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CORPORATE SOCIAL (IR)RESPONSIBILITY IN MEDIA AND COMMUNICATION INDUSTRIES MARISOL SANDOVAL

Abstract

Microsoft is the most socially responsible company in the world, followed by Google on rank 2 and The Walt Disney Company on rank 3 – at least according to the perceptions of 47,000 people from 15 countries that participated in a survey conducted by the consultancy firm Reputation Institute. In this paper I take a critical look at Corporate Social Responsibility in media and communication industries. Within the debate on CSR media are often only discussed in regard to their role of raising awareness and enabling public debate about corporate social responsibility. What is missing are theoretical and empirical studies about the corporate social (ir)responsibility of media and communication companies themselves. This paper contributes to overcoming this blind spot. First I systematically describe four different ways of relating profit goals and social goals of media and communication companies. I argue for a dialectical perspective that considers how profit interests and social responsibilities mutually shape each other. Such a perspective can draw on a critical political economy of media and communication. Based on this approach I take a closer look at Microsoft, Google and The Walt Disney Company and show that their actual practices do not correspond to their reputation. This analysis points at flaws in the concept CSR. I argue that despite these limitations CSR still contains a rational element that can however only be realised by going beyond CSR. I therefore suggest a new concept that turns CSR off its head and places it upon its feet.

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Introduction

Microsoft is the most socially responsible company in the world, followed by Google and The Walt Disney Company – at least according to the perceptions of 47,000 people from 15 countries that participated in a survey conducted by the consultancy firm Reputation Institute. Based on the results of this survey the Reputation Institute compiled a ranking of 100 companies with the best CSR reputation worldwide. The top 3 companies in this ranking belong to the media and communication sector: Microsoft (rank 1), Google (rank 2), and The Walt Disney Company (rank 3) (Reputation Institute 2012, 19).

Considering the apparent success of the CSR strategies of leading media and communication companies it is surprising that the corporate social responsibilities of this sector have thus far been neglected as a research topic both in CSR research and in media and communication studies: Within the debate on CSR, media are often only discussed in regard to their role of raising awareness and enabling public debate about corporate social responsibility (Dyck and Zingales 2002, 5; EC 2011, 7; Dickson and Eckman 2008, 726). What is lacking are theoretical and empirical studies about the corporate social (ir)responsibility of media and communication companies themselves.

This paper contributes to overcoming this blind spot. In a first step I discuss possible theoretical approaches to CSR in media and communication companies (section 2). Subsequently I take a closer look at the corporate social (ir)responsibility of the three companies that were ranked to have the best CSR reputation worldwide (section 3). I show that the actual practices of Microsoft, Google and The Walt Disney Company do not correspond to their reputation. In the conclusion (section 4) I therefore highlight the limitations of CSR and suggest an alternative concept.

Theories of CSR in Media and Communication Industries

One of the first theorists of CSR was Howard Bowen who defined the Social Responsibilities of the Businessman (1953) as “the obligations of businessman 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 of our society” (Bowen 1953, 6). The idea that businessmen should serve society instead of only pursuing the interests of shareholders contradicted the dominant economic view according to which the purpose of the corporation is to maximise profits.

In 1962 the influential liberal economist and winner of the Nobel Memorial Prize in Economic Sciences Milton Friedman therefore called CSR a “fundamentally subversive doctrine” (Friedman 1962/1982) and later argued that the only responsibility of corporations is “to make as much money as possible” (Friedman 1970/2009, 75). Today CSR seems much less controversial: In 2011, 95 percent of the 250 largest global companies reported about their CSR activities (KPMG 2011, 7). However, the question remains how CSR theories deal with these two different goals that are ascribed to the corporation. How do theories of CSR relate the traditional corporate goal to maximise profit and the goal to act socially responsible?

A systematic description of different approaches to the relation between the corporate and the social can be based on Wolfgang Hofkirchner’s (2003, 2013) distinction of four possible ways of relating two phenomena with different degrees of
differentiation: reductionism, projectionism, dualism, and dialectics (Hofkirchner 2003, 133). Reductionism reduces the higher differentiated phenomenon to the lower differentiated one. Projectionism in contrast projects the higher degree of differentiation on the lower differentiated side. Dualism separates both phenomena from each other and does not recognise any interrelations. Dialectical thinking on the contrary considers how both sides mutually shape each other.\footnote{Based on this typology reductionist, projectionist and dualist approaches to CSR can be described as follows:}

- Reductionism reduces the social responsibilities of the corporation to a means for advancing profit goals. Acting socially responsible is regarded as a means for avoiding government regulation (e.g. Almeder 1980, 13), for opening up new markets and business opportunities (e.g. Drucker 1984) or for improving corporate image and reputation and creating good relationships with stakeholders (e.g. Jones 1995).

