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

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# CAPITALISM

## **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 free exchange and competition
- Self-interested behaviour
- Governments protect private property; “non-interference principle” (Mill 1873, 575) with some exceptions

**COMMON GOOD**

## **Welfare capitalism (e.g. John Maynard Kenes)**

- Private property of means of production
- “It is not a correct deduction from the Principles of Economics that enlightened self-interest always prevails over the public interest” (Keynes 1926/1972, 288).
- Government interventions necessary

**COMMON GOOD**

# CORPORATE SOCIAL RESPONSIBILITY THE SOCIALLY RESPONSIBLE COMPANY?

→ **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).

# CORPORATE SOCIAL RESPONSIBILITY THE SOCIALLY RESPONSIBLE COMPANY?

→ 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

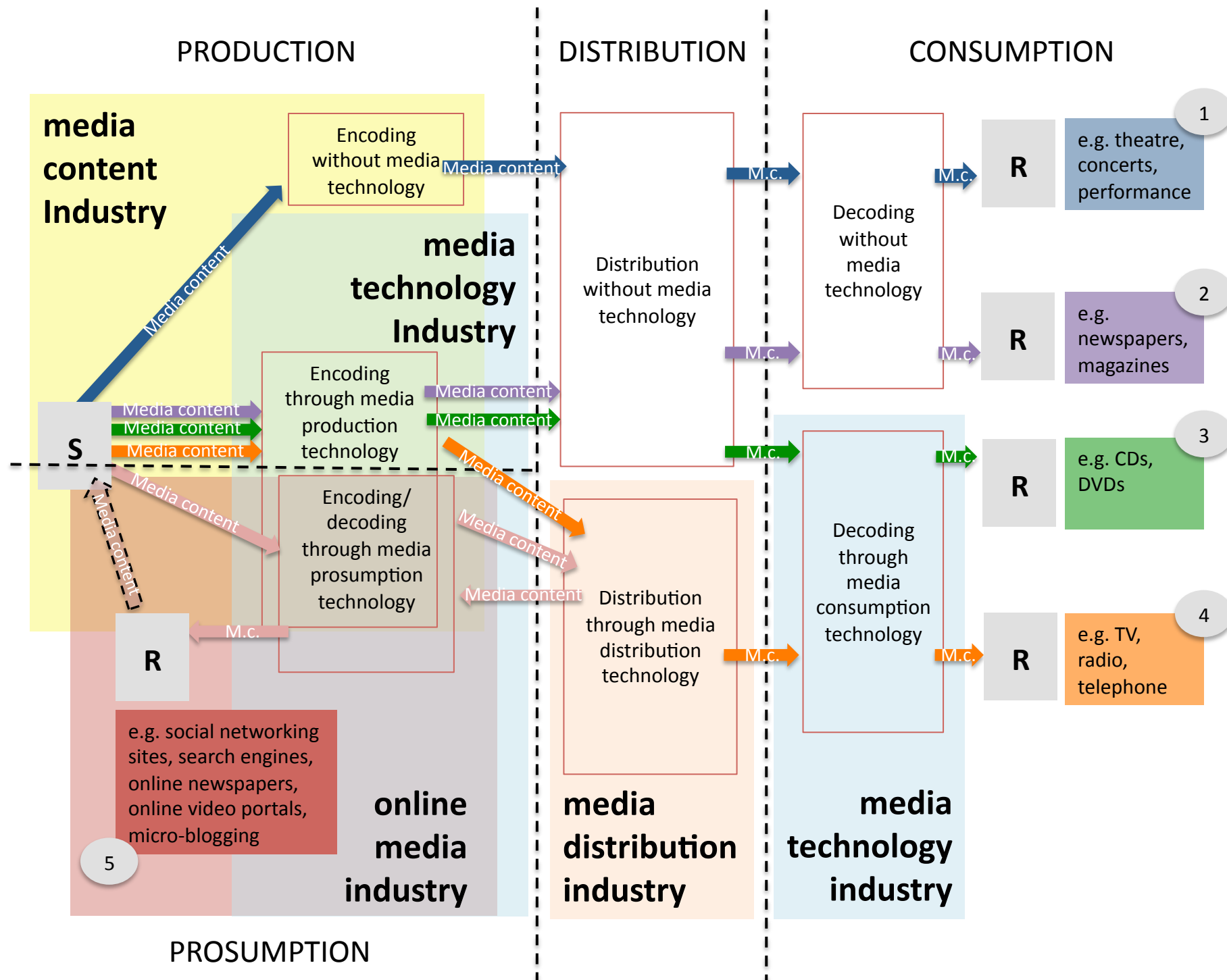
# **CASE STUDY**

## **CSR IN MEDIA & COMMUNICATION COMPANIES**

**corporate self-descriptions**









**VS**

**descriptions by corporate watchdogs**



# CASE STUDY

## CSR IN MEDIA & COMMUNICATION COMPANIES

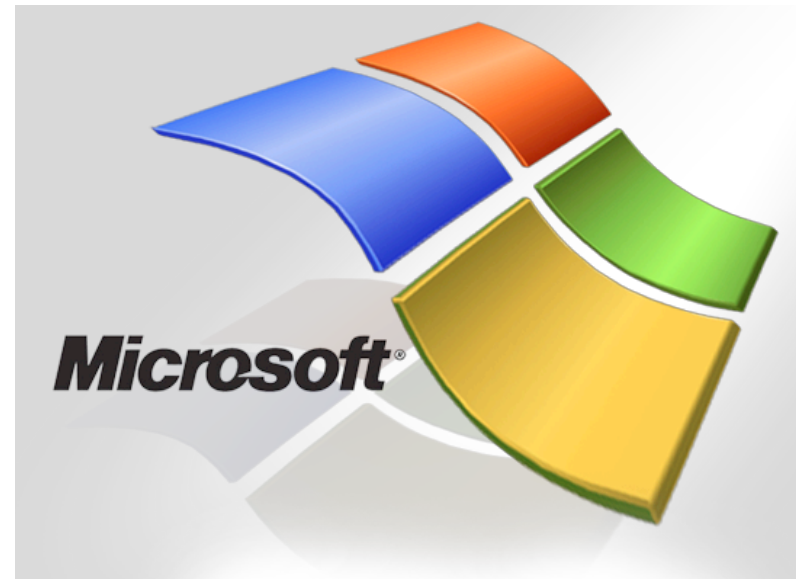
Apple		Working conditions in the supply chain
AT&T		Net neutrality
Google		Privacy
HP		eWaste
Microsoft		Software patents
News Corp		Media content
Vivendi		Peer-to-peer file sharing
Walt Disney		Working conditions in the supply chain

