Quakerism, the Forerunner of Modern Corporate Social Responsibility (CSR)

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Abstract

It was widely reported that 4000 Quaker families ran 74 Quaker British Banks as well more than 200 companies and that business ownership came with ‘with a deep sense of responsibility and accountability to those involved.’ It was further reported that’--The Quaker businesspeople had the concept of truly shared stake holding and corporate responsibility in their blood, and they succeeded’. It was concluded that the nineteenth century Quaker entrepeneurs ‘illuminated a different work ethic on a more human scale between master and man.’ This was simply because their corporations were ‘doing things right’ as they considered the welfare of their workers as well as the communities where their businesses were located. It can therefore be concluded that what scholars on CSR, politicians, economists and investors are clamoring for today were achieved through the Quakers businesspeople with little or no effort; they can therefore be regarded as the forerunners of modern corporate social responsibility.

Key words: Corporate Social Responsibility, Quakerism, Organisational culture, Religion

Definitions, Explanations and the History of the Concept of Corporate Social Responsibility (CSR)

Formal writings on the concept of Corporate Social Responsibility (CSR) date back to about sixty years ago; this was when the business communities started to show some concerns about the communities where their businesses were located (Carroll, 1999). It should be pointed out that as far back as 1930’s some elements of concerns appeared to have been shown especially by writers such as Barnard (1938); Clark (1939) and Kreps (1940). The modern era of CSR was in the 1950’s according to Carroll (1999) when Bowen (1953:44) quoted that the Fortune Magazine asked some business executive about their social responsibilities. He (1953:6) defines CSR as ‘the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of actions which are desirable in terms of objectives and values of our societies’; Healds (1970) bought into this definition. This was why Carroll (1999:270) referred to him, Howard Bowen as the ‘Father of Corporate Social Responsibility’.

The inadequacies of the 1950’s definitions brought about Davis’ (1960:70) definition of CSR which is: ‘businessmen’s decisions and actions taken for reasons at least partially beyond the firm’s direct economic or technical interest’. He (1960:70) further suggested that Social Responsibility is a ‘nebulous idea’ which should be seen in a managerial context and that some socially responsible business decisions can only be justified by a long and complicated process of reasoning as having a good chance of bringing long-run gain to the firm, thus paying it for its socially responsible outlook. He concluded by bringing forward his ‘Iron Law of Responsibility’. Other writers of his era included Frederick (1960), Walton (1967), Davis & Blomstrom (166) and McGuire (1963:144) who suggested that ‘the idea of Social Responsibility supposes that the corporation has not only economic and legal obligations but also certain responsibility to society which extend beyond these obligations’.

The major issue that dominated the 1970 era was the introduction of ‘corporate social performance’ (Carroll, 1977). Seth (1975:70) distinguished between ‘social responsibility’ and ‘social responsiveness’; social obligation to him is ‘corporate behaviour in response to market forces or legal constrain’. He (1975:62) was of the opinion that social responsibility goes beyond social obligation and that ‘social responsibility implies bringing corporate behaviour up to a level where it is congruent with the prevailing social norms, values, and expectations of performance’; he (1975) concluded that while social obligation is proscriptive in nature, social responsibility is prescriptive.

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The 1980 era was ushered in by Jones (1980:59-60) who suggested that CSR is the ‘notion that corporations have an obligation to constituent groups in society other than stockholders and beyond that prescribed by law and union contract’. Carroll (1983: 604) added that CSR is ‘composed of four parts: economic, legal, ethical and voluntary or philanthropic’. Carroll (1999:284) concluded that the 1980 era witnessed few definitions but more researches with alternative themes. Other notable contributors in the 1980’s were: Drucker (1984); Cochran and Wood (1984); Aupperle, Carroll and Hatfield (1985); Epstein (1987) and Wartick and Cochran (1985). Attenions were focused on measurement initiatives as well as theoretical developments in the 1990’s up till the beginning of 2000 (Carroll, 1999: 292).

Corporate social responsibility (CSR) according to Amaeshi et al (2006) is how and why businesses should put some of their gains to the communities where they are located. If the above explains/defines CSR to do otherwise makes the organization irresponsible which is what this paper sets out to address. Corporate social responsibility according to Carroll (1998), evolved in the 1950s and developed in the 1970s but became well entrenched into the business literature in the 1990s. Bowen (1953: 6) suggested that CSR is the “obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values.” The World Business Council for Sustainable Development as quoted by Swanson (2002:1) saw CSR as ‘the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life’.