- Projectionism on the contrary projects ethical principles or a social consciousness onto the profit goals of corporations. This approach does not question the profit motive as such but highlights that profit should be generated in a socially responsible way. According to the projectionist view this is possible by subjecting profit generation to the expectations of society (e.g. Frederick 1960; Carroll 1979), equal respect for the interests of all stakeholders (e.g. Freeman 1994), government regulation (e.g. Mcinerney 2007), or democratic control (Scherer and Palazzo 2007).

- Dualism treats economic and social goals of the media as disjunctive and argues that media companies should simultaneously achieve both, being economically successful and acting socially responsible. In a dualist manner the concept of philanthropy for example postpones socially responsible behaviour to a point after profit goals have already been achieved (e.g. Carnegie 1889).

- A dialectical perspective considers mutual interrelations between profit goals and social responsibilities and therefore describes the relation between the corporate and the social as inherently conflictual. This approach puts forward a critique of dominant CSR theories (Corlett 1998, 103; Banerjee 2008, 73; Sklair and Miller 2010; Fleming and Jones 2013, 6). It is based on the insight that profit generation necessarily means exploitation, injustice and inequality. A dialectical approach highlights that understood as voluntary corporate self-regulation, CSR strengthens corporate power rather than limiting it. It therefore stresses that CSR should not be reduced to a managerial question but be discussed on a political level.

In the following I apply this typology to theories of CSR in media and communication industries.

**Reductionism: Social Responsibility as Strategic Advantage**

Reductionist accounts of the social responsibility of the media highlight how social issues can be approached in ways that benefit business interest. In this manner, Anke Trommershausen (2011) tries to show how addressing emerging challenges in the area of communication and culture can be turned into strategic opportunities for companies (Trommershausen 2011, 27). Based on Carsten Winter’s (2006) concept of the TIME (telecommunication, information, media, and entertainment)
industries, she analysed Corporate Social Responsibility in telecommunication, information and media (TIM) companies.

Trommershausen (2011, 30) argues that the particular “social” about the responsibility of TIM(E) companies lies in the realm of communication and culture. She stresses that the challenges related to the emergence of digital network media could be turned into strategic advantages if corporate responsibility strategies focus on the core business of a company (Trommershausen 2011, 181); the challenge of ensuring access would for create potentials for entering new markets (Trommershausen 2011, 171-174); the challenge of changing stakeholder relations would entail the potential of successfully managing stakeholders by individualising relations to stakeholders through digital media (Trommershausen 2011, 174-178); the challenge of enabling the constitution of a public sphere would yield long term strategic potentials if TIM(E) companies ensure a secure and fair access to digital media products and services (Trommershausen 2011, 179-181); the challenge of corporate responsibility management could result in competitive advantages if professional corporate responsibility management and control strategies are established (Trommershausen 2011, 182).

Trommershausen’s approach to CSR in media and communication companies is based on a corporate logic according to which business goals are more important than social responsibilities. She argues that realising competitive advantages requires a strategic approach to CSR “Only that way it becomes possible to exploit strategic potentials and test them with respect to a Return on Corporate Responsibility based on the Business Case” (Trommershausen 2011, 182 translation MS5). The notion of a “Return on Corporate Responsibility” reduces the idea of social responsibility ad absurdum – instead of contributing to the common good, responsible behaviour is supposed to yield a financial return.

Apart from its instrumentality, another limitation of Trommershausen’s approach is its exclusive focus on the media’s responsibilities for communication and culture. She argues that media convergence has lead to the emergence of digital network media, which include hardware such as PCs, notebooks, mobile phones as well as web 2.0 media such as weblog and wikis (Trommershausen 2011, 33). The hardware industry is an example that perfectly illustrates that working conditions and environmental destruction are important issues for the media and communication sector.5 Trommerhausen ignores these issues when arguing that the particular social about the responsibility of TIM(E) companies is their responsibility for communication and culture and thus fails to grasp the whole range of social responsibilities of the media and communication sector.

CSR strategies that are based on such a reductionist approach are likely to be highly selective and will ignore social problems if addressing them contradicts business goals. The main beneficiaries of a reductionist approach to the social responsibility of the media are the owners and shareholders of media corporations.

