Reflecting on the Rhetoric of Corporate Social Responsibility: 
A Case Study of Inter-Organizational Bullying

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ABSTRACT

Many organizations have embraced aspects of Corporate Social Responsibility (CSR) in response to public concern and allegations of unethical and improper business practice. However, in some instances, CSR is arguably undertaken to evoke positive public relations outcomes and enhanced profits, with many claiming that CSR activity involves more rhetoric than reality. We present a fictional case study1 depicting as an example of inter-organisational bullying – bullying of one organization by another – claiming also that it offers a further example of the cleavage between the rhetoric and reality of CSR undertaken by organizations purporting to be socially responsible corporate citizens.

Keywords: Power; Critical management; Critical perspectives on organisational communication; Critiques of managerialism.

The Case: BIG CORPORATION vs the Cleaning Team

Once upon a time, there was a small business that provided cleaning services (hereafter called The Cleaning Team, a pseudonym) to various types of business organizations ranging from clubs, shopping centres, hotels and other commercial establishments. This fictitious venture started in 2002 with a pool of dedicated workers. In 2004, The Cleaning Team was contracted by a very prominent business in Australia, a well-known, high profile organisation with an impressive public reputation as a responsible organization upholding the principles of Corporate Social Responsibility (CSR). This organization was very well

1 In order to protect both the worthy and the unworthy, we have presented the case study as a fictional fable depicting the experience of a small service provider rendering cleaning services to a multinational corporation.
known, and high profile, in the Australian community (and is hereafter called BIG CORPORATION, also a pseudonym).

The opportunity to partner with this large organisation was highly valued by the owners of The Cleaning Team. However, they were to find that the reality of working with BIG CORPORATION was not aligned with its positive socially responsible public image at all. Indeed, the reality of dealing with an entity whose business practices were supposedly anchored on CSR but were, in reality, far from being socially responsible, ethical or honest, was found by The Cleaning Team to be very painful indeed and contrary to their expectations. They found that the rhetoric of CSR espoused by BIG CORPORATION was not aligned with the reality of their business (and espoused CSR) practice.

After The Cleaning Team presented their company profile and prospective services to BIG CORPORATION, they received no confirmation as to whether their offer had been accepted. Then, a year later, they received a call from BIG CORPORATION inviting them to do some emergency cleaning work. At that time, The Cleaning Team was asked to undertake the work by BIG CORPORATION without the protection of any contract that would spell out clearly the terms and conditions of the business arrangements between The Cleaning Team and BIG CORPORATION. It was a full month after the first transaction before The Cleaning Team managers were allowed to sign any contract and, when that finally took place, BIG CORPORATION provided no copy of the said document to The Cleaning Team management.

Following this, each month, The Cleaning Team sought payment for their cleaning services from BIG CORPORATION’s manager in charge, who frequently did not pay the invoice – unless people employed at The Cleaning Team accommodated this person with the particular personal favors that were being requested. These “favours” ranged from borrowing The Cleaning Team’s company car, soliciting money
from The Cleaning Team’s management and employees, asking a female family member of the owners of The Cleaning Team to accompany BIG CORPORATION’S manager in charge to dinner -- and more. Further, the agreed cleaning charges that had eventually been written into the contract were not honoured. When the invoices provided by The Cleaning Team to BIG CORPORATION were finally paid, payment was regularly at much lower rates than those agreed in the contract. This was justified by the manager in charge at BIG CORPORATION by his claims that he needed to deduct legal fees and other charges prior to making the payments. In short, dishonest, corrupt and inappropriate demands were being required of the managers of The Cleaning Team, and contracted payment agreements were not being honoured. These behaviours were accompanied by subtle threats to The Cleaning Team’s management that, if they filed a complaint, the managers at The Cleaning Team would be discredited and would not be believed. The manager in charge of BIG CORPORATION threatened to inappropriately use his organization’s power and reputation in the supply chain and in the wider industry to ensure The Cleaning Team’s business would not survive.

The Cleaning Team managers finally decided to terminate their contract with BIG CORPORATION rather than continue to be exploited and bullied. The Cleaning Team then found that when these problems were brought to the attention of senior management at BIG CORPORATION, senior management simply paid the balance owing to The Cleaning Team under their contract. These senior managers also offered a further threat to The Cleaning Team denying that there had been any problems with the transactions between BIG CORPORATION and The Cleaning Company, or that any wrongdoing had taken place. BIG CORPORATION remains a widely respected corporate figure, with a stellar corporate image, especially as a socially responsible corporate citizen. However, the allegations made by staff at The Cleaning Team point to evidence of bullying, malpractice, corruption and other unethical behavior by its management – clearly not behaviors aligned with CSR. The moral of this story is that organizations do not always do what they say, especially when it comes to CSR.
Corporate Social Responsibility (CSR): The Rhetoric versus the Reality