This study will therefore investigate those ‘commitment of business’ which are expected to ‘contribute to sustainable economic development, working with the local community and society at large to improve their quality of life’; which unfortunately the multinational oil companies operating in the Niger Delta Region have knowingly or unknowingly ignored; this is what unfortunately made them to be socially irresponsible. There is no doubt about the fact that business organizations are trying everything possible to balance the conflict of demands from communities, governments, pressure groups and other stakeholders about the role business organizations should play in the economic development of the country as a whole, environmental improvement as well as social development of the communities where they operate (Leonard, 2003). This paper will be grounded on the following CSR theories: Freeman’s (1984, 1999) Corporate stakeholding and stakeholder salience, and the doctrines of the Quakers (2003).

Methodology: Historical and Descriptive Research

This study being a historical and descriptive relied on the secondary sources. Secondary data are data collected and recorded by someone else prior to and for purposes other than the current needs of the researcher (Harris, 2001). Secondary data is usually historical and already collected data that does not necessitate access to respondents or subjects (Ember and Levinson, 1991). This source of data collection is becoming very popular in business researches, market survey, facts- findings, model building, and among social scientists generally (Harris, 2001). The major advantage of this source of data collection is in the fact that it is less expensive than the primary source of data collection (Zikmund, 1984).

Quakers as Forerunners of Corporate Social Responsibility

Wise (1949) suggested that the city of Birmingham was built by John and George Cadbury (both Quakers) as their Bourneville village influenced the Garden City Movement and the planning post – 2nd World War new towns. In 1900, George Cadbury (a Quaker) set up Bourneville Trust with about 330 acres of land with spacious houses for workers this is to fight against the poor housing conditions with very bad sanitary facilities (Dellheim, 1987). This had a direct impact on the mortality rates, in 1915 the mortality rate for Birmingham Centre was 187 per 1000 but at Bourneville village it was 47 per 1000 (Anderton, 2004; Bryson and Lowe, 2002). This again was based on the Quaker’s principle of equality of all men and women before God, and in line with Swanson, (2002) suggestions. The Corporate Social Responsibility practitioners of today as well as multinational enterprises need to learn a lot from the Quakerism in John and George Cadbury. They used the profit to benefit the community in which they are located as they believed that profits must be used to develop the community.

A look at Freeman’s (1984, 1999) Corporate stakeholding and stakeholder theory will justify the point that Quakerism is the forerunners of CSR. According to Freeman (1984:246) stakeholders are “those groups and individuals who can affect, or are affected by the achievement of an organization’s purpose.” These groups and individuals include shareholders, employees, suppliers, government, competitors, local communities and the environment. The activities of the Cadbury’s as regards the building of Birmingham city (as reported above) is a clear indication that the Quakers are forerunners of modern day CSR.

Implication for Modern Day Management of CSR

As mentioned earlier the concept of CSR was popularized in the 1950’s, this is to say that before this period businesses were not interested in putting back into the societies where they operated; employers were more interested in
maximizing profits at all cost. The Quaker’s on the other hand were interested in maximizing profit but at the same time to put back some of the profit into the societies where they operated. For example John & George Cadbury (both Quaker’s) built Bourneville village for their workers and this influenced the development of Birmingham city; this model was used to develop other cities in the United Kingdom. With this business policy, the Quaker’s were able to run successful businesses in the 17th and 18th century and this legacy still remains till today since some of the businesses like Cadbury Worldwide Lloyd Bank and Barclays Bank all in the UK are still waxing stronger. The lesson to be learnt by contemporary businesses is that good CSR will still bring in profit on the long through goodwill and peace from the communities where they are located and the businesses will be better for it. Businesses most therefore impact the communities where they are located positively.

Conclusion

Contemporary businesses should therefore change their focus from the maximization of profit at all cost to looking after the societies where businesses are located which as stated above will maximize profit on the long run. Apart from profit – making, today’s businesses must impact on their societies as the Quaker’s did. This is to advocate that businesses should stop looking at ‘now’ but should focus more on the ‘future’; as making profit ‘now’ and creating problems for the ‘future’ does not even make strategic sense since businesses are expected to be for life. The Quakers have done this in the past and as mentioned earlier most of their businesses still exist one way or the other or in one form or another after about three or four centuries. Lastly good CSR makes a better business practice and should therefore be embraced by all concerned.

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