

REFORMULATED CORPORATE SOCIAL RESPONSIBILITY AND COVID-19, WHAT CSR HAS TO SAY ABOUT THE CORONAVIRUS

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Overview

The coronavirus provides an opportunity to review some key features of the theory of Corporate Social Responsibility (CSR) outlined in my books on CSR and in my PhD thesis under the brand name of Reformulated CSR.

Major emphasis is called by the coronavirus outbreak to the necessity to extend CSR to public administration. Such necessity is relevant because I consider the public health care system as part of public administration. This might be true not only for health care provided through public employees, but also for health care provided by contracted services, according to a New Public Management approach to public services. I concentrate on the health care system and will however devote some paragraphs to other public organizational systems that have been engaged by the virus crisis.

CSR has traditionally been applied to private businesses, according to the United Nations Global Compact. This is what I call Mainstream CSR. My theory of Reformulated CSR argues CSR should be extended to all organizations, private and public. Mainstream CSR identifies special and ad hoc CSR programs that ought to be put forth by private businesses. Reformulated CSR tries to identify CSR in the ordinary way of carrying out the core business of all organizations. Thus public organizations should report about their own performance in their core businesses. Performance reporting is ordinarily done in some Anglo-Saxon countries, but it is seldom done in other countries of the world where the CSR movement also tries to be influential.

Management vs. Policy

A second observation is that Reformulated CSR calls our attention to the management of the health care system rather than the policy-making side of the virus crisis. Reformulated CSR concentrates on the functioning and operations of public organizations, it does not concentrate on the functioning of the political system in its top role of value choice and major social and economic decisions. In concrete, Reformulated CSR is about delivery of health care by general practitioners and hospitals, it is not about the prime ministers' value choice to lock countries down.

Organizational Failure

Third, Reformulated CSR is also about organizational failure, especially in public administration where monopolistic organizational arrangements do not help accountability and responsibility. Let us recall the general principle that competition is a driver of accountability and responsibility. Moreover, going inside organizations, the virus is also an opportunity to look at ethics of the individual in the public sector that – in Reformulated CSR - is not presumed different from ethics in the private sector. This is described through the value of 'Micro-Ethics' which is part of the four-value model that is proposed in my book 'Unknown Values and Stakeholders'. In that book I proposed the USDIME template, which includes three more values: stewardship of the Unknown Stakeholder, Disclosure, and Implementation.

From an empirical point of view then, Reformulated CSR would lead us to expect that a medical doctor behaves no more nor less responsibly than a postman. That is what happened in reality where there was a large effort and success in health care beside some mis-functioning. In fact, keeping the postman metaphor, some letters were delivered late, *i.e.*, some patients did not obtain appropriate care.

Still from an empirical point of view, the virus has generated an example of social accounting on the part of public administration that is rarely seen in non-Anglo-Saxon countries. The daily updates about the virus are examples of reporting that has the most advanced characteristics: it is continuous, integrated, multi-stakeholder, and multichannel. However, in less complex contexts it would be enough if public administrations published their annual reports, including measures of performance and of outcome of their action programs. This is what would happen if the CSR movement were to include public administration.

Moreover, reporting on coronavirus provides an example of what kind of Key Performance Indicators (KPIs) and useful new terminology could be produced by accountable public organizations. Such KPIs could become part of the public discourse. Such an introduction of useful new terms in public discourse as KPIs of social performance of public administration was also seen after the financial crisis 2007-2008 with the introduction of the notion of ‘spread’ between sovereign debt securities. We notice that the quality of public debate is increased by such notions and has heightened accountability also of the political system, away from politicking.

On the other hand old imperfections have also been reinforced in the case of the coronavirus outbreak, like the public administration’s heuristic of assuming input monies – into the health care systems, for instance - as a proxy of government and social attention and a proxy of valuable output and outcome. Such heuristic has once again revealed the rational behaviour assumption on the part of the public and politicians vis-à-vis the health care – and any other - system as simple deterministic machines that mechanically and one-dimensionally turn money into service: input money, output service. To the contrary, the theory of organizational behaviour that underlies Reformulated CSR requires to look in detail at what happens inside organizations because organizational arrangements of public administration can be improved independent of their consumption of money.

On the corporate side, coronavirus is of course an opportunity for companies to devise authentic CSR programs that tackle issues related to the virus. We are seeing new projects, new communication and some of the old ‘it is going to be alright’ rhetoric too.

The coronavirus also brought issues to several other systems of public administration such as the social security, the tax, the public order, and the public procurement system. Let us just recall here that criticism of being ‘bureaucratic’ has been leveled at the inability of the social security system to deliver prompt financial relief to those affected by the lockdown. This represents a case of overt acknowledgement of organizational failure, which is theorized in Reformulated CSR under the value of Implementation. Along these same lines, it is interesting to notice that the virus emergency has required once again the bypassing of ordinary public procurement procedures. Such an event shows the difficulties of administrative law to cope with current social and economic challenges.

On the other hand, may I comment that the public does not associate the notion of bureaucracy with the health care system because popular understanding associates bureaucracy with ‘paper’ and ‘paperwork’. However from a scholarly point of view, the health care system is also a bureaucracy and it did deliver bureaucratic performance, as argued above.

Reformulated CSR is different from Mainstream CSR. Mainstream CSR is about ad hoc programs that corporations ‘do’ to contribute to society. Reformulated CSR is about showing responsibility in the core business of organizations. Reformulated CSR looks at the whole array of countries in the world, with a specific focus on societies remote from the Northern West, and it takes into account stages of organizational development that are typical of the South, including the European

South and LDC's. Within countries, Reformulated CSR looks at the complete spectrum of organizations that are present in the economy, including public administration and the polity. Reformulated CSR is best captured in the words of Herman Dutch Leonard of the Harvard Kennedy School:

Paolo D'Anselmi provides an entirely novel look at the basic ideas of Corporate Social Responsibility – an area that is desperately in need of new perspective. Broadening the concept, he takes the view that all organizations should be accountable for their social responsibility – and then inquires about how this new social accountability can best be constructed for different kinds of organizations. Introducing the concept of “competition” – both within and across industries and sectors – he argues thoughtfully and provocatively that the best way forward is to use the knife of competition to hone the social performance of all organizations. This is the most searching and refreshing reformulation of how to think about CSR to appear in decades.

In my current studies I investigate the underpinnings and the consequences of organizational failure generated by the inappropriate and hidden hypotheses of public law about public administration's organizational behaviour.

END NOTE

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