Projectionism: Ethics in a Commercial Media System

Projectionist approaches are based on the assumption that in order to be socially responsible, media should meet the expectations of society. Following this view responsible media, despite their commercial organisation, need to embody certain moral values. Projectionist approaches become manifest in ethics codes for journalism and the media.
Already in 1956 Siebert, Peterson and Schramm described a social responsibility theory of the press as one of *Four Theories of the Press*, which is based on the assumption that the commercial organisation of media needs to be balanced by a strong ethical awareness. It therefore points at the necessity of establishing ethical codes that ensure that the press works for “the public good” (Siebert, Peterson and Schramm 1956, 76ff).

Early examples of such codes are the code by the American Society of Newspaper Editors (1923) and the recommendations made in the report *A Free and Responsible Press* (1947) by the Commission on the Freedom of the Press, known as the Hutchins Commission. The aim of ethics codes is that the media, despite their commercial organisation, meet their social responsibilities. They “provide working journalists with statements of minimums and perceived ideals” (Elliot-Boyle 1985/1986, 25). These standards specify ideal journalistic behaviour in respect to ethical issues of journalistic practices, which include “freedom, objectivity, truth, honesty, privacy” (Belsey and Chadwick 1994, xiii). Himelboim and Limor argue that journalistic ethics codes are designed to define the role of journalists in society (Himelboim and Limor 2011, 76).

Irrespective of their particular content a main problem regarding voluntary ethics codes is, that they contain guidelines for journalists without sufficiently considering how economic realities hamper the implementation of these guidelines. Market pressures often constrain the work of journalists. McQuail for example points out that codes of ethics provide some normative guidelines, which however cannot always be applied in actual journalistic practices (McQuail 2010, 172). Codes that simply demand from journalists to protect sources, be truthful and fair (Laitila 1995), to ensure integrity truth and, objectivity (Jones C. 1980, 83), or to commit to the public’s right to know (Himelboin and Limor 2011, 82) treat ethical behaviour as an individual responsibility of journalists.

Awareness of journalists for their role in society is certainly important. It is however doubtful that ethical commitments of journalists are enough for achieving a socially responsible media system. Some contributors to the field of media ethics recognise this shortcoming. McManus for example stresses: “Major American journalism ethics codes, however, not only fail to examine the corporate profit motive, most don’t even recognise its existence” (McManus 1997, 13). Similarly Richards highlights: “At a theoretical level, one of the major weaknesses in many analyses of journalism ethics is the failure to accommodate the realities of corporatism” (Richards 2004, 123). The projectionist belief that commercial media can become socially responsible through imposing on them guidelines for ethical behaviour is both individualistic and idealistic and likely to overlook existing economic pressures and necessities. In a commercial media system journalism is a business and media companies that strive for a profit are subject to the forces of competitive markets, which can contradict journalistic ethics.

**Dualism: Commercial Success and Ethical Behaviour**

Dualist approaches to CSR treat economic interests and social responsibilities of the media as separate from each other. Altmmeppen’s (2011) concept of “media social responsibility” exemplifies this approach. It is based on a distinction between journalism and the media. According to Altmmeppen, journalism selects
topics and creates content that can be distributed via the media. In Altmeppen’s view journalism is no business model. It would depend on media organisations that ensure its funding and distribute its products (Altmeppen 2011, 249). Media organisations on the contrary would generate money through the distribution of content, which allows them to pay for journalism and the production of media content (Altmeppen 2011, 249).

According to Altmeppen (2011, 257-259) the responsibility of journalism is related to its societal role, which would consist in the production of socially important information. The main social responsibility of media companies would on the contrary lie in providing the necessary resources for journalistic production. Treating media and journalism as structurally and functionally different entities establishes a dualism between economic goals and social responsibility: Media generate profit, journalism is ethical.

The analytical distinction between journalism and media for identifying social responsibilities is questionable. In fact both are operating together, journalistic production requires financial resources, and media organisations cannot make money without journalism. Neither of the two is able to operate without the other, which creates strong mutual dependencies. A dualism between content (journalism) and organisational form (media) that assumes that media is a business model while journalism is not, runs danger of regarding journalism as independent from market pressures. Furthermore Altmeppen’s claim that journalism would be no business model is questionable. He himself argues that “media ‘pay’ a ‘price’ to journalism for its creation of informative, topical content” (Atmeppen 2011, 258 translation MS£). This shows that the business model of journalism is selling media content to media companies. Media companies receive money from advertising clients. Those who pay for journalism in fact are advertisers. What Altmeppen conceptualises as media is just the administrative intermediary that organises the sale of advertisements. It is exactly this double role of media content companies as at the same time both profit-oriented economic entities and providers of media content, which challenges the media’s ability to meet its social responsibilities. An approach that is based on a distinction between media and journalism misses this double role and resulting challenges.