While the CSR agenda has broadened over time, gaps are increasingly being recognised between the rhetoric of CSR discourse and actual business practice (Coronado and Fallon 2010). This blind spot in CSR discourse and practice is magnified within the context of the current global crises where issues of financial scandals, relationships between debt-driven corruption, and inequities in areas of income distribution have become increasingly apparent. Utting (2007) describes this as distributional injustice. The literature has confirmed that CSR programs used by big businesses are often nothing more than a greenwashing or windowdressing. The offer a cloak aimed to: divert public attention away from the reality of business practice; act as a counter to increasing threats of regulation; legitimize the “business as usual” doctrine; and attract customers with eco-friendly rhetoric and marketing (Kitazawa 2007; Utting 2007; Solman 2008; Lubbers 2002). It becomes clear that doing well by appearing to do good is a frequent motive for organizations to engage in CSR. The outcome of undertaking socially responsible activities is often further economic gains to the corporation undertaking CSR, and that corporation’s further economic advantage (Banerjee 2007; Clegg 2009; Igor 2009).

Since the 1970’s, businesses and society have been working to ensure Corporate Social Responsibility (CSR) is embedded into routine business practice. There is growing public demand for organizations to invest in socially responsible undertakings for society’s betterment. However, organisations that undertake CSR often claim they are undertaking their socially responsible activities out of choice, given that a feature of CSR is the voluntary nature of the initiatives adopted by the company. These indicate that the organisation is going beyond the laws that regulate and govern business operations. Utting (2002) argues that these self regulatory and voluntary approaches are made in response to generally accepted societal demands to compensate groups in society as a result of the negative impact of business. It is important for
business to define their roles in society and adhere to social, ethical, legal and responsible standards (Lou and Bhattacharya 2006; Lindgreen and Swaen 2004). At a time when business organizations are viewed as the most powerful institutions in society, business is increasingly being expected to re-conceptualize its place in society. Business is expected to assume responsibilities for itself and its operations, as well as for the wider society in which it is located, with expectations also of needing to contribute profoundly to social values (Czechowiez 2001). Further, the demand for CSR has grown to such an extent over the last thirty years (McIntosh et al. 2003) that, in recent times, the discussion around CSR is no longer simply based on the morality of each company but, instead, on notions of mutual dependence between the firm and society (Garriga and Mele 2004). According to proponents of CSR, with CSR in place, the corporation’s operations are not only geared toward profit generation, but towards enhancing social welfare and providing community support. CSR is purportedly concerned with the ways in which a company exceeds the minimum obligations to stakeholders specified through regulations and corporate governance (Banerjee 2007; Utting 2007).

So, while CSR is understood to be voluntary and discretionary, corporations are expected to undertake at least some of the social obligations inherent in their relationships with stakeholders. CSR is supported by stakeholder orientations that extend beyond the organization’s boundaries and is driven by an understanding of the organization’s responsibility for the impact of its business activities. A stakeholder perspective can require the integration of CSR into the organization’s strategy, and stakeholder theory emphasizes that companies are not only responsible to internal stakeholders but also to its external constituents. When viewed from this perspective, CSR can be understood as including a set of responsibilities that a company assumes in order to respond to the interests of multiple stakeholders. Adopting a stakeholder perspective of CSR can, thus, enable organizations to gain societal legitimacy (Gray et al. 1996). However, as we have seen with the BIG CORPORATION case above, it may be that this is not always what takes place in reality.
In some ways, a fundamental doctrine behind CSR is that business has an obligation to work towards social improvement. Notions of CSR are anchored in the commitment of business to contribute to sustainable economic development achieved by working with employees, their families, the local community and society at large to improve their quality of life (World Business Council for Sustainable Development 2002). These obligations tend to be influenced by certain factors that motivate companies to undertake a more responsible approach to business and might include the valuing of employee rights and responsibilities, undertaking responsible corporate governance, and upholding an ethical organizational culture with values being reflected publically in that organisation’s reputation and practices. However, in the case presented, BIG CORPORATION was not upholding an ethical or socially responsible organizational culture (quite the reverse). The values being portrayed in the case did not align with an organization which had a reputation for being socially responsible in its business practices, despite BIG CORPORATION’s regular and public claims to socially responsible practice.