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# CASE STUDY

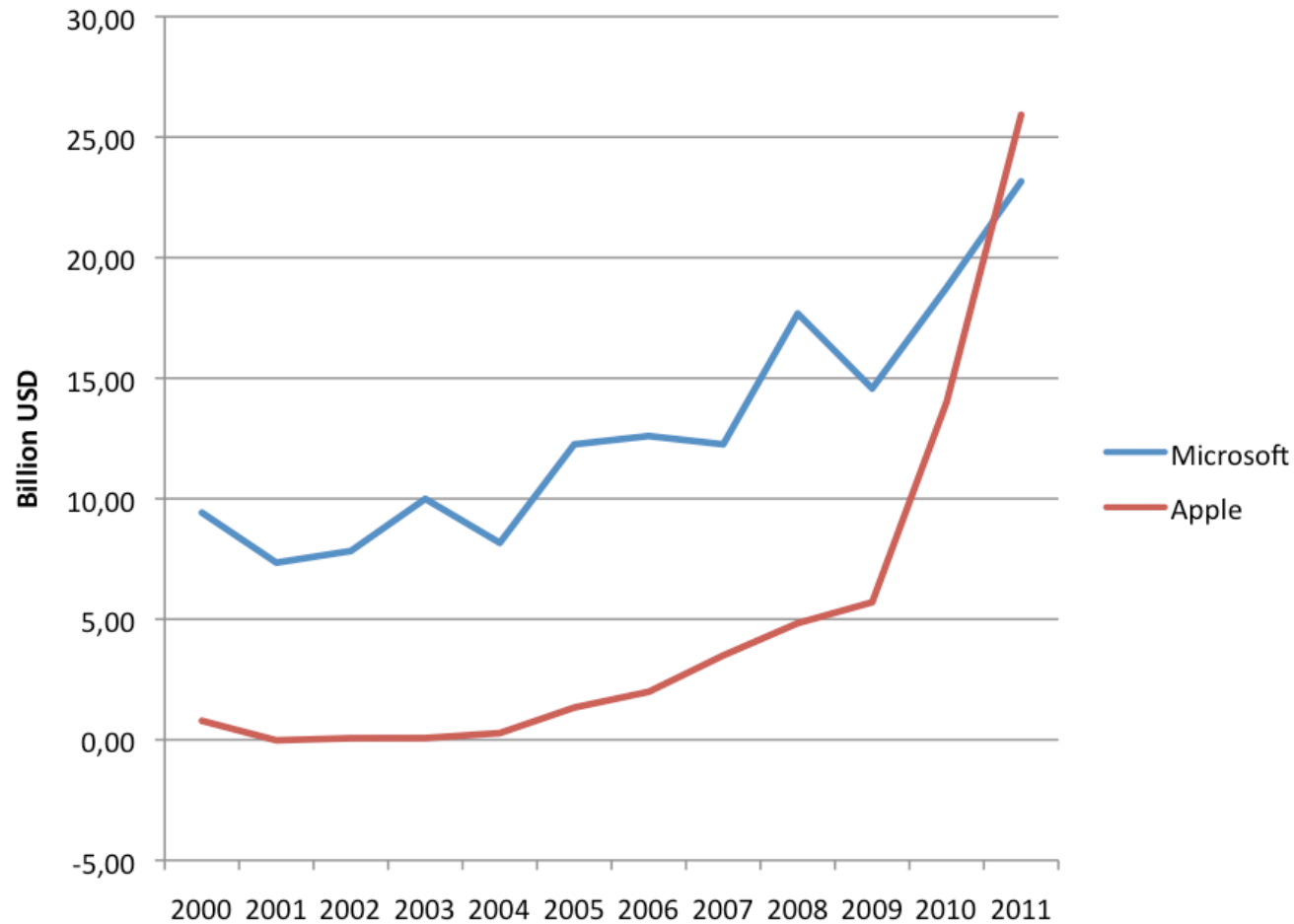
## CSR IN MEDIA & COMMUNICATION COMPANIES



# CSR IN MEDIA & COMMUNICATION COMPANIES

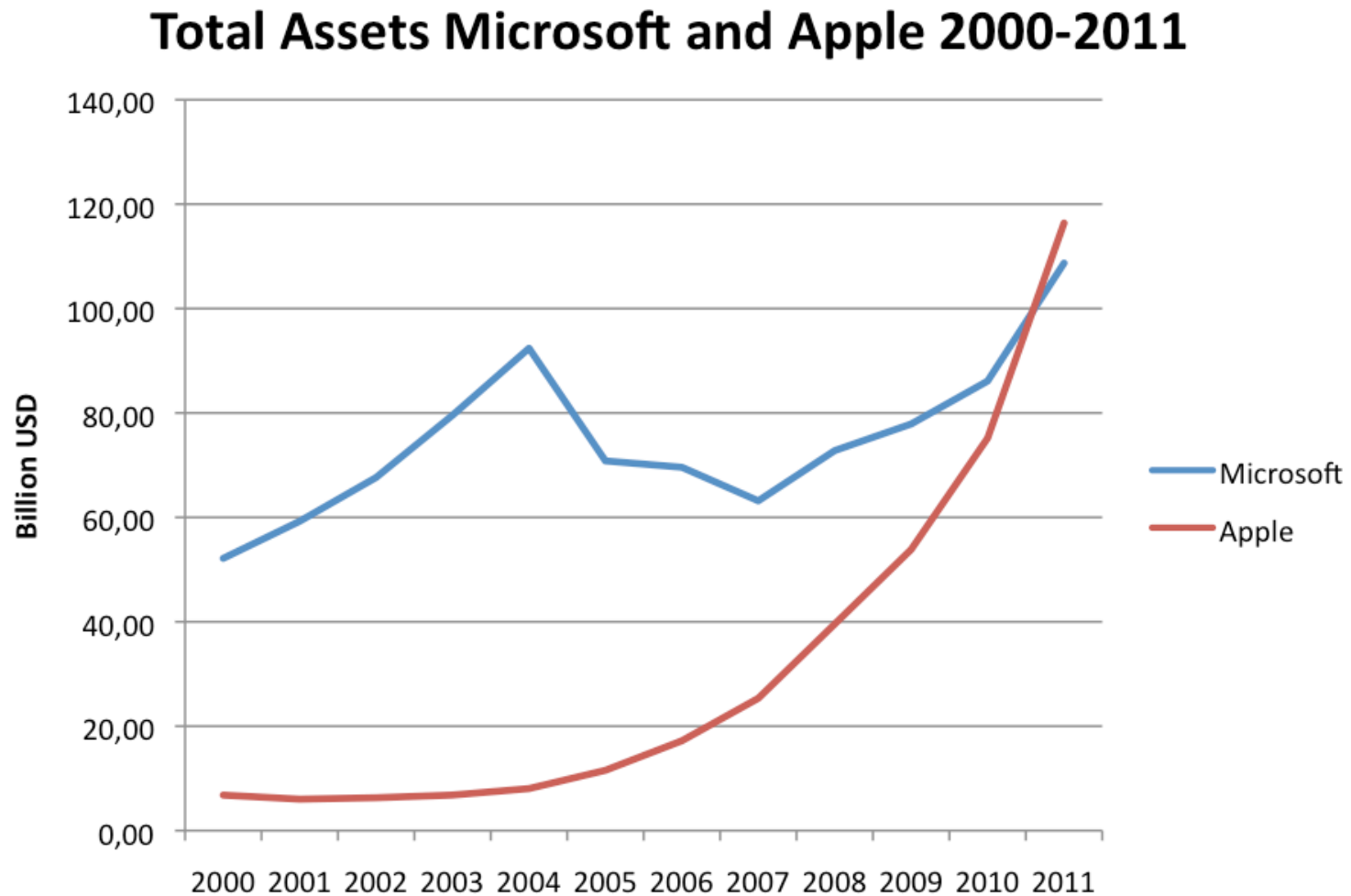
## BUSINESS SUCCESS

**Profits Microsoft and Apple 2000-2011**



# CSR IN MEDIA & COMMUNICATION COMPANIES