**Dialectics: The Social Irresponsibility of Commercial Media**

Dialectical approaches stress that economic goals and social responsibilities of the media mutually shape each other. From this perspective economic success and profitability of media companies have consequences that impair their social responsibility. At the same time socially responsible media that resist commercial mechanisms and market pressures are likely to suffer from a lack of resources and visibility.

Streams of media studies that – without referring to the notion of CSR – have always stressed the importance of considering interrelatiions between the economic organisation of media and their social and cultural roles and responsibilities are critical theory and political economy of media and communication.

Already Karl Marx pointed out that the press has the important social role of serving as a public watchdog. According to Marx the press should be “the public watchdog, the tireless denouncer of those in power, the omnipresent eye, the
omnipresent mouthpiece of the people’s spirit that jealously guards its freedom” (Marx 1849/1959, 231). He at the same time recognised that in order to fulfil its important social role, the press needs to be organised in a non-commercial way: “The primary freedom of the press lies in not being a trade” (Marx 1842/1976, 71).

Following Marxian thinking, critical political economy of media and communication departs from the insight that media have a double role in society: they on the one hand are profit oriented corporations and on the other hand have certain special social and cultural responsibilities. Murdock and Golding point out “that the mass media are first and foremost industrial and commercial organisations which produce and distribute commodities” (Murdock and Golding 1997, 3ff). However, they at the same time stress that media production also has an important ideological role, “which gives it its importance and centrality and which requires an approach in terms not only of economics but also of politics” (Murdock and Golding 1997, 4ff). Similarly Oscar Gandy stresses: “The media are seen to have an economic as well as an ideologic dimension” (Gandy 1997, 100).

Based on this recognition of the double role of media and communication, critical political economy highlights that understanding the media’s effects in society requires studying them within the wider context of capitalism. Mosco argues that critical political economy decentres the media: “Decentering the media means viewing systems of communication as integral to fundamental economic, political, and other material constituents” (Mosco 2009, 66). Herman and McChesney point at the necessity of considering global capitalism for understanding the social role of the media (Herman and McChesney 1997, 10). Similarly Garnham emphasised that understanding the capitalist mode of production is essential for the study of cultural practices (Garnham 1998, 611). Knoche points out that analysing the relationship between media and capitalism is among the basic questions of a critical political economy of culture (Knoche 2002, 105).

These statements illustrate that studying interrelations between the economic dimensions of media and communication on the one hand, and their social and cultural responsibilities on the other hand is at the heart of a critical political economy of the media. Based on this orientation critical political economists highlight how economic mechanisms and pressures that are at play in a commercial media system, impair the ability of media to meet their social responsibilities: They (a) show how generating private profit based on media and communication requires the exploitation of media producers, audiences and prosumers (Garnham 1986/2006, 224; Smythe 1977/1997, 440; Fuchs 2011a, 2010). Critical approaches to the role of media in society (b) highlight that producing media as commodities leads to the subsumption of culture under market principles and commercial pressures, which fosters uniformity, conformism (Horkheimer and Adorno 1947/1997) and ideological media content (Herman and Chomsky 1988; Schiller 1997; McChesney 2004). A critical political economy perspective (c) shows that the circulation of media and communication products as commodities has as a consequence that access to these goods is restricted. A commercial media system turns media into “a source of private profit rather then […] to provide information widely and cheaply to all” (Garnham 1983, 19ff). The fact that in a corporate media system media access becomes structured by income, fetters the empowering potential of media and communication (Murdock and Golding 2002, 124), and threatens the democratic process (Schiller and Schiller 1988, 154).
Based on this brief overview over the research field of critical political economy of communication, one can conclude that a dialectical perspective on the social responsibilities of the media emphasises that business interests of media companies tend to undermine the creation of a socially responsible media system: In order to be economically successful, corporate media need to produce media and communication products as commodities that are based on the exploitation of labour power of employees and/or media users; need to produce media content that meets the preferences of the majority and that creates advertising friendly climate; and need to enforce the exclusion from media and communication products in order to be able to accumulate profit. Commercial media are thus creating a media culture that is based on exploitation, conformity and exclusion.

The ideas advanced by dialectical approaches to the social responsibility of the media are embodied in the concept of public service broadcasting as an alternative to the commercial media model. The idea of public broadcasting is based on the insight that in order to be able to serve the public interest, broadcasting needs to be freed from market pressures and the need to be financially successful (Seaton 2003, 112ff; McQuail 2010, 178). However, since the 1980s the deregulation of media markets has increasingly put public broadcasting under pressure (McChesney 1997; Murdock and Golding 1999, 125). Public broadcasting stations in Europe today have to compete with numerous private radio and television companies and are thus no longer free from market pressures.

