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CORPORATE SOCIAL (IR)RESPONSIBILITY AND THE CHALLENGE OF CAPITALIST MEDIA

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Classical political economy (e.g. Adam Smith, John Stuart Mill)
- Private property of means of production: “sacred rights of private property” (Smith 1776/1976, 188)
- Social relations that are based on market exchange
- Self-interested behaviour
- Governments protect private property; “non-interference principle” (Mill 1873, 575) with some exceptions

Welfare capitalism (e.g. John Maynard Keynes)
- Private property of means of production
- “It is not a correct deduction from the Principles of Economics that enlightened self-interest always operates in the public interest” (Keynes 1926/1972, 288).
- Government interventions necessary
maximize profit interests

“In a free-enterprise, private-property system, a corporate executive is an employee of the owners of the business. He has direct responsibility to his employers. That responsibility is to conduct the business in accordance with their desires, which generally will be to make as much money as possible while conforming to the basic rules of the society” (Friedman 1970/2009, 75).
→ go beyond profit interests
“The idea of social responsibilities supposes that the corporation has not only economic and legal obligations, but also certain responsibilities to society which extend beyond these obligations” (McGuire 1963, 144).

CSR “refers the firm’s consideration of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm” (Davis K. 1973, 312f).

“The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point of time” (Carroll 1979, 500).
3 PERSPECTIVES ON CSR
PRIVATE PROFIT AND THE COMMON GOOD

I. CSR BENEFITS PROFIT INTERESTS
 Establishing a good corporate image & reputation, and creates competitive advantage
 Opens up new markets & business opportunities, helps to avoid government regulation

II. CSR BRINGS ABOUT A BETTER CAPITALISM
 Value-based business practices
 Concern about how business practices affect society and the environment
 “Doing well and doing good”
 Philanthropic giving

III. CSR IS AN IDEOLOGY
 Legitimizes capitalism & neoliberal deregulation
 Hides irresponsible business practices
CASE STUDY

CSR IN MEDIA & COMMUNICATION COMPANIES

corporate self-descriptions

VS

descriptions by corporate watchdogs
<table>
<thead>
<tr>
<th>Company</th>
<th>Issue</th>
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<tbody>
<tr>
<td>Apple</td>
<td>Working conditions in the supply chain</td>
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<tr>
<td>AT&amp;T</td>
<td>Net neutrality</td>
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<tr>
<td>Google</td>
<td>Privacy</td>
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<td>HP</td>
<td>eWaste</td>
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<td>Microsoft</td>
<td>Software patents</td>
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<td>News Corp</td>
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<td>Vivendi</td>
<td>Peer-to-peer file sharing</td>
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<tr>
<td>Walt Disney</td>
<td>Working conditions in the supply chain</td>
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Profits Microsoft and Apple 2000-2011
WATCHDOGS: SACOM, China Labour Watch, makeITfair

- Compulsory and excessive overtime (SOMO 2007a, 22; FinnWatch, SACOM and SOMO 2009, 37; SACOM 2011b, 5f).
- Low wages that are barely enough to cover basic living expenses (SOMO 2005b, 27; SOMO 2007a, 21; FinnWatch, SACOM and SOMO 2009, 44; SACOM 2011b, 4).
- Lack of health protection equipment (SOMO 2007a, 23; SACOM 2011a, 14), exposure of workers to hazardous substances that resulted in poisoning (SACOM 2010, 2; SACOM 2011a, 14; SACOM 2011b, 7), as well as insufficient information of workers about the chemicals they were using (SACOM 2011a, 14).
- Harsh management style, strict disciplinary measures and harassment of workers (FinnWatch, SACOM and SOMO 2009, 38; SACOM 2011a, 16)
- High work pressure (FinnWatch, SACOM and SOMO 2011, 30)
- Social isolation of workers (FinnWatch, SACOM and SOMO 2011, 30; SACOM 2011a, 12f)
- Wage reductions being used as disciplinary measures (FinnWatch, SACOM and SOMO 2009, 38; ICO, Finnwatch and ECA 2005, 17).
Actual basic wages in comparison to estimated living wages at three Foxconn campuses in China (after suicide tragedies and subsequent wage raises)

