Foreword*

During my career of 37 years in government service followed by 10 years as a non-executive director of two international companies, I have seen the separate strands of corporate social responsibility grow and weave themselves into the wide-ranging concept which we have today. My time in government saw the ever-growing emphasis on individual rights, reflected not only in the human rights movement but in the attention given to equal opportunity for people of different genders, social classes and ethnic origins; to protection of consumers and stakeholders; to provision for the handicapped and disabled; and to care for the environment.

It is, however, only recently that these behavioural norms, as they affect corporate behaviour, have welded together in the concept of corporate social responsibility. If a businessperson had been asked only 20 years ago what was his or her concept of corporate social responsibility, the answer would probably have been no more than the obligation to act ethically, to obey the law and to devote some of the company’s surplus wealth to charitable causes. Now these obligations and much more have come together in the concept of corporate social responsibility.

Why has this happened? One reason is no doubt the growth of mega-corporations and their importance in citizens’ lives. Another is the increasing internationalisation of these corporations so that it is beyond the power of any single country to control them (except, to some extent, the United States through the power of its extra-territorial legislation on companies which have activities within its borders). A third is the media and the worldwide effect which they can have on corporate reputation, and hence on the success of the company.

It was only six years ago, in 2003, that the Board of one of the world-wide companies on which I served set up a bespoke Corporate Social Responsibility Committee for the first time, and I was asked to chair it. In the ensuing years I felt at times like the famous classical statue of Laocoön in the coils of the sea serpents. It became clear that the responsibility of the Committee to the Board covered not just the charitable activities of the company but the way it treated all classes and conditions of its customers; all classes and conditions of its employees; all the governments and social conditions of the countries in which it operated; and all its impact on its environment wherever it was located in the world. Not only this, but it had also to be concerned about the operations of other companies with which it did business, whether as customers or suppliers, so as to ensure that it was not sustaining others who were acting as bad world citizens in one way or another.

* Written by The Right Honourable Lord Butler of Brockwell KG, GCB, CVO, who was Secretary of the United Kingdom Cabinet and Head of the Home Civil Service from 1988 to 1998. From 1998 to 2008 he was Master of University College Oxford and a Non-Executive Director of ICI plc and of HSBC Holdings, where he was also Chairman of the Board’s Corporate Social Responsibility Committee. In 2004 he chaired the United Kingdom’s Review of Intelligence on Weapons of Mass Destruction following the war in Iraq.
Fortunately, the company for which I had to take on these responsibilities was one which already had deeply-ingrained traditions of good corporate behaviour. From its origins, it had believed that ethical and considerate behaviour was important, not only because it was in the long-term interests of the company but because it was right. For that reason it had always shown punctilious regard for the traditions of the countries in which it operated. It had tried to treat its employees with fairness and consideration; and there were potentially profitable opportunities for business which it had eschewed on ethical grounds.

Fortunately, also, it took the view that this type of good neighbourly behaviour was in the interests of its shareholders and there was never any indication that shareholders took a different view. It is true that there were some instances where the company robustly took a different view from pressure groups which sought to force it to give up certain types of legal business on the basis of their own ethical or political views; but, when these pressures were resisted, it was always on the ground that the company’s position was not only commercially but also ethically justifiable.

Moreover, the position which the company took was not only a defensive one. It felt that it had a moral obligation to reach out to help in addressing some of the social and environmental problems in the countries in which it operated. As regards the interest of shareholders, it took the view that the cost in terms of shareholders’ assets was offset by the benefit from sustenance of corporate reputation. So good behaviour and self-interest came together in a happy, mutually-reinforcing combination. But, in case shareholders took a different view, the company took care to be entirely transparent through an annual report to shareholders.

The concept continues to change and develop. Even during the time in which I served as Chairman of this company’s Board Committee, this was reflected in two changes in name, first to Corporate Responsibility (reflecting the thought that the company’s responsibilities went wider than what the word ‘social’ embraced) and then to Sustainability Committee (reflecting the thought that this area of the company’s activities was necessary to sustain not only the company itself but also the environment in which it operated). But I suspect that the term ‘Corporate Social Responsibility’ (CSR) has become sufficiently embedded in public consciousness and it will be difficult to eradicate.

While companies have been showing increasing awareness of these obligations, and giving increasing attention to them, governments, NGOs and international organizations have also become increasingly involved. As some companies have notoriously defaulted on these obligations, citizens and the media have put pressure on governments to impose them. The result has been a huge increase in corporate legislation and regulation. Anyone who wants evidence of this needs only to compare the size and weight of companies’ annual reports today with what they were only a decade or so ago. Yet as in all forms of human misbehaviour there are still loopholes as miscreants find it increasingly easy in today’s world to move between one jurisdiction and another. Hence derives the need for governments and international organizations to achieve greater cooperation and coordination in dealing with these issues.

Like the man who suddenly discovered he had been talking prose all his life, companies have always been under the obligations of social responsibility as well as (or, some might say, as part of) their obligations to their shareholders. Yet, as I said at the beginning of this Foreword, the various strands have been brought together in a comprehensive
concept only recently. In this book Professor Horrigan brings together the many facets of, and perspectives on, the concept, whether on the part of governments, lawmakers and regulators, international organizations or companies and their stakeholders; and he places them in the context of the development of thought in the crossover from the 20th to the 21st century. There are still many unresolved controversies in relation to the subject, which the book describes. I doubt whether such an ambitious and comprehensive account of the concept has been previously attempted. There is no doubt that it is a hugely important subject in today’s world; and one which will not go away. I believe that the book will be valuable to all who need to deal with this issue, whether as government officials, regulators, businessmen, lawyers, academics, media commentators or concerned citizens. I wish it success.