With the decline of the public service broadcasting model the success of the commercial media becomes complete. The question of how commercial mechanisms affect the social responsibilities of the media in their everyday operations and which consequences this has for media and communication in the 21st century thus becomes ever more pressing.

**Corporate Social (Ir)responsibility in Media and Communication Companies**

I began this chapter with a reference to the CSR reputation ranking complied by the Reputation Institute, according to which Microsoft, Google and The Walt Disney Company are the three companies with the best CSR reputation worldwide. In the previous section I argued that in order to assess corporate social (ir)responsibilities it is necessary to consider interrelations between a company’s economic goals and its social responsibility. Based on such a dialectical perspective on CSR I will in the following discuss in how far the actual practices of these companies correspond to their reputation.

**Microsoft – Knowledge Monopoly?**

People around the globe are using Microsoft’s proprietary software: In September 2011 the operating system MS Windows had a worldwide market share of 86.57 percent. Given this dominant market position, it is not surprising that Microsoft is economically highly successful: In 2011 it was the largest software company and the 42nd largest company in the world. In the financial year 2012 Microsoft’s net profits were almost 17 billion USD, its revenues amounted to 73.7 billion USD and its total assets were 121.2 billion USD (Microsoft SEC-Filings, 10-k form 2012).
Microsoft is however not only an economically successful company, but also committed to CSR. Since 2003 the company published nine CSR reports. In its most recent Citizenship report Microsoft highlights, “Our citizenship mission is to serve globally the needs of communities and fulfil our responsibility to the public” (Microsoft 2013, 2).

Despite this commitment to CSR, Microsoft has been strongly criticised for its business practices. In the late 1990 the company was criminally convicted both in the United States and in Europe for maintaining “its monopoly power by anti-competitive means.”

Apart from these violations of anti-trust laws, critics highlight that even on a more basic level Microsoft’s business model is socially irresponsible. Microsoft’s business success is based on proprietary software and thus on software patents: Until September 2011 Microsoft had registered 22,501 patents at the U.S. Patent and Trademark Office.

Civil society initiatives such as the “Free Software Foundation’s End Software Patents” in the United States and “No Software Patents” in Europe highlight that software patents are problematic in several respects: Their main arguments against software patents include that software patents create advantages for large corporations and lead to monopolisation; hinder innovation; privatise and restrict access to knowledge; threaten the freedom of information; create artificial scarcity and that software consists of mathematical formulas and abstract ideas, which are not patentable. Open Source Watch stresses that “For many in the open source community, the company [Microsoft] represents all that is troubling about closed source software development” (OSS Watch 2011).

Microsoft is aware of the fact that patents are a fetter to creativity and innovation. Bill Gates in 1991 stressed that patents hamper technological innovation: “If people had understood how patents would be granted when most of today’s ideas were invented, and had taken out patents, the industry would be at a complete standstill today” (Gates 1991). Microsoft’s business practices thus deprive society from the best possible software. Making all software source codes publicly available would allow other programmers to further adapt, develop, and improve software. Collectively, the chances are higher that software is developed that matches the various needs of individuals and society.

Microsoft, through patenting software and requiring users to purchase a license in order to be allowed to use it, makes software scarce. This creates access barriers and thus fosters digital exclusion. In its CSR communication Microsoft highlights that the digital divide hampers the realisation of the full potentials of technology: “Technology is a potent force that can empower millions of people to reach their goals and realise their dreams – but for many people around the world, the Digital Divide keeps that power out of reach” (Microsoft 2003, 23). Microsoft repeatedly made a “comprehensive commitment to digital inclusion, and to help address inequities” (Microsoft 2004, 48). For that purpose Microsoft initiated programs that are intended to confront the digital divide, such as the Unlimited Potential (UP) program in which Microsoft makes donations to community centres libraries and schools in third world countries (Microsoft 2003, 23); the Partners in Learning programme, which for example consist in equipping school PCs with the Windows operating system (Microsoft 2003, 23ff), and most recently the Microsoft YouthSpark
Initiative that aims at “helping the next generation use technology to make a real impact for a better tomorrow” (Microsoft 2013, 1).

These programs do not change the fact that proprietary software as such hampers access to software and fosters exclusion. Quite on the contrary the company’s programmes rather strengthen the dependence on Microsoft products. Students acquire the skills for using Microsoft’s software, instead of being trained on how to use available open source alternatives. These initiatives thus help Microsoft in establishing new markets for its proprietary software. Microsoft’s supposed attempt to reduce digital inequality further promotes it.