CSR is also concerned with effective and ethical corporate governance. This includes the mechanisms, processes and policies adopted by the corporation to ensure that there is a balance between shareholders’ interests and the way Boards perform their broader governance functions. Utting (2002) includes this as part of the ethical basis of self regulation. However, there are numerous examples in the literature where this aspect of CSR has also failed, such as the high profile collapse of ENRON and other big companies due to corporate mismanagement and governance failures. Such public failures raise concerns about abuses of power by large corporations, and result in the erosion of public trust in the genuineness of espoused principles of CSR. The role of CSR in governance needs to include discussion of sustaining coordination and coherence among a wide variety of actors with different goals and objectives, such as supply chain partners, political institutions, civil society and multinational organizations (Bendell 2005;
Bulkeley and Mol 2003). This points to a heightened need to develop policy frameworks in response to these types of failures.

Certainly, in the case examined above, it could be argued that the Board of BIG CORPORATION may well have been unaware of the individual practices of middle management. It might have been the case that, in their dealings with the Board, senior management may not have raised the concerns expressed by The Cleaning Team as a potential problem or as a risk to BIG CORPORATION’s future public image and profitability: senior management may well have considered the middle manager’s behaviours to have been a routine part of the corporation’s “business as usual” approaches to making money. The senior management at BIG CORPORATION may well have felt justified in this: “After all, we have been raised to believe that ‘business is business’, and even if it isn’t ‘dog-eat-dog’ it is pretty rough stuff” (Solomon 2004: 1040). Such notions can be understood to preference corporations by excusing abusive and immoral behaviour as an acceptable part of “business as usual”. In this way, society often seems prepared to attribute to corporations privileges that would not otherwise be accorded individuals.

The approach offered by Critical Management Studies enables us to look for a different perspective, to look beyond the dominant corporativist view taken by the managers of BIG CORPORATION (Kincheloe and McLaren 2005). The critical approach would support the “silenced or marginalised voices” of The Cleaning Team, by offering them “an orientation towards investigating exploitation, repression, unfairness, unsymmetrical power relations … distorted communication and false consciousness” (Alvesson and Deetz 2005: 62-3). This critical stance enables us to see the management practices at BIG CORPORATION not simply as the “business as usual” tactics of a large powerful company, but more accurately as dishonest, corrupt and inappropriate behaviour. With access to the Critical Management Studies concepts of anti-performativity, de-naturalization and reflexivity, we can see the behaviour of BIG CORPORATION as something for which it should be held accountable (Fournier and Grey 2000). These
concepts enable us to question the taken for granted profit-centric view of BIG CORPORATION that excuses its behaviour as something that might be “rough” but still acceptable corporate practice.

In this light, the part that CSR played in BIG CORPORATION’s business practices can be seen to be even more malicious. Despite it rhetorical claims to CSR and responsible corporate citizenship, the business practices show not only a failure of its governance framework but also a fundamentally irresponsible approach to its corporate practice.

In similar vein, Bhushan (2005) describes companies in India demonstrating similar rhetoric around CSR, and showing questionable motives for engaging in CSR, with business practices often being found to be contradicting CSR ideals. Big companies operating in India, instead of helping their suppliers to improve their social and environmental performance by providing incentives or sharing the cost of improvement, have been reported instead, to find other suppliers to fulfill such obligations at a lower cost. While CSR would proclaim that big business owes a broad set of social obligations to its local communities and supply chain partners, the reality is that CSR’s primary function often remains focused on the organisation’s ability to enhance profitability (Banerjee 2007). So, while international corporations claim to address social issues such as poverty reduction and the promotion of sustainable development, the underlying real interest often remains purely an economic one (Blowfield and Frynas 2005; Palacios, 2005).

**Inter-Organizational Bullying**

In examining the case above, we move beyond the idea that BIG CORPORATION is acting with values and behavior that belie their espoused CSR objectives and claims. We claim that they are also operating -- as one organization to another -- to bully The Cleaning Team, an organization which is lower in power
and position within the supply chain and industry in which both parties operate. We describe what is taking place between BIG CORPORATION and The Cleaning Team as inter-organisational bullying.

Bullying between individuals and groups in organisations is always an act of violence. Bullying between individuals and groups in workplaces can include, but is not limited to malicious, intimidating, offensive, threatening or malevolent behavior. It can include physical, emotional, or psychological violence, enacted as covert or overt acts intended to harm (Vickers 2001). Such violence of one upon another (or others) can be achieved through coercion, forced obedience or subordination, but can also be more subtle, and include threats, intimidation, withdrawal of opportunities and resources, and the use and misuse of power to harm another (Vickers 2010). For Inter-Organizational bullying to take place, the bully would generally be the larger, more powerful organization, perhaps situated higher in a supply chain or industry. We note that corporations engaging in CSR are supposedly concerned with increased corporate accountability, especially when dealing with links in the supply chain (Donaldson and Preston 1995) and other stakeholders. In pursuit of their espoused corporate responsibility, corporations often publish a corporate code of conduct and will profess to adhere to this. However, even with threatened outcomes of damage to their reputations for infractions to such codes of conduct, especially with other stakeholders and constituents of their supply chain, some organizations may remain unconcerned about this: at least the individual managers responsible for such decisions may be unconcerned. Those engaging in inter-organisational bullying who feel no threat of consequences or disruption to their business practice as a result of such infringements are unlikely to be concerned. In the same way bullying becomes entrenched and acculturated between individual and groups in organisations: if there are no likely negative consequences for bullies, the bullying is likely to escalate over time (Vickers 2010).