## BUSINESS SUCCESS



# CSR IN MEDIA & COMMUNICATION COMPANIES

## CRITIQUE: APPLE

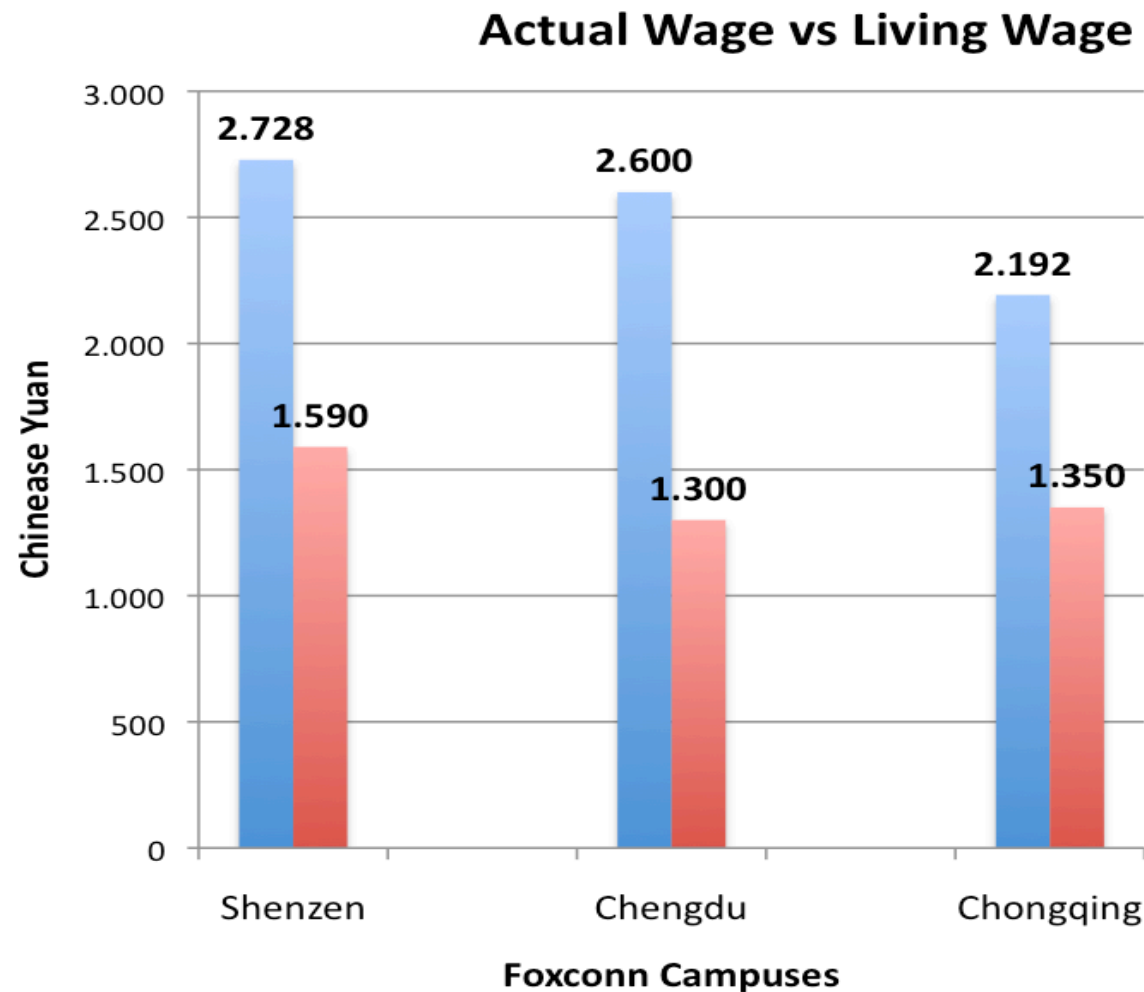
WATCHDOGS: SACOM, China Labour Watch, makeITfair