Microsoft’s business interests conflict with the common good: Instead of allowing the collective capacities of the human intellect to develop the best possible software for society and making it universally accessible. Microsoft – the company with the worldwide best CSR reputation – patents software and monopolises access to knowledge in order to create the highest possible profits for the company.

Google – Evil Spy?

Google controls 84.77 percent of the global search engine market. According to the Alexa Top Sites Ranking Google.com is the most frequently accessed website on the Internet. The company’s profits between 2001 and 2010 on average grew by 103 percent each year and reached 8.5 billion USD in 2010 (Google SEC-Filings, 10-k forms 2004-2010). This income is almost entirely based on advertising: In 2010 Google’s revenues were 29.3 billion USD, 96 percent of which was generated through advertisements (Google SEC-Filings, 10-k form 2010).

Users can access all of Google’s services free of charge. While using these services users produce a huge amount of information. This data ranges from demographic user information, to technical data and usage statistics, to search queries and even the content of emails. Google turns this data into a commodity in order to generate profit: Instead of selling its services as a commodity to users, its business model consists in selling user data as a commodity to advertisers.

Google considers this business model as socially responsible. Its famous corporate credo is “You can make money without being evil.” The company describes its business model as beneficial for both advertisers and users. Advertisers would benefit from personalised marketing opportunities while users would receive relevant ads: “We give advertisers the opportunity to place clearly marked ads alongside our search results. We strive to help people find ads that are relevant and useful, just like our results.”

However, critics highlight that Google’s business model is more problematic than this description suggests. Scholars (e.g. Tene 2008; Fuchs 2010; Fuchs 2011b; Vaidhyanathan 2011) as well as corporate watchdogs (GoogleWatch.com; Privacy International 2007; Google Monitor 2011) highlight that Google’s business model of selling user data to advertisers constitutes a fundamental invasion of user privacy. Google Monitor for example stressed: “Google’s targeted advertising business model is no ‘privacy by design’ and no ‘privacy by default’” (Google Monitor 2011). Likewise Vaidhyanathan argues that Google’s privacy policy is “pretty much a lack-of-privacy policy” (Vaidhyanathan 2011, 84) and Maurer et al. stress that “Google is massively invading privacy” (Maurer et al. 2007, 5).
These critics show that the commodification of user data entails the threat of surveillance and invades the rights of Internet users. The use of user data for advertising purposes requires the creation of databases that contain huge amounts of information about each Google user and to make information about individuals available to private companies. The information stored in databases can be combined in different ways in order to identify different consumer groups that might be susceptible to certain products. For Internet users it becomes impossible to determine, which of their data is stored in which databases and to whom it is accessible. The fact that this information is available could at some point in the future have negative effects for an individual user. The available data could for example support discriminatory practices (Gandy 1993, 2) by allowing to identify which individuals have a certain sexual orientation or political opinion or suffer from a certain disease.

An example that illustrates how widespread the use of information stored in Google’s databases can be and how difficult it is for users to maintain control over their personal information is the so-called Prism programme of the US National Security Agency (NSA). In 2013 documents were revealed that show that the NSA can access the systems of Google and other Internet companies such as Facebook and collect and store a variety of data about Internet users including search histories, content of emails, or live chats. Google officially refutes these allegations, even though US President Barack Obama confirmed the existence of the surveillance scheme.

Furthermore extensive advertising does contribute to the commercialisation of the Internet. As a consequence of an advertising-based business model, which characterises not only Google, but most web 2.0 companies (Sandoval 2012), users are permanently confronted and annoyed with ads for consumer goods and services. Google’s philosophy is based on the principle of not being evil. The inventor of this famous motto, Paul Buchheit stressed in an interview that this slogan was intended to demarcate Google from its competitors which “were kind of exploiting the users to some extent” (Buchheit 2008, 170). However, Google’s business model is also based on the exploitation of users (Fuchs 2010, 2011b) as it turns data, which Google users produce while using their services, into its property that is then sold as a commodity to advertisers.

Google provides services that are highly valued by most Internet users. However, if they want to use these services they have no other choice than consenting to Google’s terms of services and the usage of their data for advertising purposes. This gives Google a high amount of power over deciding about how user data are used and to whom they are made available. The free accessibility of Google’s services thus comes at high costs: the renunciation of the right to determine the use of personal information.

Google’s history of tax avoidance further shows that in the end the company’s profit interest outweigh its commitment to do business that benefits society and is not evil: A report published by the UK Public Accounts Committee (PAC) revealed that between 2006 and 2011 Google’s revenue based on UK operations amounted to 18 billion USD, while during that period the company only paid 16 million USD in UK corporation tax (PAC 2013, 5). By avoiding taxes Google fails to fulfil one of its basic responsibilities to society.
The Walt Disney Company – Nightmare Factory?

