also engaged in the *public promotion* of environmental causes that help increase the awareness to the current *green* issues and encourage an environmentally friendly behavior.

What governments can do for a sustainable future

Governments that are accountable to environmentally minded citizens have many possibilities of taking action for reducing carbon emissions from enforcing climate regulations to tax incentives for companies that provide renewable energy. At the same time, they have the capability to offer environmental taxes relief to the companies that use renewable energy and to monitor them in the process. They are also capable of facilitating sustainable industry and agriculture through guidelines for the replacement of harmful energy with renewable one, and for an eco-agricultural land use, that would lower the impact on the biosphere and ecosystems.

a. Governments can enforce the use of renewable electric sources for household utilities
Governments control the electricity grids that provide electricity to households and businesses. Much of the energy in the grids comes from fossil-fuel power stations, which burn coal, natural gas or petroleum in order to produce electricity. A technology of carbon capture and store in underground geological formation, aimed at preventing the release of CO_2 into the atmosphere, thus mitigating the effects of carbon emission to the global warming, is not currently available and is considered risky. Long-term predictions about underground storage security are usually uncertain and CO_2 might leak into the atmosphere (Lackner, Grimes & Ziock, 1999), thus defeating the purpose of protecting the environment.

The cleanest and safest alternative is to provide energy only from renewable sources, such as solar, wind, wave, tidal, and geothermal, the use of nuclear plants being more controversial (Shrader-Frechette, 2013) and to promote, through governmental mechanisms, companies that provide clean energy for the household utilities. This is a particular area of action in which governments can make a difference and massively curtail the dependence on fossil fuel power plants.

Of course, there might be hindrances, such as the support of politicians by the coal and oil industrial groups. This is another reason why the influence and campaigns of such groups of interests should be actively counteracted by green citizenship.

Environmental NGOs should watch and assess the "loyalty" of politicians to such groups of interest and struggle for the neutralization of its harmful effects on public policies that may affect the environment.

b. Governments should monitor businesses not only financially, but also environmentally
Another area in which governments should be stricter is the monitoring of companies with green claims that are usually followed by environmental tax relief. If the green claims of such companies prove to be untrue, such as in the well-known Volkswagen case, not only the state which has cut the environmental taxes, but also the customers who have purchased their would-be "green" products are deceived. Indeed, the effects of the greenwashing strategies of many companies that take advantage of poor enforcement of climate regulations are to be taken seriously in any evaluation of the impact of environmental legislation. Governments have mechanisms of financial supervision that can also be adapted for the monitoring of the green policies that companies and business groups claim to promote.

c. Governments should facilitate sustainable industry through guidelines for the use of renewable energy
Finally, yet importantly, a certain strategical assistance for companies by the government is to be expected. Governmental policies should include not only laws, and monitoring of their application, but also facilitating actions, such as providing guidelines for the use of sustainable energy. Governments should develop through public research agencies a strategy of sustainable development that should be imparted to the private sector through a protocol that contains specific guidelines and blueprints for sustainable industrial and agricultural activities.

Such guidelines may regard the choice of technological innovation for sustainable development as a top national priority, as the Government of Canada, for example, recently did . However, it cannot provide the specific content of each technological innovation, since this belongs to the private enterprise realm. Still, the government can do much to promote and further the ethical shift to a sustainable development, also by explaining the reasons why economic *growth* is not necessarily synonymous with *development*, and even less to *sustainable development*.

The role of the private sector in a global shift towards sustainability

a. The private sector has the expertise and structures to provide the technology for a sustainable economy
The private sector has a key role in providing the technological innovations required for the transition toward a sustainable economy. Yet, it is still debatable whether the commitment of companies to CSR is always positively correlated with profitability. As McWilliams and Siegel have argued (2001), the companies´ level of CSR usually depends on many factors, such as the size, diversification, research and development, government sales and consumer income. Likewise, empirical studies of the relationship between CSR and financial performance or profitability have been inconclusive, reporting positive, negative, and neutral results (McWilliams & Siegel, 2000).

Nonetheless, the large-scale use of renewable energy and sustainable technologies is likely to be profitable in the middle and long-run. This is not based on a classic CSR model, but on the environmental obligation of companies to prioritize profitability within a legal framework, that includes climate regulations, and the future costs (including for society as a whole) of climate change, and of mitigating its effects. Sustainable economy and development also imply a concern for the injustices and the inequalities resulting from using the limited resources of the planet, while degrading its air and eco-systems.

As an example, if a project of drawing energy from Saharan solar panels is to be implemented, in the hypothetical situation where there is no political complication in the region, according to some scientists it would be economically viable and scientifically sound. Yet, this economic viability is usually assessed for the global North alone, since the Southern Sub-Saharan countries are short of infrastructure and cash, and, consequently, cannot afford to buy even energy transferred from the same region. A global sustainable project, in which some hypothetical companies belonging to an African Network for Solar Energy had a share, would provide at least part of the solar energy at lower prices to the Sub-Saharan population that does not have access to electricity. Sub-Saharan countries could also get loans for the purpose of building their own solar energy network and scholarships in engineering for African young students that would boost the local technological expertise.

b. Only the private sector can make the practical shift towards eco-agriculture and eco-industry
Practical innovations designed to make industry and agriculture clean for the environment can only be implemented by the private sector. Both eco-industry and eco-agriculture largely depend on the activity and management of private companies, farms, and corporations. Of course, they require cooperation between managers and other stakeholders, since eco-industry and eco-agriculture are possible only in a holistic, communitarian framework, in which whole-archy, rather than hierarchy, prevails.

In agriculture, for example, the traditional practice of segregating the land use by each farmer has impacted upon biodiversity. Eco-agriculture, by contrast, involves farming communities that conserve biodiversity and ecosystems, and also favor eco-tourism and other ecological services whenever it is possible. Eco-agricultural land management is a kind of "holistic management" (Savory & Butterfield, 2015). It is also aimed at reducing the costs of production and improving the quality of agricultural products, thus tending to be profitable as well. In addition, farmers can also receive benefits through programs that offer payment for eco-system services.

Could corporations become genuine civic actors on the world stage?

Global corporate citizenship is a notion that has been much discussed recently (Schwab, 2008; Post, 2002). As James Post has explained, the emphasis on the responsibility of corporations to society and the enriching of management education with a public purpose occurred at a time when this kind of education was in a

teleological crisis: it had become strongly instrumental, and therefore more successful, but at the same time purposeless, like *mechanics without metaphysics*.

Nonetheless, however, strong and noble the purpose of making a societal difference would be, corporations are usually run by managers who prioritize profitability over public goals. By their own design, corporations work for increasing the shareholder value. The impact of the CSR research on the enlargement of the number of the beneficiaries is rather controversial. This is not to say that corporations who build, for example, factories in poor countries, pay decent salaries to the workers and implement sustainable technologies that protect the environment are not making a difference. Yet, the driving civic pressure towards, say, economic justice on a local or a global scale, is more likely to come from the citizens themselves, as I have already argued here. Global citizenship, that is citizenship committed to global civic issues, is more easily found in citizens and NGOs than in corporations.

Concluding remarks

The classic CSR model has been based on the debatable premise that corporations could, in a sense, change their own nature and become moral agents with civic responsibility, especially in the context of the current environmental crisis. What I propose instead is a complex model of interaction between NGOs and governments, on the one hand, and governments and corporations, on the other.

Starting from the reality of the functioning and interests of the three actors, the emphasis is on a strong legal framework for businesses and consumers, anchored in scientific research, enforceable by the government, and with significant citizens' oversight. To use the phrase of Allan Savory and Judy Butterfield (2015), "a commonsense revolution to restore our environment", which does not attempt to alter the "natural function" of corporations, governments, and civic actors, is a goal that is more realistic and achievable than an idealistic enlistment of all of them as *a priori* members of a global civil society. This does not mean, of course, that it is not *desirable* to have as many corporations and governments committed to global civic and environmental causes as possible. However, even a normative theoretical model should not only rely on what is *desirable*, if it is to be viable in a real economic and political context.

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