- 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).



# CSR IN MEDIA & COMMUNICATION COMPANIES

## CRITIQUE: APPLE



Actual basic wages in comparison to estimated living wages at three Foxconn campuses in China (after suicide tragedies and subsequent wage raises)

■ estimated living wage  
■ actual basic wage

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 exists
- 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



# CSR IN MEDIA & COMMUNICATION COMPANIES

## IGNORANCE & IDEOLOGY

**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)

# CSR IN MEDIA & COMMUNICATION COMPANIES

## IGNORANCE & IDEOLOGY

### RHETORIC:

“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).

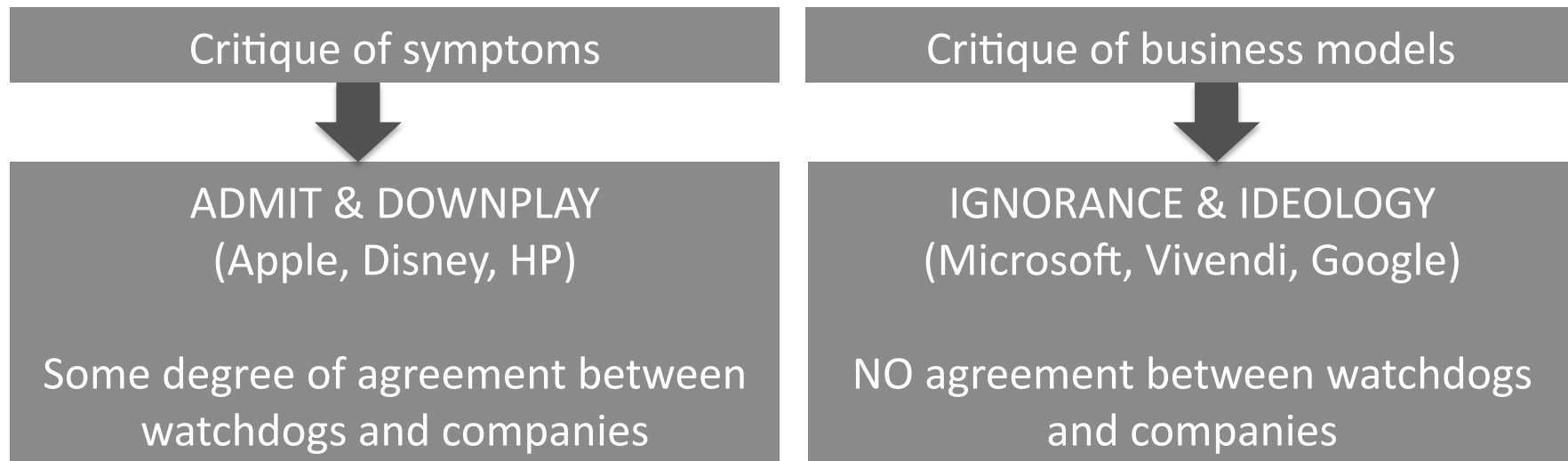
### PRACTICES:

Profit based on proprietary software and software patents → business model based on exclusion, commodification and appropriation of commons

# CSR IN MEDIA & COMMUNICATION COMPANIES

## CRITIQUE & RESPONSE

Differences between the two strategies:



# CSR IN MEDIA & COMMUNICATION COMPANIES

## CONTRADICTIONS BETWEEN THE CORPORATE AND THE SOCIAL

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

# CONCLUSIONS

- I. CSR BENEFITS PROFIT INTERESTS
- II. CSR BRINGS ABOUT A MORALLY BETTER CAPITALISM
- III. CSR IS AN IDEOLOGY

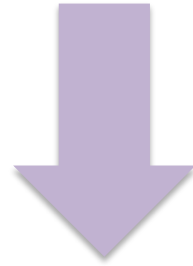
# CONCLUSIONS

- 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**