In 2011 The Walt Disney Company was ranked number 141 in Forbes list of the 2000 biggest corporations worldwide. Between 2000 and 2010 Disney’s profits on average grew by 15 percent each year (Disney SEC-Filings, 10-k forms 2000-2010). In 2012 Disney’s total revenues amounted to 42.3 billion USD, which consist of income from media networks (46 percent), parks and resorts (30.5 percent), studio entertainment (13.8 percent), consumers products (7.7 percent) and interactive services (2 percent) (The Walt Disney Company SEC-Filings, 10-k form 2012). These data show that the media content business still makes up the largest part of Disney’s revenues. However, 38.2 percent of the revenues from the Walt Disney Company are derived from theme parks and consumer products. The Walt Disney Company in its CSR communication prides itself of being “the world’s largest licensor” of manufactured goods (The Walt Disney Company 2008, 5; The Walt Disney Company 2010, 5).

Disney has developed a strategy to exploit the popularity of its movie characters through Disney theme parks, Disney books, Disney toys, Disney furniture, Disney clothes, etc. Disney brought the strategy of cross-promotion to perfection. Janet Wasko in her book Understanding Disney (2001) states: “Indeed, the Disney company has developed the strategy so well that it represents the quintessential example of synergy in the media/entertainment industry. ‘Disney synergy’ is the phrase typically used to describe the ultimate in cross-promotional activities” (Wasko 2001, 71).

In its 2012 Citizenship Targets Disney states that it wants to “act and create in an ethical manner and consider the consequences of our decisions on people and the planet” (The Walt Disney Company 2013, 2). Disney presents itself as a socially responsible company, also in respect to working conditions in its supply chain: In its 2008 CSR report the company for example stressed: “We strive to foster safe, inclusive and respectful workplaces wherever we do business and wherever our products are made” (The Walt Disney Company 2008, 11).

However, during the last 15 years NGOs have continuously criticised Walt Disney for violating labour laws and its own Code of Conduct. In 1996, the National Labor Committee (NLC) revealed violations of labour laws and human rights in Haitian supplier factories of North-American companies such as Walt Disney and Wal-Mart. In a factory licensed by Disney, workers producing “Mickey Mouse” and “Pocahontas” pyjamas were paid only 12 cents per hour, which was far below the legal minimum (NLC 1996). After these conditions in Disney’s Haiti-based supplier factories became public, Disney not only adapted its Code of Conduct for Suppliers and established the International Labor Standards (ILS) Program, but also relocated its production to China (China Labour Watch 2010a, 6), where violations of human rights and labour standards continued to exist.

During the last years labour rights activists have documented a large number of corporate wrongdoings regarding working conditions in Disney’s supplier companies. Criticism was voiced by several watchdog organisations such as China Labour Watch, Student and Scholars Against Corporate Misbehaviour and Students Disney Watch. These organisations report about sweatshop-like working conditions in Disney’s supplier factories. The problems detected based on interviews with workers relate to:
• Non-compliance with minimum wage regulations (SACOM 2005, 14-19; SACOM 2006, 11-13; China Labour Watch 2010a);
• Excessive and compulsory overtime work (SACOM and NLC 2005, 7; SACOM 2010a; Students Disney Watch 2009, 1f);
• Poor living conditions in factory dormitories (SACOM 2006, 16), high work pressure (SACOM and NLC 2005, 11);
• Unsafe working environments, chemical hazards or high level of dust or noise without protection equipment (SACOM 2005, 6-13; China Labour Watch 2009, 2; Students Disney Watch 2009, 1f);
• No or only insufficient labour contracts (SACOM 2006, 10; Students Disney Watch 2009, 1f) and denial of health or pension insurance (SACOM and NLC 2005, 14);
• In some of Disney’s supplier factories even child labour was detected (China Labour Watch 2009, 3; China Labour Watch 2010b 11, 19).

The Disney brand is famous for creating exciting worlds of happiness – unfortunately for thousands of factory workers the reality cannot live up to this fantasy. Students Disney Watch states: “Disney strives very hard to create a theme park and culture featured with fantasy and happiness. Nevertheless, Disney does not have any interest in the well-beings of the workers who produce Mickey Mouse in the sweatshops” (Students Disney Watch 2009, 2).

Workers in Disney’s supplier factories are producing toys, books, clothes, and furniture. These merchandising products for Disney’s children’s program, family movies, TV shows, and series symbolise a world of fun, joy, fantasy, and happy endings. It is sad irony that the day-to-day working reality of the mostly young workers in Disney’s factories is opposed to joyful fantasy worlds Disney creates in its TV and film productions.