Data source: SACOM 2011a, 6, 9.
CSR IN MEDIA & COMMUNICATION COMPANIES

CRITIQUE: MICROSOFT

WATCHDOGS: Free and Open Source Software and Anti-Patent Movement

Microsoft’s business success is based on software patents (in 2011 Microsoft held 18,648 patents in the USA (source: U.S. Patent and Trademark Office)); its business practices

- create advantages for large companies and lead to monopolization
- threaten the freedom of information
- restrict creativity and further advancement of knowledge
- fetter human creativity and innovative capacity
- privatize the commons of society and create artificial scarcity

+ Criminal convictions in the USA and EU for anti-competitive behaviour
CSR IN MEDIA & COMMUNICATION COMPANIES
RESPONSE
CSR IN MEDIA & COMMUNICATION COMPANIES

ADMIT & DOWNPLAY

Apple (as well as HP & Disney)

- Mention criticism
- Admit that problems exist
- Promise to work towards a solution
- Downplay problems and extent of responsibility

COMPANIES VS WATCHDOGS

Agreement:
- problems exist

Disagreement:
- the extent of the problem
- how the problem is described
- how to solve the problem
Microsoft (as well as Google, Vivendi)
- ignore watchdog arguments
- describe the same issue in a different way

E.g. SOFTWARE PATENTS:

WATCHDOGS

Patents allow Microsoft to accumulate profit, but contradict the common good

MICROSOFT

Intellectual property rights and patents benefit society: “Enabling IP opportunity confers tremendous benefits on society“ (MI_CSR 2006, 42)
“Technology is a potent force that can empower millions of people to reach their goals and realize their dreams – but for many people around the world, the Digital Divide keeps that power out of reach“ (MI_CSR 2003, 23).

“Microsoft’s mission is to enable people and businesses throughout the world to realize their full potential“ (MI_CSR 2003, 1).

Profit based on proprietary software and software patents → business model based on exclusion, commodification and appropriation of commons
Differences between the two strategies:

**Critique of symptoms**
- ADMIT & DOWNPLAY (Apple, Disney, HP)
  - Some degree of agreement between watchdogs and companies

**Critique of business models**
- IGNORANCE & IDEOLOGY (Microsoft, Vivendi, Google)
  - NO agreement between watchdogs and companies
## CSR in Media & Communication Companies

**Contradictions Between the Corporate and the Social**

<table>
<thead>
<tr>
<th>Category</th>
<th>Contradictions</th>
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</thead>
<tbody>
<tr>
<td><strong>Economy (distribution)</strong></td>
<td>creation of a commodified culture vs spread of cultural commons</td>
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<tr>
<td><strong>Economy (production)</strong></td>
<td>the rise of precarious vs. the possibility of self-managed knowledge labor</td>
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<tr>
<td><strong>Economy (consumption)</strong></td>
<td>the surveillance of users vs. the protection of privacy</td>
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<tr>
<td><strong>Politics/Culture</strong></td>
<td>the promotion of ideologies vs. the creation of critical media content</td>
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<tr>
<td><strong>Ecology</strong></td>
<td>the threat of eWaste vs. the prospects of a green IT</td>
</tr>
<tr>
<td><strong>Technology</strong></td>
<td>the enforcement of access restrictions vs. the support of open and equal access</td>
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CONCLUSIONS

I. CSR BENEFITS PROFIT INTERESTS

II. CSR BRINGS ABOUT A MORALLY BETTER CAPITALISM

III. CSR IS AN IDEOLOGY
The quest for CSR reveals a desire for a different society that ensures social and ecological sustainability.

CSR reveals doubts in capitalism: Capitalism can not reach its own promises.

How can profit become social?
CONCLUSIONS

CORPORATE SOCIAL RESPONSIBILITY

CSR

RSC

RESPONSIBILITY TO SOCIALIZE CORPORATIONS