We argue that BIG CORPORATION was apparently behaving as a bullying organization, most likely because the manager in charge, the senior manager and/or the organization as a whole perceived that there
would be no negative consequence to the individuals or the organization as a result of these behaviours. This would primarily have been because The Cleaning Team was a less powerful member of the supply chain. CSR for big businesses can mean that they can manipulate their relationship with other stakeholders in the value chain, like small suppliers or service providers, using the rhetoric of CSR to enhance their power (Utting 2007). Large companies can use corporate philanthropy to buy off or silence communities that oppose their activities. Most suppliers dealing with big companies in the value chain are small and medium sized enterprises which rely on the large volume of business they get from big corporations. More often, the terms of the business transaction are in favor of the big businesses and not the smaller supplier, such as The Cleaning Team.

The case study showcased above of BIG CORPORATION and The Cleaning Team demonstrates that, when big corporations wield large measures of control over members of value chains with reduced power in comparison, they can succeed in intimidating and threatening small and medium sized enterprises – they can bully them. The impact of this then, for those small and medium enterprises elsewhere in the value chain might be to influence them to feel compelled to squeeze and pressure their own workers and suppliers in order to remain solvent. A disturbing outcome of the lack of consequences for organizations such as BIG CORPORATION might be the development of an Inter-Organisational Chain of Bullying as a result, commenced by the organization with the most power in the chain, in this case, an organization concurrently claiming to uphold values of social responsibility.

There is evidence of similar inter-organisational bullying taking place internationally. Inter-organisational bullying can be undertaken through subjecting poorer or more vulnerable communities, or smaller business partners, to abuses of legal and human rights by organizations also in positions of power. For example, while “experts” may be hired to consult with communities to convince them to allow big business expansion into local communities, these “experts”, however, can be influenced by large
corporations and used, not to solve the problems of local communities, but to assist the smooth and lower cost implementation of expanded business operations. Consultations between stakeholder organizations (and individuals), and big business, often depict significantly uneven power relations among participants and result in a large organizations promising royalties, jobs, and provision of cheap housing, while ensuring that their own profitability is increased at the expense of those being influenced. For example, mining firms have been reported to crush stakeholders who present an opposing agenda that might slow or prevent that organization’s expansion or development in a particular region, and such occurrences have been widely reported by indigenous communities (Banerjee 2007).

In the case above, we argue that Inter-organisation Bullying is being undertaken by an organization where the rhetoric of CSR is being widely promoted and espoused. This fictitious organization, BIG CORPORATION, was claiming to be a socially responsible corporate citizen while the fable depicted that it was clearly bullying a smaller and less powerful organization in the supply chain. Big business can bully their smaller partners to perform acts which are disadvantageous to the smaller firms. They may delay payments and make other unreasonable demands, even while publically proclaiming the rhetoric of their socially responsible enterprise via involvement in enhancing social welfare and providing community support, perhaps through philanthropy or other socially responsible provision of resources, while, in reality, engaging in a reality of harmful business practices, such as Inter-organisational Bullying.

Conclusion

Critics of CSR argue that companies often undertake CSR programs to distract the public from inquiring into the reality of the details and impacts of their operations (Coronado and Fallon 2010). Indeed, some have argued that most CSR programs are, in fact, not intended for social improvement but for maximizing profits (Porter and Kramer 2006). The literature offers abundant examples of corporations, such as BIG
CORPORATION, routinely deviating from the policies, codes of conduct, and legislative imperatives behaving instead, with corrupt, fraudulent and dishonest responses, including double bookkeeping, threats and lies to (and from) workers and suppliers (Ngai 2005). We suggest that one of the potential examples where CSR rhetoric does not equal reality is when one organization in a supply chain, especially one that has significantly more power than its stakeholders, is bullying another. In this instance, instead of CSR, inter-organisational bullying might take place. We suggest, further, that this is an extreme example of CSR being undertaken with cynicism and disingenuous commitment. Further research into the phenomenon of inter-organisational bullying is urgently needed, especially when it is conducted under the cloak of CSR, and especially in a manner that considers the perspective of, and impact on, all stakeholders affected.
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