Conclusion

The examples described in the previous section illustrate the limitations of CSR: Despite the fact that the companies discussed here have a good CSR reputation; their actual practices are socially irresponsible. Their profit interests make socially responsible behaviour impossible: Microsoft’s profits depend on software patents, which turn knowledge into a scarce good and thus contradict the possibility of establishing open and accessible knowledge resources. Google needs to commodify user data in order to generate profit and thus contributes to the commercialisation of the Internet and the surveillance and exploitation of Internet users. The extreme exploitation of workers in the supply chain of the Walt Disney Company ensures to keep production costs low and profit margins high.

The debate on CSR largely focuses on voluntary corporate self-regulation. CSR often serves as an argument for legitimising neoliberal deregulation and privatisation: corporations are supposed to voluntarily adopt responsible behaviour rather than being obliged to it by law. The examples discussed here however reveal a fundamental contradiction between corporate interests in profit maximisation on the one hand and socially responsible conduct on the other hand. It is unlikely that corporations will voluntarily refrain from irresponsible behaviour if this undermines their profit interests. This therefore points at the limits of voluntary CSR. The idea of voluntary corporate self-regulation is deeply flawed: it strengthens rather than limits corporate power, it depoliticises the quest for a responsible economy,
and it ideologically mask how corporate interests, competition and power structures are related to irresponsible conduct.

Nevertheless the increased quest for CSR shows that there is a desire within society for an economy that is socially responsible. Largely constrained by the premise that corporate conduct can be rendered socially responsible through voluntary self-regulation, it however fails to realise this goal. Establishing a socially responsible media and communication system requires going beyond CSR. For that purpose one can employ a technique that Marx suggested for discovering the “rational kernel” in Hegel’s idealist understanding of dialectics. Marx argued that Hegel’s dialectics “is standing on its head. It must be inverted, in order to discover the rational kernel within the mystical shell” (Marx 1867/1990, 103). The same holds true for CSR. In order to discover its “rational kernel” within the “mystical shell,” CSR must be turned from its head to its feet – turned from its head to its feet, Corporate Social Responsibility (CSR) turns into the Responsibility to Socialise Corporations (RSC).

RSC is the logical continuation of a dialectical approach to CSR that considers conflicts between the profit motive and social responsibility: in order to become truly social, capitalist corporations need to be socialised, so that private wealth turns into common wealth. Socialising the media means to replace the privately controlled commercial media system with a socially controlled non-commercial media system.

Rather than relying on corporate self-regulation, RSC points at the need to expand democratic social control over corporate conduct and to restrict corporate power. This can be achieved through government regulation on the one hand and pressure form civil society groups on the other hand. As the discussion of Microsoft’s, Google’s and Disney’s corporate social irresponsibilities illustrates, corporate watchdogs play an important role in exposing corporate misconduct that reveals the failure of corporations to live up to their own codes of conducts, CSR policies and promises of self-regulation. RSC furthermore points at the need to strengthen non-commercial alternatives in the media and communication system. Only freed from the need to accumulate and to maximise private profits, media and communication can realise their full potentials and contribute to the common good. This requires political reforms that improve the structural conditions for establishing alternative media projects and that foster the transformation from a commercial towards a commons based media and communication system.

Notes:
1. France, Germany, Italy, Russia, Spain, United Kingdom, Australia, China, India, Japan, South Korea, United States, Canada, Brazil and Mexico Source: Reputation Institute. 2012. CSR is Not Dead, It is just Mismanaged. Retrieved from http://www.reputationinstitute.com/thought-leadership/csr-reptrak-100/thought-leadership/2012-corporate-social-responsibility on February 14, 2013.
3. In regard to profit goals and social goals of media companies, the former can be considered as the lower and the latter as the higher differentiated phenomenon: Profit is a goal of a single corporation within the economic sub-system of society. Caring for social issues on the contrary means contributing to the functioning of society as a whole and not just to the success of one of its parts. Doing social good and contributing to the well-being of society can thus be described as a more complex and higher differentiated goal than generating profit and contributing to the well-being of the corporation.

5. The European project makeITfair for example has shown in numerous reports that on the one hand unacceptable working conditions exists in the supply chain of media hardware companies and that on the other hand the improper disposal of electronic products creates fundamental threats for human health and the environment. See: http://makeitfair.org/en?set_language=en


8. Translation: Marxists.org: http://www.mlwerke.de/me/me01/me01_066.htm accessed on March 5, 2011.


References:


