THE RHETORIC OF

BUSINESS SOCIAL RESPONSIBILITY

IN NEW ZEALAND

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Robyn Jane Walker

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23 September 2003

CANDIDATE'S DECLARATION

This is to certify that the research carried out for the Doctoral thesis entitled *The Rhetoric of Business Social Responsibility in New Zealand* in the Department of Communication and Journalism at Massey University, New Zealand is my own work and that thesis material has not been used in part or in whole for any other qualification.

Candidate's Name: Robyn Jane WALKER

Signature:

Date: 23 September 2003

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Supervisor's Name: Su OLSSON

Signature: *S. C. Olsson*

Date: 23 September 2003

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ABSTRACT

This thesis focuses on how business social responsibility is constituted and enacted in New Zealand. It comprises a case study of Hubbard Foods Limited, using rhetorical analysis to examine the business texts related to the company, many of which are produced by and about owner-manager Dick Hubbard, a key exponent of business social responsibility.

Three distinctive approaches to rhetorical analysis are used in this study: role analysis, dramatism and cultural analysis. Role analysis examines how business social responsibility is constituted through the central communication tool of Hubbard Foods Limited, *Clipboard*. Application of Beason's (1991) framework enables exploration of how Hubbard attempts to persuade others, through the written text, of his own credibility and his vision of business social responsibility. Dramatistic analysis (Burke, 1969a) examines text as drama, focusing on a company event – a staff trip from New Zealand to Samoa. Analysis of the drama reveals how staff members are cast as co-actors engaging in a public enactment of business social responsibility. Cultural analysis is used to compare and contrast the narratives of Dick Hubbard and counter agent Roger Kerr, Executive Director of the New Zealand Business Roundtable. Points of compatibility between Hubbard and Kerr are apparent in both the basic assumptions upon which their positions are founded and in the images and archetypes they draw upon to legitimise their claims about business social responsibility. In particular, analysis reveals that both actors draw upon religious imagery.

Rhetorical analysis of Hubbard Foods Limited business text extends current conceptions of business social responsibility in a number of ways. The findings suggest a blurring of the business and society distinction, as Hubbard's rhetoric constitutes business as part of society. Analysis of textual strategies reveal aspects of the transactive process associated with business social responsibility, highlighting the importance of managers' personal moral engagement with the implications and consequences of their business decisions, thus challenging contemporary tendencies to objectify social responsibility. The case study of Hubbard Foods Limited serves to draw attention to the centrality of trust to conceptions of business social responsibility and to the way Hubbard humanises the idea.

The thesis proposes a 'definition' of business social responsibility in New Zealand whereby it is characterized as a process of negotiation that accommodates inconsistencies and contradictions. It identifies implications of this finding for managers and for business and society research. Finally, it urges business and society researchers to acknowledge the value of interpretive approaches to complement and enrich the current scholarship.

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CHAPTER ONE: SCOPE OF THE RESEARCH

This thesis examines business social responsibility as it is associated with a New Zealand company, Hubbard Foods Limited.

1.1   BACKGROUND

Business ethics and business social responsibility share something in common with reality TV, military intelligence and marketing theory. All have come in for similar flak and been lampooned as [oxy]moronic.

New Zealand of the 1980s and 1990s certainly presented a number of cases of business irresponsibility and unethical management practice. New Zealanders experienced the deregulation of the economy in the wake of the 1984 election of a reformist Labour government. They weathered the financial crash of 1987 and were, by 1990, beginning to suppose that the lack of trust, previously reserved for secondhand car dealers and politicians, could now be extended to the entire business community.

Memories were still strong among the public, particularly among small investors, of both the optimism that had preceded the collapse of many finance and property ventures, and of the cynical exploitation of the deregulated system by a few people. Those who had sunk their life savings into now collapsed companies were disillusioned with business's inability to self-monitor. Freedom from regulation so business could prosper seemed to have been all too often interpreted as freedom to engage in illegal activity if it could lead to financial gain.

Parallels were easily drawn between the corporate excesses of New Zealand in the 1980s, exemplified in the management of some 'high-flyer' companies, and the behaviour of the US 'robber-barons' of the late 19th and early 20th centuries. For example, by 1996 Graeme Thompson, the Managing Director of Fortex and one-time exporter of the year, had been convicted on 12 counts of fraud and imprisoned (Corbett, 1996; MacFie, 1996). Thompson was renowned for his innovative practices in the meat freezing industry, for his public relations hype and, later, for his

accounting practices. In 1989 the registrar of companies attempted to have the CEO of Pacer-Kerridge, David Phillips, banned from running a company (Dey, 1995). Although acquitted of fraud charges, Phillips was eventually imprisoned for charges relating to his dealings as an undischarged bankrupt. Ray Smith, boss of GoldCorp, was in 1993 serving a prison term having been "convicted on 15 of 30 charges laid under the Insolvency Act and the Companies Act" (Riordan, 1993, p. 5). Allan Hawkins, CEO of Equiticorp, was imprisoned in 1992 after being found "guilty on seven charges involving $87.99 million"; these crimes were committed during the 1980s (McManus, 1995, p. 14). When asked to consider what social group was proportionately most strongly represented in New Zealand prisons in the mid-1990s, people joked that it was not the notorious gangs that came to mind but, rather, the select New Zealand Business Roundtable, a group advocating free market economics.

Associated with economic reform was an increase in bankruptcies (the rate doubling between 1987 and 1988), rising unemployment (Crocombe, Enright & Porter, 1991) and the associated burden on a shrinking social welfare system (Kelsey, 1993).

One might imagine that this was hardly a time to go into business, in the wake of a major financial crash and in the midst of a recession. But into this environment walked Dick Hubbard, a man who came to exemplify the old-fashioned virtues of a 'mum and dad' family enterprise. In 1988 Hubbard and fellow entrepreneur Ed Franken set up as breakfast cereal processors in South Auckland under the company name Winner Foods. After a difficult start-up phase, and with the business on the verge of financial collapse, Hubbard acquired Franken's stake in the business. In partnership with his wife Diana, Dick Hubbard set out to revive the business as Hubbard Foods Limited. Although the early days were rocky, as the firm teetered on the brink of insolvency, eventually hard work, staff commitment, and some innovative management practices enabled Hubbard to develop the organisation into the thriving business it is today. That, at least, is how company legend has it, and it is a story that is widely known and recounted in New Zealand domestic, business and academic spheres.

1.2   HUBBARD AND BUSINESS SOCIAL RESPONSIBILITY

Why should the New Zealand public be interested in the history of a medium-sized, private, cereal manufacturing company? Simply put, Dick Hubbard and his business philosophy captured their attention. Hubbard quickly became a household name associated, almost synonymous, with both Hubbard Foods Limited and a notion he refers to as 'business social responsibility'. Hubbard, with compatriot and fellow businessperson Stephen Tindall of the publicly listed *Warehouse* group, became a standard bearer in the New Zealand business social responsibility 'movement'. He has come to epitomise, for New Zealanders, what the concept of business social responsibility means in practice.

Hubbard's association with the concept of business social responsibility has been communicated through a number of channels: newsletters addressed to customers, speeches delivered to business and social groups, events his company sponsors such as the Concerts for Kids and the Outward Bound outdoor pursuits centre, and the media coverage these receive. More recently Hubbard has participated in mentoring programmes, some of which were captured in the television series *Trouble Shooters,* adding to his reputation as a business person who cares. Much of Dick Hubbard's personal renown has come from his apparent eagerness to challenge conventional 'big business' views on social responsibility espoused by members of the influential Business Roundtable and to defend and promote his 'alternative' way of doing business.

The difficulty of defining the abstraction of social responsibility, combined with a sense that people passionately adhere to a particular view of it, led me to consider how the public imagination could be captured by the idea. Thus, although my inquiry began as a simple case study to establish how management in one company exercised social responsibility, I became increasingly intrigued by how the concept of business social responsibility was represented in the New Zealand context. In particular, I was interested in how Dick Hubbard managed to excite the imagination of the media and the public so that many were attracted to his business philosophy, to his speeches, and to his product. Encouraged by recent calls for alternative approaches to business social responsibility and business ethics inquiry (Crane, 1999), my focus moved toward exploring persuasive strategies through rhetorical analysis.

This case study of Hubbard Foods Limited uses different critical perspectives to analyse the data in an attempt to convey the richness and better comprehend the complex phenomenon of business social responsibility. Intellectually the thesis draws upon the broad areas of general management theory and rhetorical theory, the two fields coalescing around the notion of business social responsibility. So there are two literatures: one relating to business social responsibility, and the other relating to rhetoric and rhetorical theory.

1.3   RESEARCH QUESTION

The question driving this study is:

How does rhetorical analysis help us understand how business social responsibility is constituted and enacted in a New Zealand business?

There are three related objectives:

1. to explore the way business social responsibility is represented in New Zealand;
2. to supplement the theoretical debate into social responsibility in business and, more generally, social issues in business, through applying rhetorical analysis; and
3. to add to the body of interpretive studies of organisational phenomena.

1.4   STRUCTURE OF THE THESIS

The thesis is structured along the following lines:

Chapter Two looks at the historical ideas about the role of business in society, and directs attention to business social responsibility through ideas of business ownership rights and obligations. The chapter is largely dependent on the established literature on *corporate* social responsibility, referring to public companies where ownership is more widely distributed, complex and 'fluid' than in privately held enterprises such as Hubbard Foods Limited. The academic literature largely relates to the United States and United Kingdom understandings of the business social responsibility concept but I raise the major issues and introduce relevant New Zealand studies which relate to business ethics or social responsibility. Issues of business social responsibility give rise to examination of stakeholderism, the notion that a variety of groups are affected by a company, have a stake in its well-being and need to be considered alongside the shareholders. I conclude this chapter by presenting a

construct that contributes to recent developments within the business social responsibility field, corporate citizenship.

Chapter Three focuses on rhetorical analysis, the method I will later use to scrutinise the texts through which Hubbard conveys his distinctive notion of business social responsibility. This chapter incorporates a brief historical overview of developments in the field of rhetoric, a section I include as background for those I anticipate to be my first and primary audience: management scholars. Rhetorical analysis, I argue, is an apposite approach for this study of business social responsibility in New Zealand. Not only is it an alternative, interpretive approach, but rhetoric has also long been associated with ethics.

Chapter Four sets down the research design. In addressing methodological issues underlying this business social responsibility case study, I outline the features of the case study as a distinctive framework for investigation. Finally, I introduce the specific critical perspectives I will apply: role criticism, dramatism, and cultural criticism.

In Chapter Five I formally introduce Hubbard Foods Limited and its owner-manager Dick Hubbard. I also familiarise the reader with *Clipboard*, the newsletter that serves to convey the general business philosophy of Dick Hubbard and is, thereby, a major vehicle for his message of business social responsibility.

Chapter Six analyses Hubbard's business text. I use Beason's (1991) framework, a form of role criticism, as a basis for rhetorical analysis of the persuasive appeal of the *Clipboard*. Through an analysis of Hubbard's rhetorical strategies, I demonstrate how he establishes a sense of stakeholder dialogue and trust and how he conveys a distinctive impression of his understanding of business social responsibility and attempts to gain the confidence of the reader.

Chapter Seven employs a different method of rhetorical analysis, dramatism. Attention in this chapter is centered on a symbolic act of social responsibility – a company event that occurred in 1998 when the staff of Hubbard Foods Limited went on a picnic to Samoa. Burke's (1969a) dramatistic pentad facilitates an analysis of the

picnic in terms of act, scene, agent, agency and purpose. Here I attempt to come to an understanding of what might have motivated such a display of goodwill.

In Chapter Eight the attention moves to a public debate between two players: Dick Hubbard and Roger Kerr. In their respective official capacities as Managing Director of Hubbard Foods Limited and Executive Director of the New Zealand Business Roundtable (NZBR) the two engaged in an ongoing exchange about the meaning and value of business social responsibility. The analysis uses the perspective of cultural criticism within a narrative frame. It highlights the visions of business social responsibility held by each of the main characters and some of the rhetorical strategies employed in their debate.

Chapter Nine combines discussion and conclusions, reflecting on the research question and drawing together major themes from the study. Among the concluding comments is a definition of business social responsibility in New Zealand.

CHAPTER TWO: BUSINESS SOCIAL RESPONSIBILITY

2.1 INTRODUCTION

Ideas about business's relationship with society run the gamut from a dichotomy between the two (Friedman, [1970] 1995; Wicks, 1996; Wood, 1996) through to claims for the necessity of viewing business and society as inextricably connected (Frederick, Post & Davis, 1992). These positions are reflected in explorations of the founding assumptions of the business and society field of study (Buchholz & Rosenthal, 1997) and in discussions on whether, for example, we should consider it business *and* society, or business *in* society (Carroll, 1994). In these discussions academics and the wider public question whether business is an institution that exists at the behest of society; the extent to which the existence of business 'gives value' to society through providing employment as well as goods and services; and the extent to which business can be considered an anti-social, destructive institution characterised by short-term perspectives, self-serving management and a generally irresponsible stance towards society.

Not surprisingly, in this ferment of opposed but genuinely-held beliefs about the nature of business, research carried out on the moral dimension of business enterprise still shows fundamental disagreement about what it means to be a 'good' business. Descriptions are often couched in terms of either 'pro' or 'anti' business postures, the former presenting a case for 'good' business equating with profitable business, the latter claiming that, to be a 'good' business, an organisation should be providing much more benefit to society than merely products and services, employment and financial returns. Indeed, there are accounts of successful business enterprises that apparently gain success from embracing ethical practice – 'doing well by doing good'. The growing ethical investment movement, the promotion of cause-related marketing, triple bottom line reporting and the current interest in sustainable business are all examples of business responses to perceived social demands.

The chapter begins with a brief retrospective account, focusing mainly on the

development of British and North American conceptions of business social responsibility. It continues with an examination of terminology associated with the phrase 'business social responsibility', including the more recently coined 'corporate social responsibility' and 'corporate social performance'. I comment specifically on New Zealand research into social responsibility. This is followed by observations about evolving thematic constructs associated with business social responsibility: stakeholder management and corporate citizenship.

2.2 HISTORICAL CONTEXT OF BUSINESS SOCIAL RESPONSIBILITY

2.2.1 The Spirit of Free Enterprise

The origins of contemporary discussion about the nature of business social responsibility can be traced at least back to the late 18th century and 19th century period of industrialisation in Britain. Political changes influenced by Adam Smith's laissez-faire economic theories (Smith, 1937) coupled with technological innovation, enabled the creation of industrial hardware that provided the means for mass production and stimulated economic growth. Correspondingly, Bentham's utilitarian philosophy, with its endorsement of individualism, provided a rationale for a move to free market economics and the spirit of enterprise (Brown, 1975). Capital accumulation from increased internal and overseas trade coupled with increases in profit levels led to opportunities for investment in agriculture, manufacturing and mining (Vaizy, 1980). These developments contributed to the identity of an era later to be termed the Industrial Revolution, a period characterised by entrepreneurship, intense growth of industry and the associated movement of population from rural craft-based economies to urban areas where the normal production method was machine-based.

2.2.2 Social Reform

During this era, despite considerable optimism associated with the success of entrepreneurial enterprises, concerns came to the fore about the misuse of business power through exploitative practices. Some British intellectuals, industrialists and politicians (e.g. John Stuart Mill, 1806- 1873; Robert Owen, 1771 – 1858; Lord Shaftsbury, 1801-1885) argued for the socially disadvantaged, called for more humane

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business practices and lobbied for legislative changes to ensure that employers provided safe, reasonable working conditions for their employees. Unfettered capitalist enterprise was seen as exacting a serious toll on the social and natural environments. Wide-ranging public discussions about perceived problems eventually led to legislative reforms to enforce minimum standards of employer responsibility. In the United Kingdom, the Factory Acts abolished pauper apprenticeships and restricted working hours for apprentice children (1802). Later reforms disallowed the employment of children under nine years old and made it mandatory that all children between 9 and 13 were educated for two hours per day (1833) and, later still, reforms limited the working day for women and children to ten hours (1847).

A number of writers have argued that technological revolution brought with it a social revolution (e.g. Hammond & Hammond, 1925; Marx, 1999). Prior to industrialisation, they claimed, people were born into an established social order with defined roles and responsibilities (Hammond & Hammond, 1925). With industrialisation, these implicit social rules were undermined and people no longer understood their social role. The new industrialists were not obliged by tradition, as was the feudal lord, and so no code was in place to guide the employer-employee relationship. Workers became increasingly alienated from their work and the dominant capitalists subordinated them to their own ends (Marx, 1999).

In spite of those claims, Cannon (1992) points out that the period now known as the Industrial Revolution did not necessarily mark as dramatic a break from established relationships, systems and processes of production as we are led to imagine by some commentators. Many customary structures had been eliminated, and government increasingly bowed out of all but "defence, prevention of oppression or injustice and certain public works" (Cannon, 1992, p. 9); yet the traditional arrangements persisted, although the players had changed. Cannon cites evidence that a number of influential industrialists did have strong paternalistic bonds with their workers, a relationship approximating the traditional domination of a feudal lord over his vassals.

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2.2.3 Religion and Paternalism

In Victorian Britain, religion was a powerful influence both on the rise of certain entrepreneurial families, and in shaping these entrepreneurs' attitudes toward social issues. Previously socially marginalised as 'non-conformist' because of their religious beliefs, Quaker families such as the Darbys (iron), the Wedgewoods (ceramics), Barclays and Lloyds (banking), Cadburys and Rowntrees (confectionery) and Players (tobacco) found upward social mobility through enterprise (Windsor, 1980). They had a strong sense of community, and their religion preached pacifism, economy and self-restraint.

Across the Atlantic in the 'new world' industrialisation evolved differently, yet there were some parallels with Britain. Chandler's (1962) analysis of American industrial enterprise serves to establish that professional management in the US only came to the fore in the 20th century, weakening the paternalism so characteristic of the early entrepreneur-led enterprises of the 19th century which had tended toward strong links with a particular 'local' community (Cannon, 1992).

Nevertheless, paternalistic ventures that had been a feature of large family-owned enterprises persisted in both nations well into the 20th century. In The UK and the US, a number of business leaders took it upon themselves to ensure that workers' social needs outside work were provided for. Today in the UK, remnants exist of social programmes established by Cadbury and other wealthy Quaker businessmen (Cannon, 1992).

Akin to the many overseas examples of paternalistic family-run enterprises, New Zealand's early history has many examples of social concern on the part of owners. The New Zealand sweating commissions of the 19th century resulted in public exposure of unscrupulous and unsafe work practices. The commissions also served to highlight responsible practices, eventually provoking a legislative response to curb unethical business. Family firms such as retailers *MacKenzies* (John Robert Hugh MacKenzie, 1876-1955), *Smith and Caughey* (Marianne Smith, 1851-1938), and *Farmers' Union Trading Company* (Robert Alexander Cookston Laidlaw, 1885-1971) were strongly

affiliated with Christian principles. Philanthropist Robert Laidlaw was one of 20th century New Zealand's most influential business people. He pioneered ideas of social responsibility in New Zealand, advocating "honesty and square dealing" and "trust" in his business dealings. In 1916 Laidlaw wrote to his customers suggesting that they, like many others, could choose to send in a blank cheque and place their confidence in the company to "fill in the amount when we have the invoice completed" (Hunter & Lineham, 1999, p. 123).

In the U.S.A. Henry Ford (1863-1947) created programmes designed to support the recreational and health needs of his workers, and to 'Americanize' the new immigrants who sought work in his plants (see Meyer, 1996; Lacey, 1986; Collier & Horowitz, 1987; Wulfson, 2001). Some industrialists invested in worker education programmes and even created 'company towns' for their employees. The efforts of these early businessmen have been well documented. However, their paternalism, which was hailed in its day as progressive, sometimes masked other agendas such as Ford's anti-Semitism and his anti-union stance (Meyer, 1996; Martin, 2002).

2.2.4 Philanthropy

Particularly in the U.S.A., some business people sought to enhance their public images, often upon retirement, through large donations to charitable funds (e.g. Carnegie, 1835-1919; Rockefeller, 1839-1937). This practice ostensibly separated their civic responsibilities from business but nevertheless some profits were channelled back to the community. Education was a major focus of these 'post-game' philanthropic ventures (Windsor, 2001b) but health and housing were also recipients (Cannon, 1992).

By the early 20th century business was widely perceived as becoming too big and powerful, and guilty of questionable social practices. Despite grandiose philanthropic gestures on the part of some business people, many of those who were previously the heroes of enterprise were now vilified as having profited from the labour of others, and having been prepared to sacrifice others through market speculation, insider trading and exploitation of the tax laws (Sobel, 1972; Wren, 1994). The 'robber barons' included

Joseph Kennedy, John Rockefeller, Alfred Sloan and Andrew Carnegie. Rockefeller was described as "the supreme villain of his age" (Tarbell, 1904 cited in Cannon, 1992, p.18), and Andrew Carnegie's biographer, Winkler (1977) stated that for Carnegie "the end was money and yet more money" (p. 58). The late 1920s saw the collapse of the world economy and advent of the Great Depression. Legislative changes to curb corporate power in the United States and the United Kingdom included antitrust laws, changes to the Companies Acts, banking regulations, and consumer protection laws.

2.2.5 Calls for Business Restraint

In the 1930s, United States business commentators such as Barnard ([1938] 1968) and Berle and Means ([1932] 1968) were overtly declaring the need for businesses to adopt a more socially responsible stance. Later, in the wake of World War II, further changes occurred in business ownership trends from family proprietorship toward domination by a few powerful commercial enterprises (Crossley, 1999). Issues of ownership and responsibility became more diffuse and complex and, by the 1950s, business social responsibility was firmly on the United States business agenda. In particular, *corporate* social responsibility was the focus of some spirited debate.

Management writer Peter Drucker (1955) claimed that, in granting limited liability, society had forfeited something valuable to business, which business must in turn acknowledge:

> Society has been forced to grant to the enterprise what it has always been most reluctant to grant, that is, first a charter of perpetuity, if not of theoretical immortality, to the 'legal person', and second a degree of authority to the managers which corresponds to the needs of the enterprise.

> This, however, imposes upon the business and its management a responsibility which not only goes far beyond any traditional responsibility of private property but is altogether different. It can no longer be based on the assumption that the self-interest of the owner of property will lead to the public good, or that self-interest and public good can be kept apart and considered to have nothing to do

with each other. On the contrary, it requires of the manager that he assume responsibility for the public good, that he subordinate his actions to an ethical standard of conduct, and that he restrain his self-interest and his authority wherever their exercise would infringe upon the common weal and upon the freedom of the individual. (pp. 454-455)

Yet Drucker's contemporary, Theodore Levitt (1958), rejected corporate social responsibility as bad for both business and society, founding his argument against social responsibility on the belief in radical pluralism. Society, as it is expressed under a free market ideology, is made up of various functional groups, each of which should limit its activity to its own sector of expertise. Business, under this model, is effectively insulated from social responsibilities. Moreover, "even if its outlook were the purest kind of goodwill, that would not recommend the corporation as an arbiter of our lives" (Levitt, 1958, p. 44).

2.2.6 Ownership and Agency

Discussions in the United States of America about the responsibilities of business, in particular those of the corporate sector, accelerated in the 1970s. While issues covered ranged over concerns such as the firm's moral obligations, individual managerial responsibility, the financial 'necessity' to be seen to be doing good and the status of business as a social institution, tensions between the economic and duty-based perspectives often hinged on the nature of the firm. The question of legal ownership as distinct from some broader based rights, was grasped by some as a central concern. The former position, built on the rationale presented by neo-liberal economists such as Friedman and Hayek, claimed that any business enterprise existed to generate profits. Furthermore, managers had no legal rights to disperse profits from business, as they were 'agents' for the owners, the 'principals'. In what is, arguably, the most quoted and provocative passage with regard to the "fundamentally subversive doctrine" of business social responsibility, Milton Friedman wrote:

There is one and only one responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the

rules of the game, which is to say, engages in open and free competition without deception or fraud. ([1970] 1995, p.141)

The manager, as agent, has a fiduciary duty to act in the interests of the owner(s) who is assumed to wish to maximise profits. The argument that to do other than act to maximise shareholder wealth is irresponsible, still prevails among some commentators (e.g. Sternberg, 1997; Barry, 2000), even in the face of claims that a 'sharemarket' focus encourages management away from long-term thinking and toward short-term management practices. Also morally relevant is the issue that small shareholders have little power to influence strategy even when a large number actually wish to forfeit some profit to achieve a more 'responsible' posture from the firm (Estes, 1996).

Although, it may be argued, the owner-manager is a special case in that they are both agent and principal, the typical ownership pattern of the business corporation itself raises ethical issues. To begin with, the notion of limited liability, which shields owners from full accountability, is unique to business. Additionally, responsibility can be discarded because the ownership rests primarily with institutional investors (Handy, 1994; Keynes, 1936). Handy likens these investors to "punters or speculators", not "owners in any real sense" (1994, p. 149).

2.2.7   Privatisation

Political developments during the 1980s transformed the relationship between government and business. In New Zealand, as elsewhere in the world (USA, 1980; UK, 1979), privatisation saw government exit many activities traditionally considered its domain, and surviving government departments reinvented along 'business' lines. Free-market advocates presented a picture of a prosperous global future in a deregulated global economy. Since governments were being pressured to reduce regulatory barriers and cut taxes in order to free up money for investment, they moved away from welfare provisions (Kelsey, 1993, 1999). As a corollary, business was increasingly being looked to for the provision of social as well as business solutions. The ideological context called for 'more market' and the traditional division became evident in the social responsibility

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debate between those who defended the independence of business from social concerns, and those who called for greater social, environmental and moral accountability on the part of business. Friedman's position, frequently referred to as representing a 'fundamentalist', 'traditional' or 'classical' position with regard to corporate social responsibility (e.g. Buchholz, 1991; Carroll, 1998a; Klonoski, 1991), is one extreme on an imaginary continuum where at one end business's economic interests prevail, and at the other, social interests.

When, in the 1980s, large US corporations were found to be involved in such practices as insider trading, defence procurement anomalies and foreign political payoffs, the business community responded to the perceived 'problem' by promoting the widespread introduction of codes of conduct, a fashion taken up throughout the Western business community (Behrman, 1988; Newton, 1995). The academic community not only introduced more business ethics programmes into its curricula, but also initiated research into a range of topics within the broad area of business and society (Arlow, 1991; Carroll, 1994; Wood, 1996).

The effects of broad social and political changes also impacted upon the attitudes and the business practices of managers. Moves to promote family-friendly workplaces evolved, largely in response to pressure from the feminist movement and the increasing participation of women in the paid workforce. Human rights and EEO policy were legislated for and affirmative action programmes put in place by some companies to enable underrepresented groups to gain participation at higher levels in business.

2.2.8 New Zealand Changes
All of these movements had their effect in New Zealand, which had its own internal cultural and political circumstances impacting upon society. In particular, New Zealand's resurgence of interest in the notion of business social responsibility could be seen to have emerged in the wake of the 1984 election of a market-oriented Labour government. Under 'rogernomics' (a term coined to represent the economic policies promoted by then Finance Minister Roger Douglas), 'deregulation' was the catch-cry.

The New Zealand Business Roundtable (NZBR) came to exert considerable influence over government policy and its implementation (Cronin, 1997; Kelsey, 1993; Jesson, 1987, 1999; Roper, 1993). Some of today's biggest corporations emerged from the privatisation of the state sector, including Telecom and New Zealand Post.

The 1980s saw the rise of liberal conservatism under what was termed the 'New Right' (Jesson, Ryan & Spoonley, 1988; Kelsey, 1993) and the growth of corporate power in New Zealand. Taxpayers' assets such as public utilities were sold to private enterprise, subsidies to certain sectors were reduced or eliminated, labour markets underwent reform and public responsibilities such as resource management recent were devolved from central to regional government. The financial crash of 1987 served to obliterate some fortunes. However the New Zealand corporate sector, and New Zealanders in general, had been exposed to a free market philosophy of competitive individualism and business practices that challenged many New Zealanders' belief in a caring society. Business, free of its former legislative constraints offered the allure of freedom to pursue enterprise and the requisite lifestyle rewards. This contrasted with the other observed effects of the decline of the state sector, especially the social welfare system (Kelsey, 1993). Voluntary service agencies were calling for more restraints on business, and some business people tried to address social problems such as increases in unemployment and poverty. In the 1990s, Stephen Tindall's Warehouse Group established the Tindall Foundation, a philanthropic trust aimed at channeling some profits back into local communities. By the early 1990s Dick Hubbard, manager of Hubbard Food Limited, was speaking out on the need for business to act more responsibly.

On one hand, New Zealand had a powerful lobby group for big business in the New Zealand Business Roundtable. On the other hand, it had a number of influential voices calling for both restraint and compassion in business, with some high profile business people refusing to align themselves with the Business Roundtable.

2.2.9 Commentary

Questions of business social responsibility are clearly not a recent development, but

have been with us in various forms throughout the last two centuries. Over time the dominant form of enterprise changed from family, craft-based enterprise to the large, paternalistic, family business (entrepreneurs) and eventually to the modern corporation in a global marketplace. Against this picture of big business and globalisation, it has to be acknowledged that small and medium-sized businesses cannot be excluded from any discussion of business social responsibility. While today large corporations exercise a great deal of power, most economies still rely to a large extent on small and medium-sized enterprises. Companies with fewer than 10 employees account for 93% of New Zealand business entities and provide 31% of total employment (February 2002, Statistics New Zealand).

As this survey of the emergence of ideas shows, business social responsibility is not linked only to philosophical ethics. Putting these ideas into practice also depends on the influence of political and economic developments, on the individual impulses of company managers, and the nature of the enterprise and its ownership. There are ethical issues surrounding ownership of the modern Western enterprise and its legal form and questions about the nature, rights and obligations of ownership divide factions in the business social responsibility debate. Traditional views call attention to legal and economic interests of investors as owners, and the requirement that the manager should represent those interests in performing the managerial role. Within this model, ethical arguments as to business' social responsibility are rejected as irrational and untenable. Business is not qualified to do social work and can best serve society's interests by excelling at business. This fundamentalist position, grounded in law, assumes a type of 'objective' or 'rational' moral high ground, underpinned by the assumption that laws define the limits of business obligation, encapsulate the ethical mores and values of a society, and reflect their expectations.

An alternative view is that business is part of society and should operate in the interests of that society. The next section extends this discussion and highlights major themes relating to notions of business social responsibility. I take the view that the whole area of business social responsibility is characterised by an increasing emphasis on the rights (as

distinct from duties) of the company, and by a diminishing focus on the responsibility of the individual. This emphasis is apparent in definitions of business social responsibility and in the recent adoption of practices associated with business social responsibility: stakeholder theory and corporate citizenship.

2.3 BUSINESS SOCIAL RESPONSIBILITY: DEFINITIONS, TERMINOLOGY AND SOME NEW ZEALAND RESEARCH

2.3.1 Diverse Understandings of Business Social Responsibility

Whilst examples of business irresponsibility might become apparent and be measured against some societal standard, business social responsibility is notoriously difficult to define. It is not that writers are reluctant to attempt definition, but the concept is a remarkably slippery one.

Business social responsibility has, over the last century, been strongly identified with a range of other terms and definitions, most particularly, corporate social responsibility, corporate social responsiveness, corporate social performance (Epstein, 1987) and, in recent times, stakeholder approaches and corporate citizenship (Windsor, 2001b). Examples of definitional problems are apparent in perusal of the mainstream management literature in which commentators conflate business social responsibility, corporate social responsibility, corporate social responsiveness, corporate social performance and corporate citizenship (Wartick & Cochrane, 1985). Others liken social responsibility to 'cause' marketing, issues management, public relations, and business ethics and, even when distinctions are apparently drawn, some writers treat the terms synonymously (e.g. Friedman, [1970] 1995). There can be little doubt that the terms are conceptually related and even overlapping. However, they can be somewhat delineated in the literature, most immediately by noting the historical emergence of the various concepts (Carroll, 1999).

Some commentators have remarked on the terminological diversity and confusion surrounding definitions of business social responsibility (Bain, 1995; Friedman, [1970] 1995; Reed, 1999; Sethi, 1975; Votaw, 1973 cited in Clarkson, 1995). Perhaps such

diversity is unsurprising as commentary and investigation has been undertaken by researchers from a range of disciplines, including applied philosophy (e.g. de George, 1986; Velasquez, 1983), economics (e.g. Friedman, [1970] 1995), accountancy (e.g. Estes, 1996; Gray, 1987; Mathews, 1993) and management studies (e.g. Carroll, 1979; 1999; Frederick, 1960, 1986, 1994; Swanson, 1995, 1999; Windsor, 2001a, 2001b; Wood, 1991). Scholars from different disciplines bring with them different assumptions, diverse conceptions of what 'business' is (or should be), and may be unaware of cross-disciplinary insights. Furthermore, the development of a shared understanding of business social responsibility is hampered by the separation thesis (Freeman, 1994; Werhane & Freeman, 1999), a distinction promoted by some scholars and mainstream business groups, whereby:

> The discourse of business and the discourse of ethics can be separated so that sentences like, 'x is a business decision' have no moral content, and 'x is a moral decision' have no business content. (Werhane & Freeman, 1999, para. 5)

By their very nature 'business', 'social', and 'responsibility' are somewhat elusive terms in that each has potential for a range of interpretations. *The Concise Oxford Dictionary of Current English* (Thompson, 1995) offers eleven different meanings for business, seven meanings for social, and two meanings for responsibility, the latter term drawing on the six meanings listed for 'responsible'. Common usage and scholarly debate compound the issue. When three vague terms are brought together, obviously their interpretation and application will vary and ambiguity may prevail. And, as Park (1997) points out, superficial acceptance of the terms can also mask other complexities. For example:

> A difficulty arises because the term 'business' is not a very useful construct to summarise the variety of organisations to be found in the marketplace. There are large and ponderous multinationals. There are also fragile local garages and small corner dairies fighting for survival. Differences in size point to differences in effect. (p. 9)

Most commentators do agree, however, that 'responsibility' carries with it a principle of

moral reflection (Carroll, 1979; Epstein, 1987; Friedman, [1970] 1995; Wartick & Cochrane, 1985; Wood, 1991). In a neoclassical sense this may represent the 'moral minimum' espoused by law and custom – an approach emphasising "negative duties (the thou-shalt-nots) of the corporation" (Sethi, 1975, p. 62), thus circumscribing managers' moral engagement with their decision processes. Alternatively, notions of business responsibility may put obligations on all stakeholders as part of a "moral community" (Bowie, 1997, p. 103).

The duty theme manifest in many definitions of business social responsibility, is captured in Frederick's (1994) suggestion that: "The fundamental idea embedded in 'corporate social responsibility' is that business corporations have an obligation to work for social betterment" (1994, para. 5). Obligation was related to the considerable power that business was seen to wield in society, a power that was not balanced by responsibility (Bowen, 1953; Wood, 1991). Davis (1973) expressed this as the 'Iron Law of Responsibility' which held that business social power should be used responsibly or society would withdraw that power.

2.3.2   Corporate Social Responsibility

As previously noted, much of the academic literature on business social responsibility has been dominated by the term *corporate* social responsibility [CSR] (Carroll, 1999), a phrase that even in the 1970s had, according to Sethi (1975), "been used in so many different contexts that it has lost all meaning. Devoid of an external structure and content, it has come to mean all things to all people" (p. 58). It has also engendered debates which highlight its multifaceted and controversial nature (Klonoski, 1991). Yet, despite this controversy, corporate social responsibility is still regarded as a "core construct" for today's business and society researchers albeit that it "yields to or is transformed into alternative thematic constructs" (Carroll, 1999, p. 268).

Numerous definitions of business social responsibility and corporate social responsibility have been devised and articulated. Almost all examples and definitions are of United States origin, accenting a feature of the social responsibility debate: it has been

largely carried out in North American context, emerging from both academic and management sources (Windsor, 2001b).

Early definitions resound with the paternalistic beliefs and practices of managers' 19th century and early 20th century forebears. They emphasise the role of the businessperson. Carroll acknowledges earlier references, such as Barnard, Clark and Kreps, but, for him, the 1950s "marks the modern era of CSR" (Carroll, 1999, p. 268). Bowen's (1953) seminal work highlights a central question that forms the focus of social responsibility discussion (Carroll, 1999; Windsor, 2001b). Bowen asks, "What responsibilities to society may businessmen reasonably be expected to assume?" It is around interpretation of the word 'reasonably' that discussions of business social responsibility diverge. A reluctance to be more specific is implied by Davis's tentative definition of business social responsibility: "businessmen's decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest" (Davis, 1960, p. 70).

Among the various descriptions of social responsibility posited are those which position the company as a community member – a participant in the wider social arena:

> Perhaps the best way to understand social responsibility is to think of it as 'good neighborliness.' The concept involves two phases. On one hand, it means not doing things that spoil the neighborhood. On the other, it may be expressed as the voluntary assumption of the obligation to help solve neighborhood problems (Eilbert & Parket, 1973, p. 7 cited in Carroll, 1999, p. 278).

This two pronged approach consists of both prevention and cure, and the latter cannot compensate for failure to fulfil the former. People might expect that business should not spoil the neighbourhood. Many, however, would not assume that business had an obligation to solve neighbourhood problems. Yet it may be precisely this stance that sets people like New Zealanders Dick Hubbard and Stephen Tindall apart from other managers. They, like Anita Roddick of *Body Shop* fame, advocate a much more active role for business, placing business firmly in the context of society.

Another interpretation of the term business [corporate] social responsibility, is a broad definition by Epstein (1987) who asserts that:

> Corporate social responsibility relates primarily to achieving outcomes from organizational decisions concerning specific issues or problems which (by some normative standard) have beneficial rather than adverse effects upon pertinent corporate stakeholders. (p. 104)

Despite its vagueness, the definition does highlight several key themes that emerge as important aspects of the business social responsibility discussion: outcomes, norms and stakeholders. 'Outcomes' implies the possibility of other than financial products from the organisation. 'Norms' points to the ethical dimension of business social responsibility. The final term, 'stakeholders', indicates the range of constituencies associated with any organisation.

When questions arise as to whether any manager has a right to spend shareholders' wealth on initiatives that are of no direct economic benefit to the owners, proponents of stakeholder theory argue that managers must also consider other individuals and groups who have a 'stake' in the enterprise – a stake that might even exceed the financial contribution of individual owners (Estes, 1996). In contrast, displays of discretionary social responsibility are considered by some business theorists to be inappropriate, immoral and probably illegal, as they effectively steal from shareholders (Sternberg, 1997; Barry 1991). Nonetheless, those who endorse the latter position are also likely to concede, as does Friedman ([1970] 1995), that there may be sound business reasons for engaging in apparently socially responsible activity. These reasons might include actions intended to enhance the firm's reputation, its public image, and thereby its financial profitability. Similarly, in a case where management has the majority shareholding, a business decision or action may appear to be motivated by altruism, but the owner is able to choose to forgo shareholder dividends in return for the personal satisfaction of 'doing good'. In such a case, managerial discretion could be said to have no restrictions apart from those imposed by the individual who owns the company.

The 1960s and 1970s saw a shift in business ethics from personal to corporate

responsibility (Reed, 1999). Accordingly, social responsibility themes that emerge from many writers highlight the social responsibilities of managers in their formal organisational roles and the need for corporations to go beyond legal and economic obligations to consider the impact of their decisions on society (Carroll, 1979, 1991, 1999; Epstein, 1987; Frederick, 1960, 1986, 1994; Friedman, [1970] 1995; Jones, 1980; Preston & Post, 1975; Sethi, 1975; Swanson 1995, 1999; Wood, 1991). One example of this tendency toward depersonalisation of the business agent in social responsibility is Sharplin's (1985) definition in which he suggests that corporate social responsibility is: "the implied, enforced or felt obligation of managers acting in their official capacities, to serve interests other than their own" (Sharplin, 1985, p. 25). Sharplin clearly establishes the management role as the locus of responsibility, thus distancing the individual in a personal capacity from moral responsibility for decisions that might impact adversely upon society.

Jones' (1980) definition of business social responsibility represents an example of definitions that move the emphasis even further away from the people who make organisational decisions. He implicitly highlights aspects of Carroll's (1979) model, distinguishing between social and economic aspects of the firm and asserting that: "Corporate social responsibility is the notion that corporations have an obligation to constituent groups in society other than stockholders and beyond that prescribed by law or union contract" (Carroll, 1979, pp. 59-60). Some argue that, through emphasising the contractual relationship of managers and their roles as agents for the shareholder owners, the moral responsibility has been transferred from people to an obligation to achieve the overarching goal of profit maximisation for absent owners. Kang and Wood (1995 cited in Wood, 1996, p. 121) claim that managers have an economic responsibility to shareholders, but this should not come before their moral responsibility to people and society. Increasingly, however, the moral focus becomes the organisation rather than the individual, fueling debate as to whether corporations are moral entities and even as to whether a company can have a "conscience" (Goodpaster & Matthews, 1982).

2.3.3 Models of Business Social Responsibility

One way of illustrating concepts is through models that visually depict key elements and processes. Exactly what are or should be the responsibilities of business, and how they could be assessed, have been captured variously in models of corporate social responsibility (Carroll, 1991), corporate social policy process (Epstein, 1987), and corporate social performance (e.g. Carroll, 1979; Sethi, 1975; Wartick & Cochran, 1985; Wood, 1991; Windsor, 2001b).

One of the most well-known attempts to represent social responsibility is that proposed by Carroll (1979, 1991). His model is one of a number that graphically depict the nature and 'composition' of corporate social responsibility. The abstraction was made 'concrete' with the development first of a "three-dimensional model" of corporate social performance (Carroll, 1979) in which the dimension 'principles of social responsibility' is complemented by two other dimensions: 'practices of social responsiveness' and 'policies of social issues'. Later Carroll (1991) portrayed the social responsibility dimension as a 'pyramid' of social responsibility (Figure 2.1) highlighting, as he had in the three-dimensional model, the four components of social responsibility: "the economic, legal, ethical and discretionary expectations that society has of organizations at any given time" (Carroll, 1979, p. 500).

In the first instance, Carroll argues, the economic imperative must be met. Then, we look to the law as the deciding moral authority. Levels one and two thus represent the 'required' aspects of social responsibility. Up to this point the model is in tandem with Friedman's claim that the obligation is to work within economic and legal constraints to maximize financial return to the owners. But laws are made and unmade, and the next two levels allow for moral responsibilities that transcend those transitory standards, and can be regarded as 'expected' and 'desired'. Further, the distinction suggests that ethical responsibilities are not simply discretionary, although discretionary responsibilities could presumably embrace these.

Figure 2.1   *Carroll's Pyramid of Corporate Social Responsibility*


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                    Philanthropic
                    Responsibilities
                 Be a good corporate citizen.
            Contribute resources to the community;
                   improve quality of life.

                 Ethical Responsibilities
                        Be ethical.
          Obligation to do what is right, just, and fair.
                       Avoid harm.

                   Legal responsibilities
                      Obey the law.
            Law is society's codification of right and
                          wrong.
                 Play by the rules of the game.

                 Economic responsibilities
                      Be profitable.
             The foundation upon which all the others
                          rest.
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From "The pyramid of corporate social responsibility: Toward the moral management of stakeholders", by A. B. Carroll, 1991, *Business Horizons* (July-August), p. 42.

The image of the pyramid may work on a subconscious level to imply an increasing moral refinement, and is particularly evocative of Maslow's 'needs hierarchy', implying prepotency of each lower level. However, Carroll maintains that the model is not intended as an example of a moral hierarchy (Carroll, 1991) and it allows for discretionary responsibilities that are, in fact, prudential (Wartick & Cochrane, 1985). In so far as Carroll later amended the top of the pyramid to 'philanthropic' (Carroll, 1998a, 1999), and also claimed that it encompassed corporate citizenship (Carroll, 1991, 1998b), we get a sense of discretionary responsibilities as a fairly broad catch-all category.

Widely acknowledged as a watershed in models of corporate social performance and corporate social responsibility (Swanson, 1995; Wartick & Cochrane, 1985; Wood, 1991, 1996), Carroll's model also forms the basis of several social responsibility research initiatives. Aupperle (1984) was the first to develop a measurement instrument based on Carroll's framework. He and others have used it to examine, among other

variables, the relationship between social responsibility and profitability (Aupperle, Carroll & Hadfield, 1985), social responsibility orientations (Pinkston & Carroll, 1996), gender differences (Burton & Hegarty, 1999), cultural comparisons (Maignan, 2001), and economic and environmental performance (Stanwick & Stanwick, 1998).

However, Carroll's model has been criticised on a number of levels. First, it reinforces the business-society dichotomy in that the two base categories are distinct from the 'higher' 'social/ethical' categories (Wicks, 1996; Wood, 1996). Second, whilst certainly not dismissing Carroll's model out of hand, Wicks, (1996) suggests that: "a good deal more needs to be said to illustrate the connections and to show how they are rich and persuasive" (Wicks, 1996, para. 13). Third, Carroll's categories "can be viewed as domains within which principles are enacted, but not as principles themselves" (Wood, 1991, p. 695). Fourth, Windsor (2001b) claims that there are five aspects rather than four, since morality infuses each of the levels.

Carroll's model is recognised as the basis for developments such as the models proposed by Wartick and Cochrane (1985), who toyed with corporate social performance [CSP] as a paradigm for the business and society field of study, and Wood (1991) who argued strongly for corporate social performance as an integrative framework for the field.

Wartick and Cochrane attempt to rectify perceived shortcomings in Carroll's model by positing principles of corporate social responsibility, processes of corporate social responsiveness and policies of issues management through which corporate social responsiveness processes are operationalised. But, like Carroll's model, Wartick and Cochrane's work has been criticised for being "driven by a dichotomy between the firm's social and economic objectives" (Wood, 1996, p. 120).

Wood (1991), in her acclaimed article (Carroll, 1994), identifies three structural principles: legitimacy (Davis, 1973), public responsibility (Preston & Post, 1975) and managerial discretion (Carroll, 1979). She argues that corporate social performance can provide a broad, integrative framework for the field of business and society and proposes

an extension to Wartick and Cochrane's model whereby CSP is:

> *A business organization's configuration of principles of social responsibility,*
> *processes of social responsiveness, and policies, programs, and observable*
> *outcomes as they relate to the firm's societal relationships.* (Wood, 1991, p. 693,
> original emphasis)

Wood argues that this definition and her model address a number of perceived shortcomings in Wartick and Cochrane's approach, including the ability to identify potentially complex moral dilemmas. Specifically, it also "permits CSP to be viewed as a static snapshot or as a dynamic change-filled sequence" (Wood, 1991, p. 693). The capacity to convey, accommodate or acknowledge change is something missing from many of the models of business social responsibility.

The increasing refinement to Carroll's model of corporate social performance appears to offer the opportunity for a more holistic understanding of corporate social performance. However, the conceptual developments may serve to de-emphasise the importance of the moral underpinnings of social responsibility, relegating social responsibility to a motivator or driver, thus diluting its significance to a position of 'equivalent' status to the other dimensions. This qualitative concern is, in part, addressed through Swanson's (1995) reorientation of Wood's CSP model (Swanson, 1995, p. 43). For Swanson corporate social responsibility principles represent the crux of the problem in business and society field. She affirms Wood's claim that:

> The principles of CSR ... should not be thought of as absolute standards, but as
> analytical forms to be filled with the content of explicit value preferences that
> exist within a given cultural or organizational context and that are
> operationalized through the political and symbolic processes of that context.
> (Wood, 1991, p. 700)

Like most models, Wood's model fails to promote an organisation's or manager's *positive* duty, nor does it advocate the moral motivation of respect (Swanson, 1995). Swanson's work calls for a reformulation of organisational decision-making in terms of social processes and, in turn, of social processes as ethical and value processes. These she categorises in Frederick's (1995) terms of economizing, power aggrandizing and

ecologizing. Importantly, she proposes a conceptual framework for research that might develop insight into possible theoretical integration of economic and duty-based perspectives. This study moves toward such integration.

2.3.4 Profits as Cause or Effect of Corporate Social Responsibility

Driving economic or managerial perspectives of business social responsibility is the imperative of the financial bottom line. From a management perspective, questions surrounding the relationship between doing good and doing well (financially) are especially interesting. Indeed, Nichols (1969 cited in Crane, 1999, p. 243) points to the apparent difficulty managers have in expressing moral views regarding work without recourse to pragmatic arguments of enlightened self interest. Recently, the social responsibility debate has become somewhat separated from an emphasis on moral debate, to become one of balancing achievement in three areas: social, environmental and financial. Despite the apparent equivalence and complementarity of these dimensions, researchers and managers implicitly promote an economic orientation by arguing for business social responsibility on the grounds that it 'pays'.

This pragmatic, wealth-friendly orientation is commonly associated with corporate social responsiveness [CSR2] (Frederick, [1978] 1994). Although most often identified as a complement to corporate social responsibility [CSR1] (Carroll, 1979, 1991; Wartick & Cochran, 1985; Wood, 1991), social responsiveness has been presented as a more practical alternative to corporate social responsibility (Frederick, 1994). The rhetoric of self-interest is not only apparent in much of the social responsiveness literature, it is explicit in terms such as 'enlightened self interest'. Studies have linked financial achievement with social justice and environmental achievement (Gray, Owen & Adams, 1996). Furthermore, advocates of social responsibility have employed slogans such as 'doing well by doing good', and 'business sustainability' as enticements to better business practices.

An instrumental relating of business social responsibility to profit is a position that, according to Jones (1996), "makes the entire concept of social responsibility redundant

with good business practice and thus unnecessary" (p. 29). At the very least, the idea that acting in a socially responsible manner will lead to financial benefits for the organisation implicitly supports the fundamentalist position and fails to capture the potential complexity of business social responsibility. However, the currently fashionable triple bottom line reporting (Elkington, 1998) does provide 'evidence' of some sort of social commitment. Triple bottom line reporting has emerged largely from a practitioner base, specifically promoted by consultants to executives as a tangible means of 'proving' their commitment to a range of environment and social issues. Apparently social and environmental performance counts, yet the parameters are unclear. Thus:

> Before responsibilities can be assigned and before corporations and their managers can be held accountable for the results of their actions, it is necessary to develop a systematic method of determining what is and what is not a social issue for a corporation. (Clarkson, 1995, para. 43)

The tendency toward measuring and systematising management practices has spawned yet another development in the business social responsibility field. It has been postulated that corporate social performance will in turn be developed into total responsibility management [TRM] (Waddock, Bodwell, & Graves, 2002). Advocates propose that TRM deal with "the new imperative" of responsibility in the way that total quality management [TQM] dealt with quality issues. TRM would be a systemic approach to responsibility management, stressing corporate integrity, continuing dialogue with stakeholders and a standards-based auditing process.

2.3.5 New Zealand Research into Business Social Responsibility

New Zealand business managers and scholars are subject to the same confusion with respect to definitions as their overseas counterparts. However, in New Zealand, the term *business* social responsibility has taken precedence over the term *corporate* social responsibility. This is largely due to the influence of manager Dick Hubbard, who explicitly promotes the concept. In the public arena Hubbard's main opponent from the business sector is New Zealand Business Roundtable [NZBR] representative, Roger Kerr, who presents an argument for the limits of corporate social responsibility. Yet, the

more embracing 'business social responsibility' influences the perception of the public toward what constitutes the parameters of the debate. Kerr (1996b), by emphasising the term 'corporate', limits the response to that arena. By contrast, Hubbard extends the field to include both owner-operated and corporate entities. This enables him to criticise as narrow and heartless the moral basis of the traditional view of social responsibility. Whilst there are strong strains of 19th century paternalism in Hubbard's message, he appears able to project his own philosophy as something novel and visionary.

Although business social responsibility is a recurring topic in the New Zealand business and popular press, there is a dearth of New Zealand research and narrative accounts prevail. These are sometimes reported with a 'business ethics' focus but, more typically, they are presented in terms of business leadership. Business social responsibility emerges as a theme in profiles of prominent business people, under titles such as *A new Generation of Business Leaders* (Holdsworth, 2000), and *The Hero Manager: Learning from New Zealand's Top Chief Executives* (Jackson & Parry, 2001).

Although a number of contributors to the business social responsibility and related fields are writing from New Zealand, few of the studies have a specifically New Zealand focus. Sometimes comment on the New Zealand situation is subsumed under an "Australasian" perspective (Milton-Smith, 1997; Small, 1995) that assumes essential similarities between Australia and New Zealand business cultures and environments rather than seeking to identify unique aspects of each. Additionally, although a range of academic specialisms are represented in edited business and society texts (Deeks & Enderwick, 1994; Monin, Monin & Walker, 1999), New Zealand business social responsibility or business ethics research has been dominated by researchers within the fields of accounting, finance or economics (Alam, 1993, 1999; Gowthorpe, Blake, & Dowds, 2002; Mathews, 1993; Milton-Smith, 1997; Spiller, 1999, 2000; von Tunzelman & Cullwick, 1996). However, published works range widely, including descriptive overviews of the 'state of the [business ethics] field' (Enderwick, 1994; Milton-Smith, 1997; Singer, 1997); survey findings (Alam, 1993, 1999; Gowthorpe et al., 2002; Higgins, 2002) and qualitative analysis of structured interviews (von Tunzelmann &

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Cullwick, 1996). Topics span business ethics, including those emphasising decision-making (Alam, 1993, 1999; Frey, 2000; MacDonald & Pak, 1996; Okleshen & Hoyt, 1996); triple bottom line reporting (Spiller, 2000); corporate volunteering (Quirke, 1999; Lee & Higgins, 2001) and business social responsibility (Walker & Monin, 2001). Although positivist studies prevail, interpretive studies include narratives (Monin et al., 1999) and rhetorical analyses (Walker & Monin, 2001; Walker & Olsson, 2001). This research draws on a number of the themes addressed in former studies, but within an interpretive paradigm.

Probably the most acknowledged business study into New Zealand corporate social responsibility is von Tunzelman and Cullwick's (1996) *Social responsibility and the Company: A new perspective in Governance, Strategy and the Community*. This is a research-based analysis of organisations closely affiliated with government and big business, sponsored by business consultants Ernst & Young and the Institute of Policy Studies. The authors' definition of corporate social responsibility is clearly wealth-oriented, presenting corporate social responsibility as an 'investment':

> *The distinctive contribution a company makes actively and voluntarily to the advancement of society or alleviation of social concerns, usually through some form of investment in partnership with the community which may include government.* (von Tunzelmann & Cullwick, 1996, p. 107, original emphasis)

In summary, the dominant themes emerging from publications with a New Zealand perspective are those that align primarily with an economic orientation to business social responsibility – either a concern with ethical accounting and auditing practices or an emphasis on how social responsibility might contribute to company profit.

2.3.6 Commentary

The sheer array of definitions of relevance to business social responsibility makes generalisation difficult. However, a crude categorisation is possible by placing the approaches into two broad groups: those that focus on the moral engagement of managers, and those that highlight the maximisation of return on financial investment.

The moral argument positions business as part of society (business *in* society). These definitions and associated constructs attempt to capture notions of the manager's willingness to base their business decisions on some moral sense of what is 'good' or 'right' – to view their responsibilities or sense of duty in a personal, engaged sense. The obvious problem associated with this position is the lack of objective proof as to what ethical motives drive a decision. Questions arise as to the degree of altruism or self-interest practised by a manager and as to whether such perceived altruism is in fact a form of self-gratification (as in the appeasement of guilt), and even as to whether altruistic acts can be damaging to society.

The economic argument reflects a positioning of business *and* society, as if they are separable, perhaps complementary, entities "roughly co-equal in their relationship to each other" (Buchholz & Rosenthal, 1997, para. 8). In this category I include the practitioner driven 'corporate citizenship' and 'triple bottom line reporting" constructs. These might be aligned with 'enlightened' business practices aimed at wealth creation. Business or the 'corporation' is positioned as an amoral entity, yet selectively personified in the rhetoric when business advantage is to be gained. To the extent that the organisations deliver positive outcomes to society and do not engage in illegal activity, they can be considered 'responsible'. The business *and* society category focuses upon outcomes, which can be observed and measured and 'reported' to the public.

Because in New Zealand some high profile business people have attempted to engage their so-called stakeholders in discussion of social responsibility, it is important to present a background of the current emphasis. In the next section I present in more detail some of the constructs and practices that today appear to be on the ascendant in the business social responsibility field, and which might run counter to moral engagement in management decision-making.

2.4 CONSTRUCTS ASSOCIATED WITH BUSINESS SOCIAL RESPONSIBILITY

Among the "alternative thematic constructs" identified by Carroll (1999), are some that act as surrogates for, complements to, or extensions of, business social responsibility. As such, they have become influential aspects of the business social responsibility debate, offering alternative expressions and thus influencing our perceptions toward acceptance of more wealth-oriented conceptions of business social responsibility (Windsor, 2001b). Here I will examine two of the most prominent constructs: stakeholder management and corporate citizenship. The first, stakeholder management (Freeman, 1984), is more theoretically debated and developed. The second, corporate citizenship, is a broad, relatively ill-defined practitioner-driven movement that is coming under increasing scrutiny (e.g. Andriof & McIntosh, 2001).

2.4.1 Stakeholder Management

Closely allied to the concept of social responsibility, the term stakeholder is now a pervasive feature of management discourse. Conceptually, a stakeholder approach goes beyond business social responsibility to challenge the very notion of the firm as traditionally understood. Stakeholderism rejects the orthodoxy that the business organisation exists primarily to serve the owners' interests. Instead, it envisages the organisation as interacting with a range of stakeholder constituents which all, to a greater or lesser degree, affect or are affected by the organisation. The manager's role is most often portrayed as one of realising the existence of the constituencies, and then 'managing' them - balancing the potentially conflicting interests of those constituencies.

A play on the word 'stockholder'[1](Carroll, 1991), the term 'stakeholder' is generally used to denote an individual or group that has an interest or 'stake' in a business (Evan & Freeman, [1988] 1995). Implicit in this association of terms is the idea that the traditional emphasis on an organisation's shareholders is being called into question (Freeman, 1999). The term tends to embrace both legal and moral claims, and has even been extended to include all those with "a stake, a claim or an interest in the operations

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[1] In New Zealand 'shareholder' is the more common term.

and decisions of the firm" (Carroll, 1991, p. 43).

Freeman (1984) is normally credited with having popularised the notion of stakeholders, although the origin of it can be traced back at least to Chester Barnard and Herbert Simon (Nasi, 1995). According to Freeman, the term 'stakeholder' first entered the North American management arena through an internal communication at the Stanford Research Institute in 1963 (Freeman, 1984, p. 31). As observers present it, the focus of the stakeholder approach is essentially managerial (Donaldson & Preston, 1995; Freeman, 1984; Thomas, 1999) since it "is about groups and individuals who can affect the organization, and is about managerial behavior taken in response to these groups and individuals" (Freeman, 1984, p. 48). Jones (1995) acknowledges that, "Although top managers are technically stakeholders, their primary role is one of contracting on behalf of the firm (directly or indirectly) with other stakeholders as well as with themselves" (p. 4). Hence he prefers to regard "top managers and the firm …[as] a single entity", envisaging them as being at the centre of a "hub and spoke" relationship, and chooses to focus on the "bilateral relationships between managers and stakeholders" (Jones, 1995, p. 4). Several other commentators' views on the status of managers in respect of the notion of the stakeholder reflect those of Jones, the manager variously characterised as "referee" (Aoki, 1984 cited in Donaldson & Preston, 1995; Thomas, 1999) and "legislator" (Thomas, 1999).

A number of critics have remarked upon the shortcomings of this 'hub and spoke' conceptualisation (Frooman, 1999; Rowley, 1997; Wood, 1996) in which "relationships are dyadic, independent of one another, viewed largely from the firm's vantage point, and defined in terms of actor attributes" (Frooman, 1999, para. 4). Rowley (1997), arguing for a new representation, nevertheless places the manager at the centre of his network. Due to the complex, but potent, set of roles management plays in this ostensibly inclusive process, Thomas has claimed that stakeholder theory "has become a crude means of manipulation which provides a surface gloss to managerial decisionmaking but leaves fundamental inequalities unchanged." (Thomas, 1999, p. 1). However, even in a network representation, the problem of management domination is

not addressed as the centrality of the organisation is maintained. Wood (1996) suggests that this can be addressed if we consider that "*stakeholder management* approaches [relate to] managing bilateral relationships for the firm's benefit, and *stakeholder theory* approaches [relate to] managing multilateral relationships for society's benefit" (p. 121). In turn, Calton and Kurland (1996) attempt to address the 'problematic' nature of modern theories of stakeholder management. They suggest a postmodern approach that reconceptualises stakeholder management in more democratic terms, asking us to "decenter" the manager and consider management discretion in terms of "stakeholder enabling" whereby the manager becomes a facilitator (Calton & Kurland, 1996).

Clarkson (1995) asserts that stakeholder theory is superior to the conceptual vagueness of social responsibility. And Carroll (1991) hints at a more humane characteristic of stakeholder theory, suggesting that:

> The concept of stakeholder personalizes social or societal responsibilities by delineating the specific groups or persons businesses should consider in its CSR orientation. Thus, the stakeholder nomenclature puts "names and faces" on the societal members who are most urgent to business, and to whom it must be responsive. (p. 43)

This personalising aspect is arguable since individual stakeholders tend to be grouped and categorised by managers according to their perceived shared attributes and status with regard to the organisation. Typically they are customers (or consumers), owners, suppliers, and employees. However, broad interpretations can include the natural and physical environments, generations unborn, and even (of particular importance in a New Zealand context) ancestral issues. Additionally, although individuals might feel some association with an organisation, others are possibly unaware of their perceived 'stakeholder' status, and might not experience any direct communication or identification with others who are perceived to be in the same 'stakeholder group'. Furthermore, Monin (1999a) highlights an inherent paradox whereby:

> The 'stake' ... in a particular enterprise may not be voluntarily placed. Our quality of life may be affected, without consultation or without our 'permission'

by the presence and activities of a particular enterprise in our midst. (p. 38)

One could argue that one of the weaknesses of stakeholder theory for practitioners is that it does not go far enough in determining an appropriate business strategy, a shortcoming that Mitchell, Agle and Wood (1997) address in their model for "who and what really counts". This rational model can also be seen as a response to the manager's subjective assessment of stakeholder entitlement that reflects not just organisational interests, but potentially very personal values and priorities. Mitchell et al.'s (1997) model captures three important attributes of a stakeholder's claim: urgency, power and legitimacy. But pragmatism might outweigh ethics in this approach. A manager might have a far more compelling reason to respond to, for example, a stakeholder with considerable power and some urgency to their claim, rather than to a stakeholder with 'merely' a strong legitimate claim.

Theory development has tended to fall into two related categories: defining the concept of stakeholder, and identification and classification of stakeholders (see, e.g. Carroll, 1998a; Donaldson & Preston, 1995; Freeman, 1984; Mitchell et al., 1997). An instrumental focus is also to the fore in much stakeholder research. Jones (1999), for example, explored "the institutional determinants of social responsibility as the latter manifests in the *practice of stakeholder management*" (p. 176 my italics). In fact, evidence suggests that, like the economic and citizenship approaches, stakeholder models overwhelmingly emphasise an instrumental interpretation of 'responsibility' (Windsor, 2001b, p. 248) and have greater affinity with ideas of social responsiveness than with social responsibility.

Stakeholderism is now firmly incorporated into the strategic management discourse (Thomas, 1999), despite evidence that there is still limited agreement as to the legitimacy of the stakeholder view of the organization and as to what stakeholding means, what stakeholder theory is, and how it might be applied (Jones & Wicks, 1999; Thomas, 1999). Many attempts have been made to interpret and modify the concept, and to apply it in a management context. By the mid-1990s, Donaldson and Preston (1995)

estimated that at least 100 articles and a dozen books had already been written dedicated to the stakeholder concept. The number of articles and books has continued to grow. Thus, stakeholder theory offers a way of addressing the business-society divide in that it appears to give people, the environment and other interested parties a voice in the management of the organisation. It also offers scholars an opportunity to rethink their assumptions and provokes varied and vigorous debate on a controversial and evolving concept – debate exemplified in the April 1999 issue of the *Academy of Management Review* which centres on a contribution that sought to bring about a 'convergence' of two hitherto divergent strands of stakeholder theory: the normative and the instrumental (social science) approaches (Jones & Wicks, 1999).

Despite the identification and acknowledgement of several "cracks in the conceptual and empirical foundation on which it rests" (Weiss, 1995, p. 2), stakeholder theory and its associated terms continue to be debated and developed. Stakeholder management can be viewed as either negative or positive, and variously as:

> a dangerous and illegitimate challenge to shareholder interests …; as a route towards more fundamental change which promotes more equitable and more socially responsible organization; and …[as] a more pragmatic, 'managerial' middle course [that] sees stakeholding as a route towards more effective and efficient organization and increased pluralism. (Thomas, 1999, p. 7)

Although the initial polarity of views has persisted, the stakeholder idea continues to gain popularity and momentum with both practitioners and theorists. In his longitudinal study of Canadian businesses, Clarkson (1995) chose to reorient his framework from Carroll's (1991) corporate social responsibility framework to a stakeholder frame. However, there are still those who argue, on the grounds of legitimate property rights, the inappropriateness of such a prescription (e.g. Barry, 2000; Friedman, [1970] 1995). Others, after Freeman (1984), grasp stakeholder theory as an opportunity to rethink the dominant paradigm of business (Calton & Kurland, 1996). Commentators continue to draw attention to the plethora of articles published and the growing acceptance by business of the stakeholder discourse.

2.4.2   Corporate Citizenship

Sitting comfortably with notions of stakeholder management, corporate citizenship is the most recent challenger to, or substitute for (Wood & Logson, 2001) business social responsibility. It has become aligned with other strategic management initiatives aimed at sustainable capitalism (Birch, 2001), usually associated with reduction of the negative impacts of corporate activities on diverse stakeholders.

Carroll (1991) used the term corporate citizenship in relation to the philanthropic 'apex' of his pyramid of social responsibility, but now frames it in terms identical to his model of corporate social performance, claiming that the "four faces" of corporate citizenship are economic, legal, ethical and philanthropic (Carroll, 1998b). However, corporate citizenship has other meanings, partly as the term "citizenship" itself evokes powerful associations.

In common parlance, 'citizenship', is normally understood to have civil, political and the social dimensions. Citizenship refers to a relationship between an individual and the state, that relationship being defined by the law of that state. Certain freedoms are conferred but with corresponding duties or obligations. A number of categories of citizenship have been identified, each emphasising different social statuses, levels of activity and expectations (Heater, 1999; Ichilov & Heater, 1999) and there is now evidence for the emergence of another category – multiple citizenship (Held & McGrew, 1999).

Some researchers are in no doubt that it is appropriate to "[draw] a parallel between the individual citizen and his or her responsibilities and rights as a member of a community and a company, which although made up of many people, acts as if it were an individual" (McIntosh, Leipziger, Jones & Coleman, 1998, p. xx). For others, transferring this terminology to business by way of the tag 'corporate citizenship' is problematic as the expression lends itself to ambiguous interpretation. Yet it may be precisely this ambiguity that forms its appeal. Corporate citizenship is used variously to refer to business-community partnerships (Andriof, 2001b; Zadek, 2001), to the general

'posture' of a business organisation in society, and, at the level of the individual, to the degree to which an employee conforms to desired 'corporate' behaviours (e.g. Kaufman, Stamper & Tesluk, 2001; Swanson & Niehoff, 2001). But Matten, Crane and Chapple (2003) suggest that we should focus more on the political aspect of citizenship. They argue that corporations are gradually replacing governments as "the most powerful institution in the traditional concept of citizenship" (Matten at al., 2003, p. 117). This process is aided by an education sector that is reproducing the dominant culture (Jarvis, 2002). Moreover, corporations are "engaging as facilitators of the citizenship process, regardless of whether they are explicitly setting out to be 'good citizens'" (Matten at al., 2003, p. 117).

In the 1990s corporate citizenship gained prominence as a practitioner-based movement (Matten et al., 2003; Windsor, 2001a, 2001b). Today corporate citizenship, total responsibility management (Waddock et al., 2002) and similar ethical accountability initiatives are strongly associated with standard setting and the development and use of reporting guidelines and operational 'tools' such as triple bottom line reporting (Elkington, 1998; Holland & Gibbon, 2001). Moreover, business consultants have spurred the rapid adoption of the term corporate citizenship, public espousal by companies of certain 'citizenship' behaviours such as corporate volunteering (Tuffrey, 1995), and the development of other social or environmental auditing procedures (e.g. van der Wiele, Kok, McKenna, & Brown, 2001). In their dependence on reporting frameworks, these function to objectify the way in which members of the public and businesses interact with social issues – something Bauman refers to as the "instrumentalization of morality" (Smith & Higgins, 2000, para. 41).

Part of the appeal of the term corporate citizenship is that, in an increasingly global marketplace, it goes beyond a community focus (so often associated with corporate social responsibility) to embrace the possibility of operating in a range of host countries as a good 'citizen' and good neighbour. While the manager who advocates corporate citizenship may well be motivated at some level by altruistic feelings, the justification or business rationale is instrumental. Donations, partnership activities and associated

activities are linked to benefits for the organisation's bottom line. An overt display of the actual drivers behind corporate citizenship is evident in the following banner promoting a recent article in the influential *Harvard Business Review* titled "The virtue matrix: Calculating the return on corporate responsibility":

> Most companies want to be good corporate citizens. But at what price? A new tool pinpoints when it's smart business to do the right thing – and when it's not. (Martin, 2002, p. 5)

Martin states that he will refer to corporate responsibility "as if it were a product or service" and treat it as "an artifact subject to market pressures" (Martin, 2002, p. 5). Such an explicit relegating of 'doing the right thing' to the background in circumstances where the firm will not directly profit, is consistent with Friedman's position. However, usually the public rhetoric is of a somewhat more restrained nature. It is this pragmatism, and the absence of a reflective orientation toward moral dimensions, that positions corporate citizenship as an extension and elaboration of Frederick's (1994) corporate social responsiveness (CSR2) orientation.

Windsor highlights the extent of the differentiation from traditional notions of business social responsibility, viewing corporate citizenship as "a managerial and philanthropic ideology; it is a strategic doctrine and movement evolved by practitioners" (Windsor, 2001b, p. 238). Corporate citizenship, according to Windsor, in effect:

> substitutes a different conception, as well as a language, for responsibility. The substitution is less a recognition of the vagueness of the responsibility construct than an effort to transform obligation into rights conceptually while focusing resource allocation on strategic reputation enhancement activities. A "citizen" has rights as well as duties. The citizenship language places corporations on the same constitutional plane as the individual citizen. At law, the corporation is an artificial person and acquires certain privileges, including freedom of speech and political activity in consequence; but a citizen has constitutional rights that only transfer to the corporation through the circumstance that it is a collectivity of such citizens. (2001b, p. 239)

Swanson and Niehoff explicitly contrast the relatively "outward-looking" corporate social responsibility with the "more micro-oriented" corporate citizenship, the latter focussing more narrowly on the interests of the organisation rather than societal impacts (Swanson & Niehoff, 2001, p. 110).

Little wonder then that the alternative contemporary understanding of corporate citizenship rests in the attempts of transnational corporations to mould their employees into 'good corporate citizens'. In programmes evocative of historical attempts to 'Americanize' new immigrants (Meyer, 1996) transnational corporations now educate new employees, using the discourse of citizenship, to become corporate [rather than] national citizens (Meister 1998). The discourse is duplicitous in that it masks the intent to get employees, as good citizens, to act as if they are the owners of the business. Yet at the heart of the undertaking is a desire to enhance conformity. Indeed, as a result of their analysis of empirical research into organisational citizenship as employee behaviour, Swanson and Niehoff present the dimensions of employee citizenship behaviour as: "interpersonal helping, compliance with or obedience to organisational rules or norms, demonstrated loyalty to the organisation and active participation in organisational governance" (Swanson & Niehoff, 2001, p. 108). However, whereas the active citizen seeks to work for the 'good' of society and the common good, the corporate citizen works for the corporate good and individual gain. The same researchers point out that "the main tenet of employee citizenship is that constructive behaviour among employees is positively correlated with measures of organisational efficiency and effectiveness, including work quality, customer service and group-based performance ratings" (Swanson & Niehoff, 2001, p. 109).

Moreover, within the discourse of corporate citizenship, conventional understandings of citizen are displaced. The individual 'citizen' is replaced with the individual as 'consumer', reducing the rights of the citizen to, "the right to be satisfied with a service supplied, or the right to complain". This takes precedence over the idea that, as individuals or groups, they also may assume responsibilities independent of business (Smith & Higgins, 2000, para. 32).

Corporates occasionally make resources available toward the common good but, bolstered by the rhetoric of wealth creation and individualism, this tends to be the exception rather than the rule. Corporate citizenship initiatives are strategically driven with an eye to the bottom line. Moral causes are frequently presented through programmes framed in terms such as cause-related marketing, reputation management, and social issues management. It is argued that, within these programmes, concerted pre-testing of issues ensures that the chosen causes will be "unthreatening" and "in tune with the consumer's existing predilection", offering "a quick response to immediate guilt" (Smith & Higgins, 2000, para. 38). Thus moral alleviation happens without any real moral engagement on the part of organisational actors. By "absorb[ing] charitable giving within a preexisting act of exchange, it is then provided with a cosmetic moral 'face' through various symbolic and rhetorical strategies" (Smith & Higgins, 2000, para. 28)

2.5   CONCLUSION

At its extremes, social responsibility reflects either an economic, market-driven system or a democratic theory system. From the discussion above one can deduce that ideas about the concept of social responsibility and social responsibility theory are varied and complex. Over time the discourse has moved from one of personal and business responsibility to one of business rights. Social responsibility and stakeholder theory come together around the notion of to whom or to what the organisation has a duty, and what that duty might be. However, business social responsibility, as operationalised by management practitioners, often emphasises an instrumental, economic orientation rather than a moral focus.

Despite developments, business social responsibility and its progeny corporate social responsibility are 'core constructs' of the business and society field (Carroll, 1999) and cannot be dismissed as outmoded or irrelevant. Flexible and ambiguous as the term business social responsibility is, it has proven to be " an extremely resilient concept" (Wartick & Cochrane, 1985, p. 767), enduring in the discourse of business largely because it is so accommodating. It endures despite attempts to redefine or marginalise it. The fact that contemporary practitioners still refer to it, form organisations around the

concept (e.g. Businesses for Social Responsibility), and use the term to guide business decisions, is testimony to its robustness.

I have argued that theoretical development of the social responsibility construct has moved away from the moral basis for debate, towards an increasing objectification of the idea. This has occurred in two ways. First, the main scholarly advocates of social responsibility have moved towards communicating the ideas in more tangible ways, through visual models (e.g. Carroll, 1979, 1991). Second, scholars and practitioners have developed and endorsed measurement instruments (Clarkson, 1995; Waddock et al., 2002), thus signifying a move towards fragmentation of the ideal into measurable components that help to objectify the construct of responsibility.

I have also argued that the discussion has been largely appropriated by practitioners who reinterpret the fundamentalist view of social responsibility within new discursive frames (Windsor, 2001b) including those of stakeholderism and corporate citizenship. They use rhetoric to mask wealth creation strategies under the guise of social responsibility, a term noted for its vagueness.

One of the key assumptions driving these trends is that the manager is the arbiter of relations. Power is therefore not evenly spread. Business and business interests maintain centrality and society is relegated to a mere 'dimension' under a stakeholder approach, or assumes the status of 'other' in the business and society relationship.

Another assumption that underlies the business case for social responsibility is that of self-interest, either 'plain' or ameliorated by the descriptor 'enlightened'. The focus is instrumental, and ultimately any social responsibility activities are rationalised in terms of maximum financial gains. This thread runs through the social responsiveness, social performance and corporate citizenship literature, is implicit in the stakeholder literature, and is defended strongly by pragmatists who claim to know how business works (e.g. Gioia, 1999). So, if the normative arguments are so difficult to sustain in the 'real world' of business, why have we such an array of terminology, attempts at theory building and

'practical models' of social responsibility, social performance, corporate citizenship and stakeholder theory? Presumably it is more than mere academic theorising. They are important concepts for managers, not least because they represent a means by which to promote a positive image of business.

There is a tendency in discussions and models of business social responsibility and business social performance to overlook contextual dimensions and the dynamic nature of the ideas surrounding the construct. Whilst a few theorists have acknowledged this and even attempted to address it, little research has been done to explore that dynamism or how those external to the organisation might formulate their views of business social responsibility over time.

One approach is to regard business social responsibility as other than 'just' moral principles, and/or policies and/or practices, but also as a process whereby fragmentary and multiple understandings are constituted and reconstituted in the discourse through a process of negotiation. This change moves our attention toward those in 'business' and in 'society' (outside particular businesses) who are involved in the transactive process, as persuaders and as participants in a shared enterprise.

In Chapters Three and Four I introduce rhetorical analysis, a methodology that might facilitate new insights into and generate different models of business social responsibility in a specific cultural context. In New Zealand we are exposed to the rhetoric of opposing views of business social responsibility whereby Roger Kerr and Dick Hubbard each attempts to 'persuade' the public to his own stance. Rather than focussing on refining the elements of business social responsibility, rhetorical analysis enables us to explore the contradictions, complications and 'texture' of how business social responsibility is socially constructed and enacted.

CHAPTER THREE: THE RHETORICAL TRADITION

3.1   INTRODUCTION

Proponents of social responsibility are concerned with gaining support for an abstraction, and abstractions are expressed in language. For this reason, the words and symbols used by business people like Dick Hubbard need to be scrutinised to see how they help constitute 'meaning' around the concept of business social responsibility and attempt to persuade others to their view. Rhetorical analysis offers such an approach.

Over a decade ago, Eccles, Nohria and Berkley (1992), talking about the way we understand management, urged readers to "take rhetoric seriously". They claimed that:

> To view management from a rhetorical perspective is to recognize that *the way people talk about the world has everything to do with the way the world is ultimately understood and acted in, and that the concept of revolutionary change depends to a great extent on how the world is framed by our language.* (Eccles et al., 1992, p. 29 original emphasis).

For all this, "there have until recently been relatively few attempts to examine how rhetoric works as part of the process of meaning construction in and around organizations, especially when organizational meaning itself 'goes public'" (Linstead, 2001, p. 219).

This lack of understanding of rhetorical analysis within organizational contexts was not always so. At one stage rhetoric was recognized as a crucial element of the way that people communicated. It was taught formally, formed the centre of whole educational curricula, and was widely understood. Today, rhetoric is still practised and it still has an impact on the way we construe the world, but its presence is often undetected. To better comprehend the way rhetoric functions today, and how it can be used as a research tool, it is helpful to briefly examine its historical development.

In this chapter I present a range of definitions of rhetoric, trace the origins of contemporary ideas about rhetoric, introduce selected issues in rhetoric, discuss elements of rhetoric and introduce the role of the rhetorical critic.

3.2   DEFINITIONS OF RHETORIC

People's attitude toward rhetoric tends to be dismissive and terms like 'empty rhetoric' or 'mere rhetoric' (Hamilton, 1997) serve to disguise the fact that rhetoric is immensely powerful in the constitution and negotiation of ideas.

While rhetoric is associated pejoratively with expression that is false, superficial, or manipulative, it also encompasses the use of language, both for eloquence and persuasion. Derived from the Greek ρητορεια, rhetoric originally referred to the art (τεχνη) of speech, a generic skill that permeates spoken communication. Similarly, today rhetoric is regarded as a "primarily verbal art" (Covino & Jolliffe, 1995, p. 6), yet the meaning of rhetoric has expanded beyond the written and spoken word to a broader realm including the persuasive effects of actions, visual images and non-verbal sounds (Burke, 1969b; Covino & Jolliffe, 1995; Kennedy, 1995).

Because it has a long history as a term, rhetoric is difficult to pin down in a single definition. Although persuasion is fundamental to rhetoric, definitions vary in emphasis and scope. Richards, for example, views the study of rhetoric as the "systematic study of the inherent and necessary opportunities for misunderstanding which language offers" (Richards, 1955, p. 74 cited in Foss, Foss, & Trapp, 2002, p. 24). Alternatively, Foss et al.'s definition represents rhetoric in very broad terms as "the human use of symbols to communicate" (Foss et al., p. 1), a definition resonant of Burke's characterisation of man as "the symbol using animal" (Burke, 1966, p. 3). Humans make "symbolic choices" through which they construct their reality. Burke (1969b) writes that rhetoric

> *is rooted in an essential function of language itself, a function that is wholly realistic, and is continually born anew; the use of language as a symbolic means of inducing cooperation in beings that by nature respond to symbols.* (p. 43 original emphasis)

In spite of his use of the term "language", Burke recognises rhetoric as including non-verbal elements or non-symbolic conditions that "can themselves be viewed as a kind of symbolism having pervasive effects", as in a display of military might that does not involve combat (1969b, p. 161).

For Burke, rhetoric is also associated with identification and something he terms 'consubstantiality'; as without identification, persuasion is not possible. "You persuade a man only insofar as you can talk his language by speech, gesture, tonality, order, image, attitude, idea, *identifying* your ways with his" (Burke, 1969b, p. 55). Identification extends the idea of persuasion, often associated with the alignment of interests or motives through explicit appeals, to an unconscious level whereby one can "feel energised or uplifted by our association" with someone (Blakesly, 2001, p.15).

Energy is also referred to explicitly in Kennedy's (1995) definition of rhetoric, and implicitly by Covino and Jolliffe (1995) when they distinguish rhetoric from *content* areas such as the sciences which have a "definite body of knowledge". Instead, rhetoric can be regarded in terms of its roles in *shaping* and *featuring* content (Covino & Jolliffe, 1995, p. 4). This description of the 'art' of rhetoric picks up on its classical origins conveying a sense of its creative, multifaceted nature. Covino and Jolliffe also introduce a number of key themes that typify both the concept and the ongoing debate as to what constitutes rhetoric: "*Rhetoric is a primarily verbal, situationally contingent, epistemic art that is both philosophical and practical and gives rise to potentially active texts*" (Covino & Jolliffe, 1995, p. 5 original emphasis).

Hart (1997) has a different way of explaining how rhetoric works, defining rhetoric as "the art of using language to help people to narrow their choices among specifiable, if not specified, policy options" (p. 2). By portraying the "realm" of the rhetorical he focuses attention on the wide relevance of rhetoric. Hart asserts that 'the rhetorical' has a distinctive character that draws upon, but is distinctive from, a number of domains which include the scientifically demonstrable; the artistically creative; the philosophically reasonable; and the socially concerned (1997, pp. 9-11). Under this

view, rhetoric can simultaneously be regarded as central and peripheral, a connotative breadth intimating that rhetoric may be considered by some to be a panacea, by others to be a 'parasite', both extremes that open rhetoric to criticisms. However, this scope might also represent its strength. Rhetoric draws its proofs from all of the domains identified by Hart, but does not have to argue its proofs in the same way as a scientist or philosopher does, relying instead on 'commonsense' assessments of acceptability. This notion is captured in Hart's explanation:

> Because it borders on so many worlds, the realm of rhetoric is powerful. The rhetor draws on each of these worlds and yet steps back from each simultaneously, seeking to become a poet, but a poet of practical consequences, a scientist, but a scientist unencumbered by footnotes. The persuader also becomes an easy-going logician and a social worker with an eye on the bottom line. (1997, p. 11)

This view is in part a legacy of Kenneth Burke's understanding of the term 'rhetoric'. It suggests theatricality, an element of performance and the necessity to play out various roles in attempts to persuade. For Burke, humans exist in an action-world, a realm exclusive to the symbol-using person. They have the unique ability to plan action conceptually before acting (Burke, 1989, pp. 53-55). Importantly: "For Burke, life is not *like* a drama. Life *is* a drama" (Griffen, 1991, p. 276). We are all actors playing out roles in dramatic contexts, but we are not just limited to motion, as are other animals. And different roles and actions call for different symbol use, or language. It is this perspective that is at the heart of my interpretation.

Burke's exploration of rhetoric led him to develop a number of notions that became central to his perspective and that have come to influence other rhetorical critics (e.g. Hart, 1997). In particular, these include 'the negative', 'hierarchy', and 'perfection', all of which will emerge as reference points at various stages of the ensuing chapters of this thesis. The first term, 'the negative', is exclusively a product of language as it cannot exist in nature (Burke, 1961; Foss et al., 2002). Furthermore, "Without the negative implicit in language, moral action based on conceptions of right and wrong behavior

(such as law, moral and social rules, and rights) would not exist" (Foss et al., 2002, p. 205). Thus laws or commandments, the 'thou shalt nots' are dependent on language. Similarly, the negative operates rhetorically through contrast to highlight certain 'desired' qualities.

The second term, 'hierarchy', refers to a ranking system that occurs in many aspects of life. We differentiate hierarchically on the basis of age, education, social status and so forth. Under the principle of hierarchy, Burke claims that people are either striving to attain higher positions, or struggling not to slip down in rank. Those at the top fear being surpassed, and may reject those they judge to be on a lower echelon in order to bolster their own status. Burke claims that human beings are "rotten with perfection", sullied by the need to accomplish the ideal, the conception of an "Ultimate stage" underlying each stage of the hierarchy (Burke, 1969b, p. 118). Consequently, although each hierarchy discriminates and segregates members, it also, paradoxically, "unif[ies] its members through the perfection embodied in its ideal" (Foss et al., p. 207). Thus, at the heart of hierarchy are the twin ideas of identification and division. Moreover:

> The drive to perfection – Burke calls it ethical striving or mounting – is set in motion and fed by the impulse to abstraction, for transcendence is implicit in language-using and language itself provides (or constructs) the hierarchy of values which one must mount in order to achieve or even approximate perfection. Heavens are built of symbols, and language, that great purgatorial agency, provides man [sic] with a means of ascent. (Rueckert, 1982, p.137)

Thus, some assume rhetoric to be a self-conscious form of persuasive communication; others assume it is an inevitable aspect of communication. Others stress the creative aspect of rhetoric, and many theorists have helped build vocabularies and frameworks for analysis. Undeniably, rhetoric is a form of communication that attempts to change the audience so that their understandings, beliefs, actions or dispositions are in some way altered.

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In this thesis I focus on how rhetoric is used in business communication to construct particular views of business social responsibility 'reality'. I treat business communication as a form of theatre, drawing on critical perspectives from contemporary rhetoric to explore business social responsibility.

In order to contextualise these notions and, in turn, develop the discussion to include a range of ideas about rhetoric, such as those associated with truth and aesthetic value, I will briefly review how the field developed. I am mindful of Jarrett's plea to "re-vision", "re-group" and "redefine", "resisting the impulse to fit historical materials into a neat, continuous line from beginning to end" (Jarrett, 1995, p. 173). But an historical sweep, although inevitably broad and selective, does serve to emphasise some key themes and help convey the scope of rhetoric. While I present it as a flow, the story is actually fragmented, but my objective is to highlight the work of rhetoricians who have been most influential in contributing to the way that we see rhetoric from a contemporary perspective.

3.3   DEVELOPMENT OF RHETORIC

3.3.1   Rhetoric in Antiquity

Contemporary Western notions of rhetoric are informed by a tradition handed down by the ancient Greeks who understood and respected rhetoric, granting it a central place in their social and political systems. Among the subjects of classical Greece's education system, philosophy and rhetoric were the most highly institutionalised, but rhetoric was accorded greatest prestige and it was associated with both literature and with civic affairs. Classical Greek and Roman philosophers and educators, communicating abstract ideas and arguments, had to be masters of eloquence, which required the ability to use rhetoric. A truly cultivated Greek or Roman male would continue to refine the art and to deepen his knowledge of rhetoric throughout his lifetime.

In the latter half of the 5th century BCE the Sophists were to emerge as the main masters and proponents of rhetoric. But as rhetoric gained status among the intellectual pursuits, it was not without critics. Plato (427-347 BCE), frequently cited as an opponent of

rhetoric, fueled a growing perception of the Sophists as amoral opportunists. Knowledge of rhetorical techniques could only serve to corrupt, as it was a one-way form of communication aimed at persuasion. One could not get to the objective 'truth' as one would through dialectic.

Notwithstanding the apparent contempt for rhetoric held by Plato and the Platonic Socrates, philosopher-educator Aristotle (384- 322 BCE) affirmed it, countering with a claim that, "if it is objected that the abuser of the rhetorical faculty can do great mischief, this, at any rate, applies equally to all good things except virtue" (Aristotle, 2000, p. 145). If one learned the 'tricks' of persuasion, one could see through them and would not be duped. Aristotle further claimed that civilised life and free government was only made possible if people argue and have the means to argue freely. Greek (and later Roman) students of rhetoric were encouraged to consider how they could act in order to convey an impression of public spiritedness, truthfulness or good intentions.

Other teachers of rhetoric, such as Isocrates (436-338 BCE), spent time compiling the 'rules' of rhetoric, and as the discipline of rhetoric developed it was further formalised. Practitioners and scholars developed a precise technical vocabulary and made attempts to classify it. Drawing on the work of their Greek antecedents, Roman rhetoricians such as Cicero (106-43 BCE) and M. Fabius Quintilian (c AD 35-95) imitated and expanded the arts of legal sophistry and political demagoguery. The noted Roman citizen-orator Cicero claimed in *De Oratore* (55 BCE) that rhetoric was an art that was useful for dealing with practical affairs and his emphasis on exploring and developing the notion of style has been attributed to his own oratorical skill (Foss et al., 2002, p. 7). According to Cicero, rhetoric was to be studied for a moral purpose – to persuade men to the good life. The rhetor had certain 'duties' whereby elegance, power and virtue were to be fused.

The Roman lawyer Quintilian continued to refine these ideas, and selectively drew upon existing theories of rhetoric. In his major work the *Institutio Oratoria*, regarded by some

as the most influential education text ever written, Quintilian emphasizes the moral dimension of rhetoric – the 'good' man speaking well (Quintilianus, 2000).

3.3.2   Middle Ages - Renaissance

Principles and practices of Greco-Roman rhetoric were carried on into the Middle Ages (400 – 1400) providing inspiration for medieval Christian learning. Rhetoric, closely associated with preaching, letter writing and poetry (Herrick, 2001, p.131), was part of the scholastic *trivium*, along with grammar and dialectic (logic). An early attempt to combine rhetoric and textual interpretation, St Augustine's (353-430) *On Christian Doctrine*, represented one of the first rhetorical treatises for the Christian orator.

Interest in rhetoric as a formal discipline waned during the Middle Ages, but the Renaissance witnessed a revival, aided by the Italian poet Francesco Petrarca, known as Petrarch (1303-1374). He outlined a programme of classically oriented studies which, drawing on the classical ideal of eloquence, once more unified rhetoric and philosophy. Whereas Aristotle and Cicero had seen poetics as separate from rhetoric, Quattrocento humanists conflated the two, conceiving literature as "having its own persuasive and formative powers" (Kahn, 1995, p. 235). Humanist scholars included grammar, rhetoric, poetry, moral philosophy, and history among their liberal arts, and educated people were schooled in all of these.

Post-Renaissance, training in rhetoric still found a place and, under the influence of the French philosophers, Petrus Ramus (1515-1572) and Rene Descartes (1596-1650), rationalism emerged as a dominant theme in theories of rhetoric (Foss et al., 2002). For the rationalists, rhetoric became subordinated to philosophy and science. The scientific approach to the study of rhetoric was furthered in Francis Bacon's (1561-1626) extensive writings, although rhetoric was not a focal theme of his work. Like some of his early intellectual predecessors, Bacon saw a relationship between ethical and rhetorical concerns. He professed that the "duty and office of rhetoric is to apply reason to imagination for the better moving of the will" (Bacon, 2000, p. 497).

Similarly, Italian philosopher Giambattista Vico (1668- 1744) drew not only on reason, but also on imagination to comprehend human sense-making. He argued that the 'commonsense' of rhetoric could temper the rationalist encouragement of skepticism and doubt and was of more use in our everyday lives (Brummett, 2000). According to Vico, insight into the nature of human thought, language and experience could be enhanced through the exploration of poetry and mythology. To this end, Vico proposed a theory of rhetoric based on four literary tropes: metaphor, metonymy, synecdoche and irony. An Italian humanist living in the early Enlightenment, Vico also drew freely upon the classical rhetorical tradition, seeking to revive the τοποι (argumentation strategies) of classical rhetoric as tools to aid decisive thinking. Cicero was probably the inspiration for Vico's conception of the heroic orator – "one who spoke or wrote wisely and eloquently for the benefit of the whole society" (Herrick, 2001, p. 172).

3.3.3   18th Century – 19th Century

By the 18th century, the study of rhetoric had diverged into three identifiable trends – epistemological, belletristic, and elocutionist (Foss et al., 2002). The first approach, epistemological rhetoric, was associated with the Scottish minister, George Campbell (1719-1796), one of the most important rhetorical theorists of the Enlightenment. Campbell describes rhetoric as, "that art or talent by which discourse is adapted to its end" (Campbell, 2000, p. 544). The epistemological movement was also influenced by Faculty Psychology, an empiricist theory of the mind whereby the mind is understood to be composed of relatively independent categories (faculties) such as feeling, judgement, memory, intellect, perception, duty, and knowing.

The second rhetorical trend, belletristic, is referred to as the 'belles lettres' movement and its origins have been traced to France. Emphasising aesthetics, the approach "focused on reception, not production" (Warnick, 1993, p. 34 cited in Herrick, 2001, p.178). Proponents of belles lettres broadened the conception of rhetoric beyond that of spoken discourse to literature and writing generally, contributing to contemporary ideas regarding literary and rhetorical criticism (Herrick, 2001). Hugh Blair's (1718-1800) *Lectures on rhetoric and belles lettres* presented such an insight into the links between

rhetoric, literature and criticism, and also focussed on the idea of 'taste,' or "the natural sensibility to beauty" (Blair, 2000, p. 612).

The third rhetorical trend, the elocutionary movement of the 18th century, focussed attention back on the classical preoccupation with rhetoric as performance, stressing 'scientific' study of delivery styles of preachers, lawyers and other public figures. The technical guidelines developed by such proponents as Thomas Sheridan (1719-1788) were highly detailed, but a grander agenda, rhetoric as a 'path to personal refinement', influenced the project (Herrick, 2001).

3.3.4   20th Century Developments in Rhetoric

The 19th century brought with it a decline in the prominence of rhetoric as a scholarly discipline. Herrick suggests that "the twentieth century opened in the Western world with interest in rhetorical theory at perhaps its lowest point since the systematic discussion of rhetoric began in ancient Greece" (Herrick, 2001, p. 195). Yet rhetoric in the first part of the 20th century was in evidence, taking the form of popular rhetorical theory dispersed largely in the form of public speaking advice to ordinary people. Typically, women were targeted through books on etiquette, and men through advice for business people. Dale Carnegie's (1936) *How to Win Friends and Influence People* may be the most famous example of this type of publication. Advice offered routinely highlighted delivery and aspects of style as in *Amy Vanderbilt's Complete Book of Etiquette* (1952) and William Hoffman's (1931) *Public Speaking for Business Men*. The burgeoning public relations and advertising industries also spawned popular rhetorical theorists (Brummett, 2000).

Notwithstanding the 19th century decline, there has been a revival of attention to rhetoric amongst contemporary scholars. We can, in part, attribute the resumption of interest to intellectuals such as Kenneth Burke (1897-1993), Ivor Richards (1893-1979) and Richard Weaver (1910-1963), all of whom helped in separate ways to put rhetoric back on the scholarly agenda. However, the resumption in interest is also due to the change in perspective toward what Fish (1995) refers to as a new form of Sophism,

accommodating the view that reality is a social construction, and language is a means by which we construct and legitimate meaning.

Rhetoric as a separate field of study, formerly accommodated within university departments of English or Philosophy, has also been developed within North American speech communications departments and has become formally integrated into many academic curricula. Interdisciplinary studies that draw upon the apparently diverse fields such as mass communications, anthropology, philosophy, literature and psychology have added to the resurgence of interest in rhetorical studies (Foss et al., 2002).

Scholars in a range of disciplines, such as sociology, anthropology and history, have long embraced the notion of a socially constructed world in which language defines our reality. Over the last 20 years these methodologies have made an impact upon management studies. Studies with a language bias include organisation as metaphor (Morgan, 1986; 1997), organisation narratives (e.g. Barry & Elmes, 1997; Czarniawska, 1998), discourse and organisation (e.g. Grant, Keenoy, & Oswick, 1998); organisation as theatre (e.g. Czarniawska-Joerges & Wolff, 1991; Mangham, 1990; Mangham & Overington, 1983; 1987), and story-telling in organisations (Boje, 1995; Gabriel, 1995; 1998; Salzer-Morling, 1998). Rhetorical analysis has also been increasingly used in management scholarship (e.g. Case, 1999; Fincham, 1999; Grint & Case, 1998; Jackson, 1999; Jackson, 2001; Symon, 2000; Watson, 1995).

It is this legacy that informs my study of business social responsibility in New Zealand. In particular, in the human sciences, the so-called 'rhetorical turn' (Simons, 1990), refers to a recent movement whereby alternatives and challengers to the dominant positivist approaches have emerged as legitimate research options. The rhetorical turn is associated with others identified by Rorty (1967) as the 'linguistic' and 'interpretive' turns, all emphasising language as the fundamental vehicle through which we construct our understanding of the world and which are sometimes collectively referred to as 'interpretive' approaches (Fish, 1995).

Attesting to the ubiquity of rhetoric is the fact that a range of authors, not just rhetoricians, are identified as contributors to the development and understanding of modern rhetorical studies. In fact, Gaonkar (1990) points out with some dismay that rhetoricians have contributed little to the 'rhetorical turn'. He argues that writers such as Kuhn, Lacan, Derrida and others "whose texts bristle with rhetorical concepts and terms", are at best only marginally aware of, for example, Burke's work (Goankar, 1990, p. 362). However, Foss et al. (2002) point out:

> Whether or not the scholars in these disciplines use the term *rhetoric* to define their interests, they share a concern for how symbols function – personally, socially, and epistemologically – in the human world. They formulate theories of rhetoric that investigate the possible relationships between thought and discourse as well as pragmatic theories that explore what humans do with discourse. Whatever aspect of the rhetorical process receives attention, there is a recognition that rhetoric is both the use of symbols and a "mode of approaching the phenomena of discourse". (p. 14)

Contemporary rhetorical theorists have built on and extended the traditional body of knowledge, recently expending considerable intellectual energy on restoring the 'respectability' of rhetoric as a formal discipline. Importantly too, there is a mounting emphasis on the role of the audience or reader, as an active interpreter and constructor of the text. Modern applications, in a departure from classical rhetoric, have also increasingly focussed on 'everyday' rather than elite or exemplary texts (Hart, 1997; Symon, 2000).

There are a number of issues emerging from the preceding discussion that are of relevance to the enquiry into business social responsibility. These include 'truth' and rhetoric, the ethical status of rhetoric, and its legitimacy as a discipline, each of which I address in the following section.

3.4   ISSUES IN RHETORIC

3.4.1   Rhetoric and 'Truth'

A popular indictment against rhetoric is that it does not lead to 'truth'. Historically, Plato saw rhetoric as a means by which the ideal 'truth' can be concealed and Aristotle countered with a defense of rhetoric as a way of ascertaining 'truth'. Yet truth is a contested concept, with many connotations and meanings. Drawing on sources such as Derrida and Foucault, contemporary scholars tend toward the latter, more flexible notion of truth as it pertains to rhetoric. To Hart (1997), for example, rhetoric is both a social art and a social transaction, reliant for its 'truth' not on some absolute, but on the judgement of a majority, however slim, as the test of 'demonstratedness': "rhetoric never produces True Truth. It produces partial truth, truth for these times and these people" (p. 9). Correspondingly, Covino and Jolliffe (1995) point out that rhetoric is "located in the realm of uncertainty and *probable* truth, in which conclusions are arguable rather than incontrovertible" (p. 8).

Figure 3.1 sets out the matrix in which Cherwitz (1995) compares truth in rhetoric with truth in science and dialectic, differentiating them according to the categories of: the nature of certainty; the process of ascertaining truth; the vehicle for ascertaining truth and the methodology.

Figure 3.1   *Conceptions of 'Truth'*

	SCIENCE	DIALECTIC	RHETORIC
Nature of certainty	Empirical certainty	Logical certainty	Intersubjective certainty
Process of ascertaining truth	Discovering truth	Synthesizing or deducing of truth	Evoking truth
Vehicle for ascertaining truth	Observation	Syllogism	Persuasion
Methodology	Correspondence	Entailment	Adherence (Intersubjective validation)

From "Rhetoric as 'A way of knowing': An attenuation of the epistemological claims of the 'New Rhetoric'", by R. Cherwitz, 1995, in *Rhetoric: Concepts, definitions and boundaries,* W. A. Covino and D. A. Jolliffe (Eds.), (pp. 452-460). Boston: Allyn and Bacon.

Cherwitz suggests that rhetoric deals with "intersubjective certainty" by "evoking truth" through "persuasion" to achieve "adherence (intersubjective validation)". The intersubjectivity refers to a tacit agreement or understanding that is often based on experience or 'commonsense'. In turn, a Foucauldian perspective shifts the focus away from what truth is or what truth is understood to be, toward the consequences of the belief that something is true – the "truth effects" (Jeffcutt, 1993).

Offering another conceptualisation, Rorty (1982) suggests that the relationship between truth and reality can be considered in two ways: as direct ('vertical') representation or as an iterative ('horizontal') process of negotiated truth, the "reinterpretation of our predecessors' reinterpretation of their predecessors' reinterpretation" (p. 92).

Fish (1995) also explores the notion of different types of truth occupying different dimensions. He implicitly challenges Aristotle's efforts to demonstrate an alliance between rhetoric and truth, suggesting that they emanate from different worldviews. Fish draws on Richard Lanham's distinction between *homo seriosus* and *homo rhetoricus*. The former, serious man, "possesses a central self, and irreducible identity. These selves combine into a single, homogeneously real society which constitutes a referent reality for the men living in it." (p. 127). In contrast, rhetorical man "is an actor; his reality is public, dramatic" (Lanham, 1976, p. 1 & p. 4, cited in Fish, 1995, p. 127). If we wish to ascertain which of the two represents the 'right' view of human nature, we must do so from within one or other worldview. Citing Lanham, Fish points out that "from serious premises, all rhetorical language is suspect; from a rhetorical point of view, transparent language seems dishonest, false to the world" (Fish, 1995 p. 128). As such, positivism and interpretivism are 'worlds apart'. The *homo seriosus* view is apparent in the commonly used subtitle to academic articles, "rhetoric versus reality" (Symon, 2000).

Whatever the details of perspectives, there is agreement around the notion that rhetorical truth is different to accepted rational approaches. This lends support to Hart's contention that the type of sense-making employed in rhetoric is different from traditional forms of logic. For Hart, the guidelines set down for logical, scientific reasoning must be

rewritten under a "more indulgent" set of standards. Importantly, he points out that the logic of persuasion employs a different rationality. It is credibility-driven, saliency-driven, audience-dependent; a logic of association, and often a logic of emotion (Hart, 1997, pp. 84-86). Given these features, issues such as the audience's willingness to trust and the rhetor's trustworthiness (related to Aristotle's 'ethos') become relevant to perceptions of truth and therefore to the believability or persuasive power of a message.

3.4.2 Ethical Status of Rhetoric

Whilst highlighting the close association between notions of truth and rhetoric, an historical overview also serves to reveal the intimate relationship between rhetoric, ethics and the exercise of power. Traditionally, the term 'rhetoric' was used to signify "either (1) the use of persuasive resources (*rhetorica utens*), or (2) the *study* of the use of persuasive resources (*rhetorica docens*)" (Blakesley, 2001, p. 14), both of which are important to our understanding of persuasion in business. Together they have led to a second charge that has concerned rhetoricians and philosophers since ancient times: rhetoric is manipulative and therefore unethical.

This indictment stems from the centrality of persuasion to rhetoric. Persuasion can be regarded as a form of coercion, and the oppressive exercise of power will inevitably evoke moral questions. Homer (1988) alludes to Plato's denunciation of the Sophistic practices, in his comment that rhetoric "can be misused by the unscrupulous and the appearance of good character may in fact be only an appearance" (Homer, 1988, p. 56). To that type of thinking, Aristotle's rejoinder is that rhetoric empowers people to expose deceit and is therefore 'good', a line taken up in the 20th century by Burke, who referred to some sorts of rhetorical deception as "mystification", which "rhetorical analysis should always be ready to expose" (Burke 1969b, p. 178). Analysis reveals the strategies of rhetoric and provides a critical lens on what is claimed.

In short, rhetorical analysis enables us to examine and expose the verbal enactment of power. Herrick (2001) argues that, in broad terms, we can focus on personal, psychological, and political power in rhetoric. Training in rhetorical techniques,

effective public speaking and vocabulary building, he suggests, can assist an individual to achieve personal goals. Through rhetoric too, the individual can influence the thinking of others, thus exerting psychological power that can be used to advocate and test new ideas and positions on issues, as well as opinions and beliefs. Undoubtedly this ability to influence others allows for the dissemination of destructive as well as 'good' ideas and its persuasive function can subvert the capacity to test or interrogate ideas. Yet, ultimately, rhetorical criticism offers an avenue whereby a range of views can be usefully explored.

So while there is an argument to suggest that the exercise of power through persuasion is potentially 'bad', it is also potentially constructive and beneficial (Brummett, 2000). And that rhetors can exert such power appears, in turn, to be an argument in favour of the role of the rhetorical critic – someone who can expose the devices.

The association between rhetoric and persuasion has caused commentators to question what ethical standards should guide rhetors. Yet even our personal relationships are marked by persuasion. McCloskey's (1998) claim that "no speech with intent is 'nonrhetorical'" (p. 8), appears to echo Burke's assertion that "wherever there is 'meaning' there is 'persuasion'" (1969b, p. 172). One can reasonably argue that an understanding of rhetoric and engagement in rhetorical dialogue offer positive opportunities for participation in discussions about issues that affect our lives, and equip us to make judgements about the morality of others' actions.

The rhetorical critic can interrogate the arguments, thus contributing to, and expanding these conversations. The critic can also expose the use or misuse [abuse] of the power of rhetoric. However, this raises another issue of power – the view that the rhetorical critic is selective and influential, bringing with her not only the skills at persuasion, but also the added authority of the discipline (Dow, 2001). Dilemmas associated with the ethics of rhetoric may not be easily resolved. In this thesis I take the view that, as long as these shortcomings are recognized, the cautious rhetorical critic can make a positive contribution.

3.4.3 Legitimacy of Rhetoric

When Hart (1997) presents the realm of rhetoric impinging on so many areas, he implicitly draws attention to the indictment that rhetoric is a 'supplement' rather than generative, depending on other disciplines for its legitimacy. Since traditionally rhetoric has been associated with established fields of enquiry such as philosophy, ethics, or politics, the fundamental question remains: 'What is the role of rhetoric?' With regard to this issue, Gaonkar (1990) notes that Vickers has referred to the function of rhetoric as akin to a "service industry" (p. 343). Indeed, rhetoric has been evocatively and variously described as "the harlot of the arts" (Condit, 1997, cited in Dow, 2001, p.338), "a parasite" (Gaonkar, 1990, p. 342) and a "bastard discipline in many eyes, continually searching to establish our legitimacy as heirs to some tradition" (Dow, 2001, p. 337). Goankar suggests that 20th century rhetoric "can be read as a revolt against the 'supplementary' tradition" (Goankar, 1990, p. 347) implied by Vickers and Scott. This revolt may have led rhetoricians to assume too much for the art of rhetoric, provoking Gaonkar to suggest that "sometimes this 'parasite' becomes so deeply entangled with the affairs of an alien body ... it forgets its own nature and purpose and pretends to be a substantive entity" (Goankar, 1990, p. 342). Others point to the ubiquity of rhetoric (Burke, 1969b; Lyne, 1990; McCloskey, 1998), a view reflected in Brummett's (1995) question as to whether indeed we can engage in another discourse without engaging in rhetoric. In this sense, rhetoricians stake a claim to both the rational and interpretive positions, as when they subject 'scientific' texts to critical analysis and expose the rhetoric of objectivity (Ceccarelli, 2001; Kuhn, 1970; McCloskey, 1998).

Under different interpretations, the art of rhetoric is cast severally as prostituting itself, indulging in an almost predatory existence by threatening to colonise other established disciplines, or as insecure about its respectability. This inclination to establish rhetoric as a separate, respectable identity tends to miss the point. In arguing against rhetoric, we may fail to see what it does do. Effective rhetoric goes beyond the rational to produce emotional adherence – as a suasory process it both exploits and engenders feelings of understanding and agreement. Rhetorical criticism can help audiences to detect

misrepresentation and advance counter-arguments and generally show how the strategies of persuasion work.

3.5   THEMES IN MODERN RHETORICAL CRITICISM

Notwithstanding ideas associated with truth, persuasion and legitimacy outlined above, several additional themes underlie contemporary approaches to rhetoric and form key concepts in the critic's lexicon. For example, of particular interest to this study are *text*, *context*, and issues surrounding the term *audience*. I represent the relationship as a triad in Figure 3.2, and I draw on these themes in later analyses. I begin with text.

Figure 3.2   Triad of Rhetoric
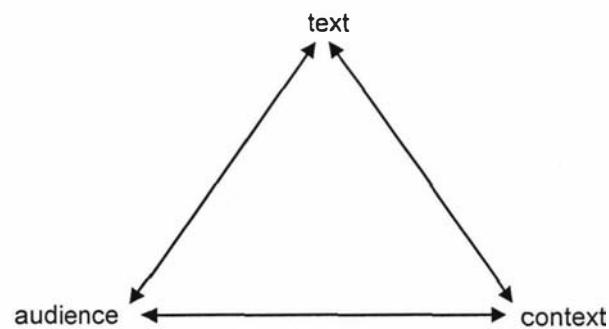
3.5.1   Text

Everything is text. 'Text' in a rhetorical sense extends beyond conventional definitions that highlight specific instances of oral or written language. In Derridan terms, "all human conceptual products" are text, and human attempts to impose some order on the world represent a 'writing' process undertaken by social actors (Westwood & Linstead, 2001, p. 24). While not everyone would adopt this view, it is now widely accepted that text can consist of written or spoken words. Alvesson & Skoldberg (2000) refer to this differentiation as "literal", or it "can also be figurative, in that social acts are regarded as meaningful symbols" (p. 61). A chairperson's report, a novel, a lecture, a poem or a newspaper article are all texts, as are parts thereof, but the definition can be extended to include film, art, non-verbal sounds and gestures. Indeed, Hart suggests that rhetorical critics are now initiating enquiry "into such seemingly unrhetorical areas as aesthetics,

science, philosophy, and friendship-formation in order to witness subtler forms of persuasion." (Hart, 1997, p. 11). This quotation demonstrates how 'text' has gained a broader connotation, partly because seemingly peripheral factors are increasingly acknowledged as contributing to the meaning of text. In this thesis I am primarily interested in verbal symbols used to persuade the public toward acceptance of a business social responsibility ideal.

Text has also been noted for the absences within its scope. The work of such writers as Derrida and Foucault focused attention on the issue that what is absent from the text is a matter of concern. The role of the critic is to bring to the fore observations as to whose voice is privileged, who has the power, and whose voice is not heard. Yet, taking the idea of the critic's role in relation to text beyond that of 'discovery' of what is in the text, is to accept the possibility that the critic *creates* the text:

> When [critics] 'take up' a text, it becomes something new and different: the production of the experiences we have with it, the language we use to talk about it, and, significantly, the argument we wish to make about it. We do not validate some pre-existing text; we authorize the *creation* of one. (Dow, 2001, p.341 original emphasis)

Thus, in my role as critic, in this thesis I am part of a process of constitution and reconstitution of text, which both adds to and negotiates the concept of business social responsibility.

Although text is only part of the framework needed for understanding the interrelationships that form the process of rhetoric, it is nevertheless the fundamental focus of analysis. It is the written and spoken text that I probe. In it the visual has been verbalised or textualised. But text is situationally dependent, gaining meaning from the time, place and circumstances in which communication occurs. Therefore context must be acknowledged and understood.

3.5.2 Context

Context is not only associated with the idea of text, but inextricably bound to it (Dow, 2001), each implying the other (Hart, 1997). If we return to consider Covino and Jolliffe's (1995) claim that rhetoric is a social and transactional art that is situationally contingent, then a concern in rhetorical theory is what part situation or context actually plays – whether, for example, texts respond to a situation (Bitzer, 1995), or whether the texts act to generate the situation (Vatz, 1995). Hart presents a model that purports to capture certain 'dimensions' of the "rhetorical situation". On this model I have superimposed the 'rhetor' category with 'creative persona' – the mask donned, the role played, by the rhetor. Similarly, the 'critic' overlays the 'message', indicating an additional interpretive layer (Figure 3.3).

Figure 3.3   Dimensions of the Rhetorical Situation
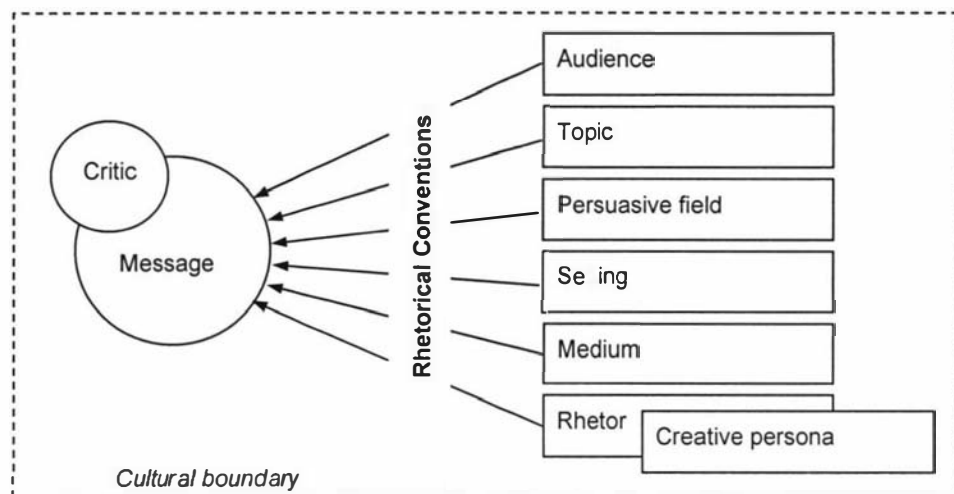
Adapted from *Modern Rhetorical Criticism* (2nd ed.), by R. Hart, 1997, p. 47. London: Allyn and Bacon.

Useful in identifying some of the dimensions to be considered, Hart's model is a view that presents context as a set of factors creating the circumstances in which rhetoric takes place. Unsurprisingly, according to the model, the rhetorical situation encompasses ideas of when and where rhetoric occurs. However, the message is also impacted upon by dimensions that include the audience, the medium used, the topic and the 'persuasive field', which "consists of all other messages impinging on an audience in a given

situation" (Hart, 1997, p. 51). Thus the model's apparent clarity may serve to conceal the potential intricacies of the rhetorical situation. The boundaries in the diagram are notional, the various dimensions interact, and over time the effects of the rhetoric will change the situation. It is Burke (1973) who best captures the nebulous fluidity of context in his well known metaphor:

> Imagine that you enter a parlor. You come in late. When you arrive, others have long preceded you, and they are all engaged in a heated discussion, a discussion too heated for them to pause and tell you exactly what it is about. In fact, the discussion has already begun long before any of them got there, so no one present is qualified to retrace for you all the steps that had gone before. You listen for a while, until you decide that you have caught the tenor of the argument; then you put in your oar. Someone answers; you answer him; another comes to your defense; another aligns himself against you, to either the embarrassment or gratification of your opponent, depending on the quality of your ally's assistance. However, the discussion is interminable. The hour grows late, you must depart. And you do depart, with the discussion still vigorously in progress. (pp. 110-111)

So, like text, the notion of context is clothed in ambiguity and complexity. Burke's description captures a sense of the ongoing process of rhetoric, and of the way humans piece together understandings of ideas and experiences. The inclusion of a space for temporal developments, of creative persona and changing circumstances complicates the model, but also allows for rich, evolving possibilities. Today rhetorical critics increasingly tend to regard contexts as "rhetorical and interpretive constructs and thus the text/context relationship emerges as mobile and negotiable" (Dow, 2001, p. 340). Similarly, literary context acknowledges the 'interinanimation' or mutual dependence of words within text (Richards, 1936). Texts themselves provide contexts for other texts, forming "intertextual contexts" (Leff, 2001, Conclusion, para 3), as might be the case when the media passes comment on Hubbard's business practices. And the critic's role is not necessarily contextually neutral, but rather, a construction in which the critic

intervenes (Dow, 2001). These views lead finally to consideration of the third element of the triad, the audience.

3.5.3 Audience

The audience is essential to the rhetorical act, since success is defined in terms of rhetoric's effect on an audience. Rhetorical theorists since Aristotle have recognised that the persuasive power of rhetoric depends upon establishing commonality between the rhetor and the audience – something Kenneth Burke refers to as 'identification' (Burke, 1969b, p. 21). Thus a recurrent theme in speech communication texts and books about rhetoric is the requirement to consider the audience's needs, interests, experiences, aspirations and abilities, and to fashion communicative efforts accordingly (e.g. Brooks & Heath, 1993; Makay, 1995; Sprague & Stuart, 2003).

But the shift of emphasis from the communicator to the audience is a significant difference between traditional rhetoric and contemporary, or 'new' rhetoric. Latterly, a focus on the rhetor-audience relationship has emerged whereby members of the audience can be seen as co-actors, accenting the active engagement in both the creation and interpretation of the text (Dow, 2001). This is an important point, because the critic is concerned with the devices by which the rhetor attempts to persuade or manipulate 'audience'.

In contrast, the dictionary definition of 'audience' is essentially passive, failing to capture the intricacies of meaning incorporated into a rhetorical perspective of audience. Rooted in the word *audire*, to hear, the English word 'audience' refers to the assembled listeners or spectators at an event, especially a stage performance or concert, or those people addressed by a film, book, play et cetera (Thompson, 1995, p. 81). The dictionary fails to depict a sense of audience engagement or capture the way rhetoric is actually experienced by an audience, something addressed by 'reception studies' (e.g. Ceccarelli, 1998). So the seemingly straightforward term 'audience' in fact raises some complex issues in any discussion of rhetoric. Whilst it can, on a very simplistic level, be seen as some external 'other' with whom the rhetor establishes a relationship, both the audience

and the relationship can vary almost infinitely (Covino & Jolliffe, 1995, pp. 10-14). Further, Ceccarelli (1998) suggests that the way a text is received can itself function as a rhetorical activity, with audiences, speakers and writers continuously influencing each other's texts. In this regard, Covino and Jolliffe highlight the transactional nature of rhetoric in their emphasis on "potentially active texts", drawing a distinction between the *"intended* potential activity of a text and its *unintended* potential activity" (1995, p. 6), both of which, they argue, can generate an effect on an audience.

Various discussions of the role and portrayal of 'audience' in rhetorical studies have emerged, which also reflect a more or less active audience. Some refer to the rhetorical audience as a discourse [speech] community (Nystrand, 1982; Swales, 1991 cited in Covino & Jolliffe, 1995, p. 13); others to an 'interpretive community' (Fish, 1995). Terminology has evolved to more clearly delineate audience types, terms including such dichotomies as primary (immediate) versus subsidiary (mediated) audience (Covino & Jolliffe, 1995); universal audience versus particular audience (Foss et al., 2002); or mass versus personal audience. Questions also arise as to whether the audience is 'addressed' or 'invoked' (Ong, 1975); 'real or 'imagined' (Lyne, 1990; Herrick, 2001); what part the critic plays in the relationship (Dow, 2001); and the reader as reconstructor (Monin, 2001). In this thesis the rhetor's relationship to the audience also takes account of the fact that audience need not be physically present. Much of the source text is written and can therefore be read by anyone who has access to it, and at a time quite removed from the time of writing (Covino & Jolliffe, 1995).

The acceptance of a transactional interpretation of audience raises an issue of *how* the rhetor might 'create' or 'constitute' the audience. And if audiences are created and 'changed', the rhetor is also affected by the interaction, leading us to consider to what degree the rhetor adapts to or accommodates the audience, and to what extent can we still think of the audience as 'addressed' by the rhetor. In the case of rhetorical criticism, the idea of the audience as creation must also entertain the idea that both the rhetor and the critic create the audience and thus audience is, itself, a rhetorical accomplishment. However, it is virtually impossible for the critic to ascertain the audience's interaction or

'co-creation' (Brummett, 1995). Hence, even as this thesis acknowledges audience as a powerful factor, it concentrates mainly on the verbal strategies used to persuade an audience.

While rhetoric operates interpersonally, Burke also includes "self as audience". To exclude this possibility would limit the scope of rhetoric, since a person is quite capable of being changed by their own rhetoric, whether intentionally or not (Burke, 1969b, p. 38). Similarly, Cherwitz (1995) concedes the possibility of people communicating with themselves in order to persuade themselves of a view.

So 'audience' is neither passive nor immutable. And closer scrutiny of the term shows that text, context and audience cannot, in practical terms, be separated. Yet, as discrete conceptual categories, text, context and audience, serve as useful focal points for investigation of rhetoric as I move my attention from broader aspects of rhetoric, to rhetorical analysis as an approach to qualitative research.

3.6 MODERN RHETORICAL ANALYSIS AND THE ROLE OF THE CRITIC

Today most rhetorical critics accept the ideas of transactional, negotiated truth and creative relationships between elements of the rhetorical triad. Nevertheless, as recently as the first half of the 20th century rhetoric was characterised by the primacy of literary based criticism. Later, in the second half of the 20th century, rhetorical analysis had a scientific focus, reflecting a more general Western preoccupation with science and the scientific method, and the belief that theory would make the field respectable (Jasinski, 2001). Now, at the start of the 21st century, a preoccupation with method still prevails in rhetorical criticism (Jasinski, 2001) but some trends in critical studies have been remarked upon. These include a shift towards theory-driven studies (Aune, 1989, cited in Jasinski, 2001); a move toward more conceptually driven studies (Jasinski, 2001); and a move toward an artistic rather than scientific focus (Dow 2001).

Alongside this perceived movement from method-based to more conceptual studies, is a marked change in emphasis away from the purely elite texts associated with people in public life, toward the more 'ordinary' texts – a transition decried by Darsey (1994) but defended by Hart (1994). In his defence of rhetoric in the everyday, Hart implicitly endorses the possibilities for rhetorical criticism around business issues. This in turn provides a justification for the application of rhetorical critical methods to expose rhetorical devices related to how business social responsibility is constituted and enacted in New Zealand. My approach is consistent with Leff's (1980) suggestion that rhetorical critics should work toward Geertz's idea of conceptual 'thickening', which intimates there will always be more layers of meaning to be understood or observed.

The critic's role is understood in various ways. Hart (1997) maintains that "The good critic magnifies without distorting, focusing on rhetorical characteristics that, while humble, may nevertheless be important" (p. 24). But Dow (2001) argues for a more inventive angle and a more powerful role. We should, she suggests, discard the vocabulary of science and embrace that of art. In so doing, "we should think of ourselves not as investigators of rhetoric but as creators of it" (Dow, 2001, p 339). Thus we "recognize ourselves as arguers and our critiques as rhetoric, and not simply to expose the inventive character of what we do, but to embrace a vision of what we do as wholly and necessarily creative and artistic" (Dow, 2001, p. 339). This position serves to alert us to the ease with which the critic can influence interpretation, but should not deflect from the usefulness of using rhetorical criticism to explore and clarify issues through exposing persuasive strategies.

These issues, and the reasons for engaging in rhetorical criticism, may be as problematic and controversial as the philosophical stances or the methodological choices. However, a summary of some features helps to establish a rhetorical approach as relevant to this study. In particular, Hart (1997) notes the case-based nature of rhetorical criticism and the associated potential richness of analysis. I have reservations as to the extent that meaningful generalisations can be made from the particular, but I accept Hart's belief that the critic needs to respect and maintain the individuality and integrity of a specific

text. Additionally, Hart notes that "[r]hetorical criticism documents social trends", pointing out that this requires the ability for the critic to "stand simultaneously in the midst of and apart from the events experienced" (1997, p. 24). The role of the critic also, according to Hart, is to produce "meta-knowledge" or "explicit understandings of implicit realizations". In other words, it is the critic's job to explain "how we know what we know" (Hart, 1997, pp. 26-27). Lastly, Hart tells us that "rhetorical criticism invites radical confrontation with Otherness", forcing us to consider how others "reason and behave" (1997, p. 28). Inevitably, however, the task of a critic carries with it responsibilities. Accordingly, Hart lays out some "ground rules" that will help the critic deal with the outsider status and "foster an enlightened sense of otherness" (1997, p. 29). Hart suggests that the good critic will be discerning, combining scepticism with imagination. In terms of values, the critic's role is to disclose "the presuppositions embedded in a discourse, its unargued premises, and its taken-for-granted assumptions" (1997, p. 236).

Others alert us to the pitfalls of rhetorical criticism. For example, Simons (1990) tells us that rhetoric tends to undermine itself precisely because it can be viewed as self-referential and constituted by its readers. Drawing on Geertz's *Work and Lives*, Simons suggests that, like other discourse-analytic approaches, rhetorical criticism can be condemned for its tendency to "shift attention from ideas to words, and …end up in endless quibbling, or in verbal seductions leading to false consciousness, or in aesthetic preoccupations" (1990, p. 15). He proceeds to defend rhetoric on the grounds that it is "first and foremost the art of persuasion and only secondarily an instrument of discovery and sound judgement" (Simons, 1990, p. 15). This is an important point, as the persuader employs verbal devices that can be analysed by the critic using approaches such as role criticism, dramatism and cultural criticism.

Because of the transactional nature of truth in a rhetorical frame, I have suggested that one can, at best, work toward speculation rather than striving for certainty. This is not to be seen as a weakness. Rather, the critic should exploit ambiguity, not seek to resolve it, and she should ideally "use all there is to use" in the analysis (Burke, 1973, p. 23). Of

course, this assumes a certain aptitude for language, and an understanding of the tools available.

In brief, by rhetorical criticism I refer to the analysis of rhetorical strategies or devices that attempt to persuade an audience toward a certain view. In applying rhetorical criticism to this study of business social responsibility, my intention is not to seek generalisability but, rather, to circumspectly explore a business and social issue. In particular, I will examine the rhetorical devices used to attempt to persuade an 'audience' of views relating to the abstraction referred to as 'business social responsibility'. Indeed the preceding discussion has demonstrated the futility of a rhetorical critic hoping to undertake a 'representative' or exhaustive enquiry. Unlike scientific approaches, in rhetorical terms: "One practices criticism not by positing "meaning," but by demonstrating the possibilities for multiple perspectives" (Covino, 1995, p. 311). The readings in this study are mine, although the possibilities for interpretation and reinterpretation are myriad.

3.7   CONCLUSION

The noun *rhetoric* has complex connotations. Undeniably, the reputation of rhetoric has varied over the long history of the discipline, a history "replete with efforts to understand human values, identify factors prompting audiences to action, and to grasp the symbolic resources for drawing people together" (Herrick, 2001, p.10). I have presented a story of the fluctuating state of knowledge, recognising the long history of rhetoric, its persistence on the scholarly agenda and the recent acknowledgement of rhetoric as a feature of an array of other disciplines, including the more 'scientific' disciplines (e.g. Kuhn, 1970; Lyne, 1990; McCloskey 1998). Certain key themes, including text, context and audience, have been highlighted and the background to rhetorical criticism discussed.

The historical sweep also reveals that rhetoric, ethics, and ideas about 'truth' and 'reality', are interrelated. As a rhetorical critic my assumption is that reality is intersubjective and part of a discursive history. Truth is a negotiated truth, established by

'majority' consensus, no matter how slim that majority (Hart, 1997). I align my analysis with the Burkean tradition, viewing life as drama and selecting and applying a range of approaches in order to explore business social responsibility differently, from a 'fresh' perspective.

The next chapter provides an outline of the design of the research. I present the background to this study of business social responsibility in New Zealand, including the case study method and selection, the location of the rhetoric that forms the basis of the enquiry, and the broad critical frames I will draw upon.

CHAPTER FOUR: RESEARCH DESIGN

4.1   INTRODUCTION

Despite the controversies associated with rhetoric, its study and practice, a rhetorical analysis has much to offer. As a research framework, rhetorical analysis is flexible and creative, allowing for complexity rather than simplicity, encouraging rich analysis and tolerating ambiguity. As business social responsibility is an abstraction with no direct physical referent, it can only be known through the symbolic order. Thus, I analyse the verbal text associated with Dick Hubbard for evidence of 'proofs' that constitute a particular interpretation or understanding of business social responsibility.

In this chapter I briefly outline the case study approach, describe why the single business case study was chosen as appropriate for this inquiry, and state how data were collected and analysed. The chapter concludes with three perspectives of modern rhetorical criticism identified by Hart (1997): role criticism, dramatism (Burke, 1969a), and cultural criticism. These represent critical perspectives from which some of the possibilities for rhetorical analysis can be explored, and which will be used in later chapters to examine business social responsibility in New Zealand.

4.2   METHOD

Although social constructionism and other non-positivist approaches are now widely established in management studies, positivism is still the dominant paradigm. Scholars continue to argue for more innovative approaches to research practice and to point out the fundamental role of language in creating our reality (Crane, 1999; Symon, 2000; Wicks, 1996).

The orientation of this study has been directly influenced by Crane's (1999) article in which he argues that studies into business ethics and social responsibility have been dominated by those of the positivist paradigm, particularly quantitative studies. Crane urges scholars to explore alternative approaches to studying the field. Rhetorical analysis represents such an approach, providing increased insight via the case study method.

Rhetorical analysis locates the critic as "sampler", a potentially vulnerable position, which Hart defends on the grounds that "what the critic gives up in *scope* is offset by the *power* of insight made available" (Hart, 1997, p. 25).

This enquiry focuses on one intrinsic case study (Creswell, 1998) by which I seek to explore, through rhetorical analysis, how business social responsibility is represented in New Zealand. However, I will clarify my particular use of the term 'case study' by putting it in context with other understandings of the case study method.

4.2.1   Case Study Method

Simons (1996) maintains that it was in the 1970s and 80s that the case study was increasingly employed by researchers as another form of research "both in its own right and as an element in large-scale research designs" (p. 225). By then the legitimacy of using that particular form of research was well established (Hammersley & Gomm, 2000). According to these researchers, the term 'case study' is used for a particular form of inquiry that is distinctly different from such approaches as surveys and experiments. Yet researchers' ideas about the nature and limits of the case study method vary.

Yin's (1994) widely accepted definition of case study suggests that it is an "empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used" (p. 3). The purpose of the case study, according to Yin, is analytic generalisation, and the same criteria common to all research methods are relevant to the case study method, namely construct validity, internal validity, external validity and reliability (1994, pp. 36-38). His concern with case study as a methodological choice which parallels quantitative, experimental research is at odds with the fundamental assumptions of those commentators who argue that the case study is not a method but a research paradigm, "an epistemological alternative [way] of establishing claims to knowledge" (Simons, 1996, p. 226). According to this interpretation, the case study is an alternative to positivism and can be "viewed as more akin to the kind of portrayal of the social world that is characteristic of novelists, short

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story writers and even poets" (Hammersley & Gomm, 2000, p. 5). It is this latter view that informs my study.

These two sets of arguments with respect to the case study have come about because social scientists still talk about the two types of research: verification-oriented and hypothesis-generating research (Donmoyer, 2000). This is in spite of the fact that most researchers would agree with the proposition that the social world is complex and that researchers not only cannot provide "definitive answers to practical problems" but also must consider that "all research findings are tentative" (Donmoyer, 2000, p. 52).

Donmoyer (2000, p. 53) argues that single-case studies can be more valuable than traditional approaches. He argues that this may have something to do with the lack of an "alternative language with which to talk about phenomena" which has "inhibited our rethinking the notion of generalizability and, consequently, our valuing of single-case studies" (Donmoyer, 2000, p. 53). Indeed, Stake (1995) claims that: "We don't study a case primarily to understand other cases. Our first obligation is to understand this one case" (p. 4).

Some commentators (Lincoln & Guba, 2000) have tried to reconcile the dual notions of generalisability and uniqueness, drawing on Kosko's (1993) notions of 'fuzzy logic', suggesting that we should be looking at 'fuzzy generalisations' in case studies. The implication is that we should allow for flexible interpretations of case evidence.

Stake (1995) agrees that case studies, by their nature, deal with "complex phenomena and issues for which no consensus can be found as to what really exists – yet we have ethical obligations to minimize misrepresentation and misunderstanding" (pp. 108-9). For this reason he argues that even in the more interpretive dimensions, triangulation is appropriate, as "[w]ith multiple approaches within a single study, we are likely to illuminate or nullify some extraneous influences" (Stake, 1995, p. 114). Sources of triangulation include data source triangulation, investigator triangulation, theory

triangulation, and methodological triangulation. However, Flick does make the point that:

> The stronger one's belief in constructed reality, the more difficult it is to believe that any complex observation or interpretation can be triangulated. For Denzin and many qualitative researchers, the protocols of triangulation have come to be a search for additional interpretations more than a confirmation of a single meaning. (Flick, 1992 cited in Stake, 1995, p. 114-115)

It is this latter view that drives my chosen approach to this study. I search not for validation through triangulation, but for the enriched understanding of business social responsibility that comes from analysing the text using different forms of rhetorical criticism.

4.2.2 Selection of the Business Social Responsibility Case Study

I chose Hubbard Foods Limited and its managing director Dick Hubbard as the focus of my case study for a number of reasons. First, in 1998 when I commenced the study, Dick Hubbard was arguably the most high profile advocate of business social responsibility in New Zealand. Hubbard and his company featured regularly in the press and Hubbard had been identified as one of New Zealand's "10 top entrepreneurs" (Goulter, 1997, p. 11). In 1998 Hubbard Foods Limited was rated New Zealand's third best-regarded company according to a "Strategic Insight/Colmar Brunton survey of 500 randomly selected Kiwis over 15 years and 100 businesspeople" (Russell, 1998, p. 26). Reasons given for Hubbard Food Limited's status were: "quality; innovative; social responsibility; values" (Russell, 1998, p. 26). A second reason for my choice is that a public written record of Hubbard's views on business social responsibility was already established through his numerous *Clipboard* publications and through the articles written about him. Third, Hubbard's position had been frequently contrasted by commentators with that of the Executive Director of the Business Roundtable, Roger Kerr, thus offering an opportunity to explore, by association and contrast, an established 'alternative' business view of social responsibility (see Chapter Eight). Fourth, Hubbard Foods Limited met the criteria for a 'typical' New Zealand business entity. In the period under scrutiny, Hubbard Foods evolved from a small privately owned 'start-up'

enterprise to a medium sized company employing approximately 130 people. Finally, although a number of narrative accounts of Hubbard and his business have emerged as book chapters (e.g. Jackson & Parry, 2001; Holdsworth, 2000), no systematic study of Hubbard's enactment of business social responsibility had been published. Chapter Five describes Hubbard Foods Limited in more detail.

4.2.3 Data Collection

My analysis spans the years 1988 to 2003. A primary source of data for the study is Hubbard Foods Limited's publication, *Clipboard*, which is described in Chapters Five and Six. I draw on issues 1-62 of *Clipboard* and refer also to its companion publication *Kidzboard*. Other sources include newspaper articles, books, television footage, interviews and speeches. In investigating the highly publicised debate between Roger Kerr and Dick Hubbard, I also utilise Business Roundtable publications and speeches. My use of publicly available, published data sources allows for ready verification of source material.

4.2.4 Ethical Issues

There are various ethical issues that arise associated with the quest to further develop ideas about rhetorical criticism and the critic's role (Blair, 2001). In any research, whatever the method, the researcher will both influence and be influenced. It is important to acknowledge this phenomenon with respect to this study, as rhetorical criticism recognises that in the research process I both interpret and create text.

One ethical issue relates to how sure I can be that my study identifies significant features of the rhetoric. Clearly I cannot claim that certainty, yet this point is addressed, insofar as the limits of the study allow, by the method. Primarily I focus on what Hubbard says in his role as managing director of Hubbard Foods Limited, or what others say about him. Documents are public and open to review and reinterpretation. Additionally, I use three different forms of rhetorical criticism, emphasising different situations and interpretive approaches, enabling me to cautiously corroborate significant features in a range of contexts and from a number of perspectives. Ultimately, however, as Dow

(2001) explains, the rhetorical critic's "greatest obligation is not to render [an object of scrutiny] transparent, but rather ... to 'thicken' it with critical *impasto*, to authorize a reading that makes it *interesting* in a way that it was not before" (p. 346).

The method also requires me to acknowledge my personal preferences and potential 'biases' and locate myself in relation to the case that is the object of study – Hubbard and Hubbard Foods Limited. As a female, Pakeha academic I do not share much of the occupational or social background of my subject. However, like other New Zealanders I was made aware of Hubbard over time, and I had become aware of his apparently 'different' business philosophy. It is my role to be critical and analytical, to question rather than endorse, yet I acknowledge that in my dealings with Dick Hubbard, I have found him an engaging personality and consistently helpful and supportive in this project. Staff of Hubbard Foods Limited have warmly welcomed me and been available to me. The choice of rhetorical analysis as an appropriate method enabled me to distance myself from some of the personal impact of interpersonal issues.

I also acknowledge throughout the thesis the limitations of my analysis. Mine is but one interpretive voice analysing Hubbard's text. As such, in Burkean terms, it will both reflect and deflect from 'reality' and can only be seen as one of a potential myriad of possibilities for interpretations. The texts are publicly available to examine and rhetorical criticism provides gateways to analysis.

Lastly, there is the ethical question at the heart of rhetoric, as to whether this exercise is one of manipulating the reader – an attempt to make something of little consequence matter to them. In response, rhetorical analysis enables intense critical scrutiny of text, and by giving insight into the rhetorical devices, the means of persuasion used, rhetorical analysis enhances understanding of some of the tools of power. I also believe that bringing a new perspective and new methodology into the arena of business social responsibility research may be useful in extending the business social responsibility conversation.

4.3 APPROACHES TO RHETORICAL CRITICISM USED IN THIS STUDY

As already signaled, there are three rhetorical approaches employed in this study: role criticism, dramatistic criticism and cultural criticism. These represent only a sample of the repertoire of possible methods by which to interrogate the Hubbard Foods Limited case study (see, for example, Jasinski, 2001). Collectively the chosen methods serve to form the basis for an interpretation of the rhetoric surrounding the concept of business social responsibility in New Zealand. The process of analysis involves the critic in a process of configuration and reconfiguration of text and context so as to "render the account, if not the phenome[non], coherent" (Browne, 2001, p. 332). The approaches have in common a dramatistic aspect, drawing on theatrical themes such as role, actor and performance. Each analysis highlights one aspect of the rhetorical triad of text, context and audience, as indicated in Figure 4.1.

Figure 4.1   *Framework for Analysis of Case Study*
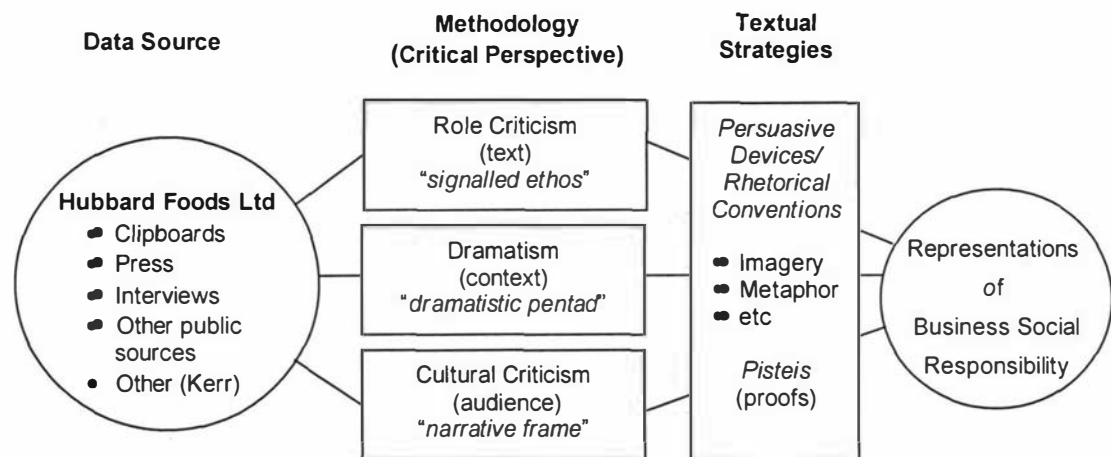
I introduce each approach briefly below. Further discussion and an application of each method is incorporated into ensuing chapters. Chapter Six (role criticism) consists of a close reading of Hubbard's business text; Chapter Seven (dramatism) focuses on a symbolic act in a particular business context; and Chapter Eight (cultural criticism) puts

under scrutiny a public contest between Hubbard and another New Zealand business leader, emphasising their interactions with each other and their audiences.

4.3.1   Role Criticism: *Text*

Chapter Six analyses the editorials appearing in the Hubbard Foods Limited company newsletter, the *Clipboard*, from the perspective of role criticism which relates to a self-conscious 'technical' aspect of the rhetorical tradition that can be traced back to Aristotle. As a critical perspective it is also aligned with Burke's view that people are basically engaged in theatrical performance in everyday life. Rhetorical role is "a regularized set of verbal strategies resulting in a distinctive personal image" (Hart, 1997, p. 210). In other words, rhetorical role involves the positioning of a rhetor within a discourse. Role is an adjunct to persona. A number of people might play the same role (e.g. lecturer) but the personae might vary significantly (e.g. a 'flamboyant' lecturer; an 'aloof' lecturer; an 'untrustworthy' lecturer). Thus the writer's or speaker's words interact, through the persona adopted, with an audience to create an understanding of 'truth' or 'knowledge'.

Neither rhetorical role nor persona are the same as the person behind the mask. Rather, we each have multiple parts to play in life. Accordingly, Hart (1997) reminds us that we learn to play many roles from birth. To paraphrase him, these vary among our personal spheres, our working lives and occupations, and our recreational pursuits. Every different situation evokes a different response: "Each stage of life brings its jobs, each job a clientele, each clientele a rhetoric" (Hart, 1997, p. 211). The emergence of a range of rhetorics to suit each role and its audience implies the emergence of a number of rhetorical personae which, Hart suggests, spring from a variety of sources including one's rhetorical history, ideological influences and institutional affiliations.

Role criticism draws upon ethos, pathos and logos, the *pisteis* or 'artistic proofs' proposed by Aristotle as persuasive devices to be invoked by a rhetor. In ancient terms, ethos is the projected character, or credibility, of the speaker; pathos is that quality in a speech that excites in the audience such emotions as sadness, pity or fear; and logos is

the appeal to reason. Logos in rhetoric is not just rationality, but the *appearance* of rationality, more like 'commonsense', thus not requiring the same verbal proofs as logic per se. Ethos, or credibility, and the related concept of persona, are central to the application of role criticism in this study.

Utilising Aristotle's notion of ethos, Beason (1991) has developed a framework that seeks to specifically highlight what he refers to as "signalled ethos" in business communication. The framework classifies the verbal strategies used by the rhetor, according to the following five character traits: deference, self-criticism, similitude, expertise and the inclination to succeed. The approach has proved useful as a critical tool in teaching communications courses and in analysing political debate (Ashwell & Olsson, 2002; Olsson & Tremaine, 2002) but there are limited applications of it in the business management literature (Beason, 1991; Walker & Olsson, 2001). Beason's framework requires the critic to scrutinise the written text in order to reveal issues of credibility-building around the concept of business social responsibility. So the spotlight in Chapter Six is on *text*.

4.3.2 Dramatistic Criticism: *Context*

The second critical perspective I will use is Burke's (1969a) dramatistic criticism or dramatism. Chapter Seven focuses on a key company event that occurred in 1998 when Dick Hubbard chartered a plane and flew his employees to Samoa for a staff 'picnic'.

Burke developed his dramatistic pentad in the 1960s as a 'grammar' (related to our understanding of grammar as the elements of an art or science) by which to explore what is involved when we say what people are doing and why they are doing it – the motives underlying action. One of the methods identified by Jasinski (2001) as being aligned with the scientific impulse in rhetorical criticism, dramatism has been used to underpin many rhetorical analyses (e.g. Blakesley, 2002; Foss, 1979). In the last two decades Burke's pentad has also gained attention from communication scholars (e.g. Fox, 2002) and organisation studies scholars as an alternative qualitative method (e.g. Graham-Hill & Grimes, 2001; Mangham & Overington, 1983; Walker & Monin, 2001).

According to Burke, the terms act, scene, agent, agency and purpose that comprise the pentad, can serve as 'generating principles' of any investigation. An acknowledged strength of Burke is that he does offer

> coherent vocabularies to describe particular complexes of action… Vocabularies such as the pentad are so vital because they facilitate symbolic action. We might call them "meta-vocabularies" because they are the vocabularies with which interpretation is interpreted. (Klumpp, 1993, p. 9)

In terms of the rhetorical triad introduced earlier, Chapter Seven features *context*. With dramatism, the organisation is treated as a theatrical site and my application of the dramatistic pentad enables me to formulate "an interpretation of the motivation of the rhetor whose act is the object of study" (Foss et al., 2002, p. 203). Hence, it serves to explore some of the key concerns of business social responsibility – whether business behaviour might be driven by such forces as image-building, altruism or paternalism (see Chapter Two).

4.3.3   Cultural Criticism: *Audience*

The third approach to rhetorical analysis I will use is broadly categorised within the realm of 'cultural criticism' (Hart, 1997). Cultural criticism accentuates features of culture including values (Rokeach cited in Lustig, 1988), myths and fantasy themes (Bormann, 1972; Jackson, 2001). Language is part of a discursive history that taps into past narratives and archetypes, and from this perspective I draw on ideas of historical intertextuality or tradition. So under the category 'cultural criticism' I use rhetorical analysis to investigate a key public debate that served to help define New Zealanders' understanding of a business issue. Specifically, in Chapter Eight, I compare and contrast the narratives of Dick Hubbard and Roger Kerr, focussing on the use of imagery, myth and archetype in their representations of business social responsibility.

Since myths and archetypes depend to a large degree on the collective subconscious, Chapter Eight focuses on the shared cultural experience of the audience. It is the discursive history within a culture that helps to legitimise the 'tale' or narrative. My

focus will be on public and business storytelling, where multiple, fragmentary and often elliptical narratives of the same underlying event may occur (Boje, 1991).

4.4 CONCLUSION

Rhetorical criticism is inherently case-based, and I have chosen Hubbard Foods Limited as the focal organisation for my business social responsibility study. Rhetoric is the art of persuasion, and persuasion is composed of textual or verbal strategies that have an effect on an audience. While I cannot know what precisely that effect is, textual analysis can produce a plausible insight into how business social responsibility is constituted and enacted.

In the next four chapters I will progressively introduce aspects of Hubbard Foods Limited and owner-manager Dick Hubbard's ideas of business social responsibility. Thus I analyse how social responsibility is represented to a New Zealand public. As a background to my analysis of the social responsibility rhetoric of Hubbard and those who portray him, the next chapter presents a portrait of Dick Hubbard and Hubbard Foods Limited.

CHAPTER FIVE: BACKGROUND TO HUBBARD FOODS LIMITED

5.1   INTRODUCTION

Hubbard Foods Limited is a breakfast cereal processing company located in South Auckland, New Zealand. In 2003 it employs approximately 160 staff at its Mangere factory site. In the fifteen years since it was founded, Hubbard Foods Limited has grown from a small start-up business with zero market share to record $25 million in sales in the financial year ended 2002, a figure incorporating sales of both 'Hubbards' brand items and various supermarket house brands. The financial year 1998-1999 registered 23% growth, and since then the company has grown by approximately 7% per annum. At that time Hubbard Foods Limited had 23 products (mueslis, cornflake, rice products and a range of specialty flakes) on supermarket shelves in countries including Australia, Fiji, Malaysia, New Zealand, the Philippines, Samoa, Singapore and the United Kingdom. Hubbard Foods Limited has approximately 14% of the New Zealand domestic breakfast cereal market share under the 'Hubbards' brand and another estimated 9% through private label products. Around 20% of sales are generated from Hubbard Foods Limited's export arm. About three quarters of these sales are to Australia.

Broadly, this is the setting or context for the business social responsibility rhetoric under scrutiny in my study. This background chapter to the case study of Hubbard Foods Limited begins with a section that presents the evolution of the company with particular emphasis on its owner and managing Director, Dick Hubbard. Next, I present a section highlighting Hubbard's espoused business principles and practices. An overview of Hubbard Foods Limited's major marketing and direct communication device, *Clipboard*, precedes the brief conclusion.

Much of the information for this chapter is gleaned from the privately commissioned memoir *A very fruitful decade: An account of the first ten years in the life of Hubbard Foods Limited* (OTM Memoirs, 1999), Hubbard Foods Limited's *Triple Bottom Line Report* (Hubbard, 2001; Appendix II) various press reports, and *Clipboard*[1] (examples in Appendix III & Appendix IV).

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[1] The abbreviation C followed by the issue number is used throughout this thesis when abbreviating Clipboard as a source. For example, *Clipboard 3* is (C 3).

5.2   THE FOUNDER, COMPANY AND PRODUCT

5.2.1   A short introduction to Dick Hubbard and Hubbard Foods Limited

Dick Hubbard, founder of Hubbard Foods Limited, began his business career after graduating from Massey University with a degree in Food technology. After considerable experience in New Zealand manufacturing, and postings to aid projects overseas, Hubbard returned to New Zealand. In 1988, with partners E. Franken, D. K. Hubbard and K. M. Franken, Hubbard established Winner Foods, a South Auckland cereal processing company – Company No. AK383027. There was $50,000 of paid up capital and shares were equally allocated to partners R. J. Hubbard, D. K. Hubbard, E. Franken and K.M. Speakman [Franken]. R. J. Hubbard and E. Franken were Directors and K. M. Franken was the Company Secretary. Winner Foods Limited took out a 6 year lease on 133 Captain Springs Road, Onehunga and began production of a range of muesli products.

By 1989 sales of Winner products had dropped to an almost negligible level but the contract to supply the Foodtown supermarket chain's house-brand mueslis proved vital for the recovery of the business. In 1990 Winner Foods Limited showed its first profit and Dick Hubbard drew his first salary (OTM Memoirs, 1999). In 1990 E. Franken and K. Franken resigned from the partnership and R. J. Hubbard (Dick) and D. K. Hubbard (Diana) gained 100% ownership of winner Foods Limited. D. K. Hubbard was appointed Director and Company Secretary.

Dick and Diana Hubbard, despite some misgivings (OTM Memoirs, 1999), launched the 'Hubbards' brand in October 1990. The "HUBBARDS" logo carried the subheading "Your proudly independent New Zealand company". Packs of 'Fruitful Breakfast', a new muesli product, contained the first issue of a brief introductory customer newsletter – *Clipboard*. Both the product and the *Clipboard* proved a moderate success in the marketplace.

With the increasing success of the 'Hubbards' brand, in 1993 the company name was changed from Winner Foods Limited to Hubbard Foods Limited and ownership was transferred to the Hubbard Family Trust. Company capital was increased with the issue of 100 new 'A' $1 shares to Diana Hubbard and Dick Hubbard and the original 50,000 shares were converted to non-voting 'B' shares and placed in the trust. The same year John Ashman was appointed as General Manager, releasing Hubbard from much of the

day-to-day management of the business. In 1994, having outgrown the premises, Hubbard Foods Limited moved production to a new purpose-built factory in Mangere. About the same time Dick Hubbard opened a discussion in *Clipboard 19* as to whether a company can have a soul. This would be taken up and expanded in later *Clipboards* (e.g. C 21; 30; 44) and become a defining characteristic of Hubbard Foods Limited. Hubbard also produced a recipe book featuring his company's product and distributed it free in every 10th pack of 'Hubbards' cereal.

Business expansion continued in the new factory, with extra staff and new products introduced. Diana Hubbard produced a second cookbook in 1996, with all recipes personally cooked and tested in her home. Meanwhile, Dick Hubbard was acquiring prominence on the national stage as a businessman who cared about social issues (Bedford, 1997; Corrigan, 1997; Light, 1995; Parker, 1997; Riordan, 1997). In 1997 *NZ Business* chose Hubbard as one of the 10 outstanding entrepreneurs of the decade (Goulter, 1997).

Nineteen ninety-eight proved a significant year for the public profile of Hubbard Foods Limited and its owner-manager Dick Hubbard. Impetus for increased public attention came when Hubbard undertook to close the factory and fly his entire staff to Western Samoa for a company 'picnic' (Walker & Monin, 2001; Chapter Seven of this thesis). Heralded by the press as a progressive, socially responsible, businessman, in 1998 Dick Hubbard delivered more than 100 speeches to audiences throughout New Zealand. Hubbard also committed $60,000 of his own money to successfully launch Businesses for Social Responsibility (Schaer, 1998; "The power of the Wattie-style approach", 1998).

Hubbard's exposure as an advocate of business social responsibility was further enhanced when he faced New Zealand Business Roundtable Executive Chairman, Roger Kerr, in a celebrity debate organised by the Wellington Chamber Of Commerce. Hubbard and his team argued that the business of business was not just business (Du Fresne, 1998; Robertson, 1998; Steeman, 1998; Chapter Eight of this thesis). Significant developments of the business included an extension of export activities with expanding Australian sales. Hubbard also established a website: www.hubbards.co.nz where copies of *Clipboard* were posted. The public standing of the company was acknowledged when

Hubbard Foods Limited was nominated one of the 10 most respected New Zealand companies in a Colmar Brunton survey of 500 New Zealanders (Russell, 1998). In August 1998 Hubbard Foods Limited sales topped $2,000,000 and sales for the calendar year topped $20,000,000 (OTM Memoirs, 1999).

Figure 5.1   Dick Hubbard, Founder of Hubbard Foods Limited
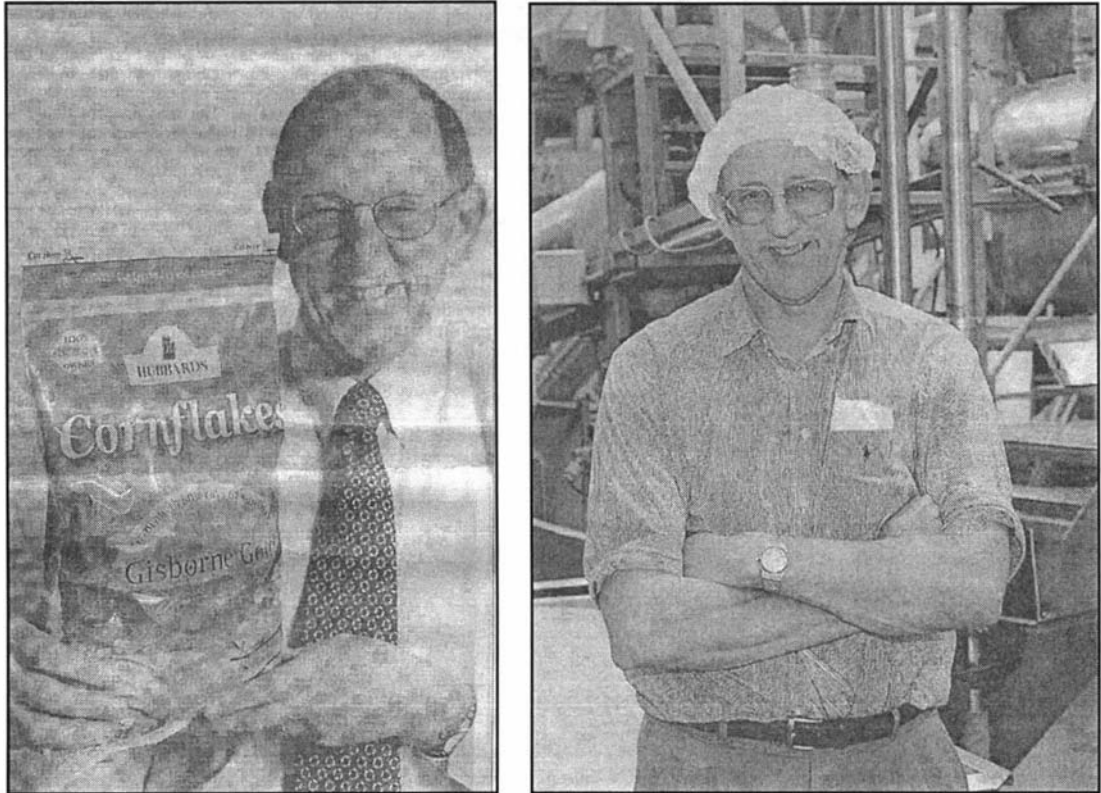
Talbolt, J. (2001, August 29). Hubbard's triple bottom-line. *The Dominion*, p. 21.
Hubbard pushes for triple bottom-line. (2001, September 3). *Manawatu Evening Standard*, p. 14.

An active participant in industry-wide initiatives, from 1980 to 1982 Hubbard was President of the New Zealand Institute of Food Science and Technology. From 1982 to 1995 he was Chairman of the Foods Standards Committee, advising the Minister of Health on food. More recently the focus of involvement has changed toward undertakings with overt social and environmental focus. In 1999 Hubbard was invited to join the Executive Board of the New Zealand Business Council for Sustainable Development. In 2003 he continues to serve as a Board Member and is still Chairman of New Zealand Businesses for Social Responsibility. In 2002 he was appointed Chairman of the New Zealand National Parks and Conservation Foundation. Hubbard is a Board Member of Outward Bound New Zealand Trust, Food Sector Chairman for Competitive Auckland, Trustee for National Parks Conservation Foundation, Trustee for the Southern

Cross Foundation and Member of the Joint Task Force of the Institute of Management and New Zealand Qualification Association (Hubbard, 2001). He also sits on the Massey University Council and is Chairman of the New Zealand Food-Grocery Council (previously the New Zealand Grocery Marketers' Association). Hubbard's contribution to New Zealand business and technology was recognised in 1998 when he received an Honorary Doctorate in Science from Massey University. Appendix I presents a chronological summary of developments relating to Hubbard Foods Limited.

Through *Clipboard* and through innovative business practices carried out in the name of business social responsibility, Dick Hubbard has acquired a reputation as one of New Zealand's main exponents of social responsibility in business. Hubbard openly advocates a position whereby the businessperson acknowledges an obligation to contribute to society's betterment, outside the business sphere.

5.2.2   The Product: Breakfast Cereals

Hubbard Foods Limited competes in a New Zealand breakfast cereal market dominated by the established Kelloggs and Sanitarium brands. From the beginning the 'Hubbards' brand was differentiated in the market in a number of areas. Products initially focussed on a variety of muesli products that stressed nutrition and healthy eating. Fruit was often a featured ingredient, and the product names such as 'Berry Berry Nice' and 'Bugs'n'Mud' had a quirky appeal that set them apart from others on supermarket shelves (Marks, 2002). In 1994 'Berry Berry Nice' came runner-up in the Carter Holt Harvey Food Awards; in 1995 'Coco Morning' won the Carter Holt Harvey Food Awards Premier Award for the most outstanding food product of 1995 (C 25); in 1996, at the biennial International Food Fair in Paris, 'Berry Berry Nice' won the Sial d'Or for the best breakfast product in New Zealand (OTM Memoirs, 1999).

Several new products, including wheat-free, low-gluten cereals (C 33) and 'Organic Toasted Muesli' (C 60), are responses to customer requests for certain foods. To help refine products Hubbard surveys customers through *Clipboard,* receiving feedback on such things as sweetness levels and whether to continue with peanuts in 'Oat Bran Muesli' (e.g. C 27; 28; 31). Table 5.1 presents a summary of all Hubbard Foods Limited's products launched, including some that have been withdrawn.

Table 5.1   Products launched by Hubbard Foods Limited

- 1990 Fruitful Breakfast.
- 1991 Oat Bran Muesli
- 1992 Very Fruitful Flakes; Fruitful Porridge
- 1993 Berry Berry Nice; Fruit Fiesta
- 1994 Coco Morning; Rice'n'raisins; Hubbets.
- 1996 Oranges Of St Clements; Fruitful Lite; Berry Berry Porridge; Honey Bumbles; Bugs'n'mud
- 1997 Very Very Lite; Outward Bound
- 1998 Hot Breakfast; Yours Fruitfully; Berry Berry Bubbles
- 1999 Tangs Very Much; Thank Goodness
- 2000 Currantly Bran; Home Sweet Home
- 2000 Forever Feijoa; Vortex; Light & Right – Apricot & Berry
- 2001 Good As Gold
- 2002 Hubbard's Gisborne Gold Cornflakes; Rice Pops; Simply Toasted Muesli; Organic Toasted Muesli
- Ongoing: Supermarket house brand cereals for Foodtown, Countdown, Pak'n Save & New World etc.

In the early days the 'Hubbards' brand established a reputation for innovative packaging. Products stood out from those of competitors in terms of the graphic design of the carton. A novel 'window' through which customers could see the contents of some packets also attracted attention. Both of these features earned Hubbard Foods Limited design awards.

5.3   PRINCIPLES AND PRACTICES

5.3.1   Company Ethos

Hubbard positions his company firmly in the breakfast foods market, but his professed aspirations range wider. The *Triple Bottom Line Report* states that the company vision of Hubbard Foods Limited is "to provide sustenance for the mind, body and soul". Food products will be "innovative, nutritionally responsible and responsibly priced". Hubbard Foods Limited also commits to "provide hope and inspiration to all stakeholders associated with the company" and to "provide, through our activities, positive and moral leadership within the community" (Hubbard, 2001, p. 2). This social orientation is consistent with the historical orientation of major breakfast cereal manufacturers, Kelloggs and Sanitarium. J.H. Kellogg became internationally famous for his

involvement in social issues and Sanitarium is associated with the Seventh Day Adventist Church. Tacitly acknowledging the legacy, Hubbard presents his *Clipboard* audience with some "timeless advice" from "the real" Mr Kellogg: "Suggestions for one who wishes to hit the trail successfully, make the grade, play the game, and win" (C 22).

5.3.2   Staff and Employment (Souls on Board)

Employment creation, especially for the long-term unemployed, features as a key responsibility for Hubbard Foods Limited. Hubbard chooses to limit the introduction of new technology in some operations in order to provide employment in the community (Hubbard, 2001). Hubbard consistently refers to the vital importance of people to the success of his organisation (e.g. C 36; "Cereal king with a common touch", 1998; Clarkson, 1998; OTM Memoirs, 1999, p. 63). Jackson & Parry (2001) report Hubbard's view that "business de-dignifies people" by treating them as inputs and outputs (p. 111). Indeed, staff should be thought of as "souls" rather than "resources" (C 44; Hubbard, 2001, p. 7).

Hubbard prides himself on upholding good relationships with his employees and maintains a first-names only policy in the workplace. Open communication with staff is promoted in a number of ways. Reportedly, Hubbard cut up his tie when a staff member identified it as a barrier to communication. As a consequence of the incident he resolved never to wear a tie in the factory (Marks, 2002). "KFC lunches" with Hubbard every three months keep staff in touch with business developments and are intended to encourage them to communicate openly about any issues they wish to raise (Marks, 2002; OTM Memoirs, 1999). The format for the meetings was established in the very early days of Hubbard Foods Limited. Hubbard and senior staff have continued the tradition of meeting with all staff, notwithstanding the logistical difficulties of doing so in the larger company with several work shifts per day. Encapsulating Hubbard's thinking on staff relations and communications, a sign in the Hubbard Foods Limited car park reads:

> This is a "no nonsense" management zone. No management excesses, corporate ego trips, committee decisions, inter-company memos, buck-passing, back stabbing, or other dubious management practices allowed on these premises.

Despite Hubbard's emphasis on employment creation and his personal commitment to his staff, media coverage of Hubbard Foods Limited's industrial relations record has been mixed. Hubbard received accolades in 1998 for treating his staff to a long weekend in Samoa (Walker & Monin, 2001; Chapter Seven of this thesis). Yet in 1999 he became the focus of a pay dispute that presented him as an exploitative employer (Hill, 2000b; A. Hubbard, 2000; "Model employer's workers protest, 2000; Mulrooney, 2000a). Hubbard sees one outcome of that dispute as being higher staffing levels, leading to "medium rates of pay". He warns that future developments may mean that "manning rates will tend to drop as a percentage of turnover" (Hubbard, 2001, p. 21).

In 2000 Hubbard Foods Limited instituted a profit-sharing scheme for all employees, distributing 10% of "pre-tax profit as a 'dividend' to employees on a six monthly basis" ("Cereal king hands out 10pc of profit to staff", 2001; Hubbard, 2001; Mulrooney, 2000b). Hubbard Foods Limited has also established an independent Board of Directors charged with protecting stakeholder interests, including those of employees (Hubbard, 2001, p. 6).

5.3.3 The Hubbard Family

According to the *Triple Bottom Line Report*, "The central core of the Hubbard Foods Limited business philosophy is a recognition of the concept of stakeholder theory . . . These stakeholders are the shareholders, employees, customers, suppliers and . . . community" (Hubbard, 2001, p. 2).

The image of the family dominates Hubbard's conception of what it means to be a stakeholder. The metaphor extends from the stakeholder family of staff and *Clipboard* readers (Chapter Six of this thesis), to the "extended family" of agencies associated with Hubbard Foods Limited (Hubbard, 2001, p. 11) and even to the product line itself. For example, the importance of employees' own families is recognised through their inclusion in all Hubbard Foods Limited company outings (Hubbard, 2001, p. 7). New products are welcomed into the Hubbard family (e.g. C 30; 31), referred to as the latest "baby" (e.g. C 52; 61), and one *Clipboard* even carried a "birth notice" for "non-identical twins ... Berry Berry Nice and Fruit Fiesta" (C 16). A recent presentation in *Clipboard* presented the Hubbard product "family" (Figure 5.2).

Figure 5.2   Clipboard Representation of the Hubbard Product 'Family' (C 61)

The **EXTENDED** *Hubbard's Family!*

LOTS OF ORGANISATIONS HAVE A TEAM PHOTO TO SHOW OFF THEIR TEAM. We have a staff or team photo taken here at Hubbard Foods every year but I am going to show you a team photo with a difference! You see, I am going to show you a photo of our team of Hubbard products. I do like to think of them as members of the Hubbard family.

As I hear from customers and talk to customers, one of the most common refrains I hear is "I didn't know that you made that," or "I have never seen that product before". This is often because our products end up at different places on different supermarket shelves. So I am going to take the liberty of showing off the whole Hubbard family and introduce them to you.

To show you that we provide "a one-stop shop" range of cereals, I have broken them up into their various groups:

Mueslis
Fruitful Breakfast
Oatbran Muesli
Berry Berry Nice
Fruitful Lite
Oranges of St. Clements
Simply Muesli
Yours Fruitfully

Organic
Natural Muesli
Toasted Muesli

Porridges
Fruitful Porridge
Quick Cook Oats

Serious Body Fuel
Outward Bound Cereal (with 50c per packet supporting Outward Bound)
Fruity Flakes
Very Very Lite
Very Fruitful Flakes
Light & Right – Apricot or Berry (brand new!)

Particularly Kiwi
Forever Feijoa
Home Sweet Home

Special Dietary Needs
Thank Goodness (Gluten-free)

Children's Cereals
(also for the young at heart!)
Bugs 'n Mud
Honey Bumbles
Berry Berry Bubbles

Traditional
Cornflakes – 300g and 500g
Rice Pops – 300g and 500g

That's quite a line up, isn't it?!

This Clipboard is printed on recycled paper using soy-based inks and citrus cleaners

5.3.4   Social and Environmental Concerns

Hubbard Foods Limited is actively associated with a number of social causes (Table 5.2). Several of these demonstrate Hubbard's loyalty to institutions that have influenced his own development. For example, Hubbard openly promotes Massey University's Food Technology degree by writing about food technology as a career (C 17) and by offering

young people study opportunities (C 58). By 1992 Dick Hubbard was offering to sponsor customers to Outward Bound courses (C 8). Hubbard attended Outward Bound as a young man (C 8) and he frequently extols the personal development benefits of Outward Bound (e.g. C 9; 17; 23; 24; 25; 59). In 1997 Hubbard Foods Limited brought to market 'Outward Bound Cereal', gifting 50 cents per package to Outward Bound New Zealand in Anakiwa. From time to time, customers are reminded of how much they contribute to this cause (C 33; 51): "On current sales of the 'Outward Bound Cereal' this amounts to approximately $9,000 per month . . . Not bad for a little Kiwi breakfast cereal!" (C 51). *Clipboard 23* carried entry forms for the 10 free places offered in 1995. Concerned to minimise costs to customers, Hubbard's postscript suggests that "To save postage you can accumulate entries if you wish and send them in one envelope".

Hubbard has also formally assisted struggling businesses through his involvement in the television mentoring programme *Trouble Shooters.* In 1999 he and The Warehouse's Stephen Tindall undertook to try to save K T Footwear, a company originally set up with a strong social agenda: "Hubbard in particular, helped to set up a rescue committee . . . to help steer KT Footwear in the right direction" (Scherer, 1999). Hubbard wrote to customers of the motivation behind assistance he had given to a business that was "going through a tight patch" (C 39).

Table 5.2   Causes Supported by Hubbard Foods Limited

- Business recovery, KTs Shoes
- Kids for Kids' Concerts (with singer Suzanne Prentice)
- Massey University Food Technology Degree
- New Zealand Businesses for Social Responsibility (BSR)
- New Zealand Business Council for Sustainable Development
- Outward Bound New Zealand
- Riding for the disabled
- School breakfast clubs (eight schools)
- School scholarships
- Spirit of Adventure Sponsorships
- Numerous donations of Hubbard cereals to everything from Kindergartens to trans-Atlantic rowers
- Donations to political parties

Although most of the social programmes and issues that Hubbard embraces tend to be non-controversial, his novel approaches and willingness to challenge the business establishment have ensured a press profile for Hubbard and Hubbard Foods Limited.

'Hubbards' publications act as forums for a wide range of social and environmental issues, especially those related to business social responsibility. Topics range over business ethics (e.g. C 26), triple bottom line reporting (e.g. C 55), companies with soul (e.g. C 19; 21; 30), business social responsibility (e.g. C 34; 35; 45), genetic modification (C 41) and sustainability (e.g. C 45; 49). In the *Triple Bottom Line Report* Hubbard identifies a number of "dilemmas" the company faces in trying to attain a balance between business and social concerns. Thus customers are frequently reminded of the challenges of maintaining stewardship of the business social responsibility ideal.

5.3.5 Public Relations, Promotion and Advertising

Organisations use a number of means to engage the attention of major stakeholders. It might be expected that Hubbard Food Limited's immediate customer (the trade customer or retailer) would be singled out for particular attention. Instead, Hubbard has established a novel direct marketing approach. Through the use of regular *Clipboards* – bi-monthly newsletters that are included in each packet of product (Figure 5.3; Appendix III; Appendix IV) – Hubbard interacts with each consumer of his product. These newsletters, written by Hubbard himself and always commencing with an editorial, construct personal links between the company, the manager and individual customers. At the same time, they constitute Hubbard's public representation of himself, his management approach and his company. *Clipboard* is now acknowledged as the key to Hubbard Food Limited's marketing strategy (Hubbard, 2001; C 24; 50). Thus, via the cereal packet, he constructs a 'bilateral relationship' between himself (the managing director) and his customer-stakeholders (Jones, 1995).

Figure 5.3   *The Clipboard Newsletter*

THE CLIPBOARD   No. 19

CAN A COMPANY HAVE A SOUL?

"Of course not – that is for people" would probably be the quick (and technically correct) reply. But a company can have a collective set of beliefs and more importantly a collective set of values – as can any other organisation or group of people. And it is becoming increasingly important that companies do so.

The traditional purpose of a company has always been to do everything possible (within the law) to maximise profits. But I think that we have now got to look beyond that narrow definition of purpose and accept that a company does have a social responsibility – jobs, the environment, products that are safe and value for money, and of course last, but not least, the payment of due taxes. A company is therefore an integral part of the social structure of a community or country and ultimately its rationale for existence must be for the betterment of society.

In America there is a relatively new organisation called "Companies with a Social Responsibility" – a diverse group of companies who share a common belief in the social importance of a company to the community. The ways they go about practising these beliefs are diverse. Some maximise jobs at all costs (and throw out machines to do so). Some only employ the underprivileged. Some adopt a particular environmental issue. Others tackle social problems such as assistance with the homeless or the hungry. Yet the most interesting thing is that they purposely don't make a loud song and dance about what they do. They don't exploit their deeds to increase their sales.

This approach is starting to happen in New Zealand. But there is a long way to go to fully develop this concept. However one thing is sure – we'll be part of it.

But *Clipboard* is not the only promotional tool. Product packaging typically features colourful artwork of wholesome, healthy fruit and grains that are associated with the product. The 'Hubbards' logo features prominently on all packets. Each cereal pack contains a *Clipboard* and carries Dick Hubbard's personal product endorsement on the outside:

> This product is my own. I have developed the formula, I have tested it and I have manufactured it. I am proud of the product and I unreservedly stand behind it. If for any reason at all you don't share my enthusiasm for this product, please let me know and I will be willing to honour my guarantee. Dick Hubbard.

A signed 'seal' on the carton carries Hubbard's personal pledge that there are: "No artificial ingredients. Honestly there isn't". The package of one "truly family-friendly cereal", 'Home Sweet Home', resonates with themes of patriotism and family, themes to be explored in greater depth in subsequent chapters of this thesis. Colourful graphics depict a map of New Zealand superimposed with outdoor scenes of skiing, fishing,

biking, sailing and beaches. According to the "treacly marketing blurb" (Marks, 2002, p. 51) on the back of the packet, 'Home Sweet Home' is:

> Just the thing for families living in one of the best little environments in the world, the place that we can proudly call Home Sweet Home. Just the thing for our New Zealand heroes of the future, and the hardworking people who help them get on in the world every day.

Thus, 'Home Sweet Home' is brought to customers in the spirit of "great pride in New Zealand, and all that it stands for".

Hubbard Foods Limited will not advertise on television as, Hubbard contends, money spent on advertising is money withdrawn from more worthy recipients such as staff and customers. Accordingly, he discusses the policy in Clipboard under the headline "WHY YOU DON'T SEE US ADVERTISE ON T.V." (C 22). Dick Hubbard's editorial makes it clear that television advertising is ultimately paid for by the customer and "quite frankly I think we can give you best value at the moment by spending it on higher fruit levels, Outward Bound Sponsorships, Recipe Books, Employment Creation etc." (C 22). Every so often Hubbard's own choices appear to contradict his professed principles and television advertising offers one example. Although Dick Hubbard's established stance on television advertising is not to invest money in it, he has appeared in television and print advertisements promoting another company's telecommunications products ("Dick Hubbard on grains, brains and calls to mobile", 2000, pp. 118-119).

Several years and thirty-two *Clipboards* later Hubbard reflects on the stance taken on advertising. Referring back to the earlier discussion, he points out that at Hubbard Foods Limited: "We are not anti-advertising . . . I believe it is legitimate to persuade you to buy our products" (C 54). Hubbard commits Hubbard Foods Limited to an advertising charter:

- Our advertising will be aimed to inform and not create unrealistic or irrelevant images.

- Our advertising will not play on anyone's conscience, fear, weakness or worries.

- We will not advertise directly to children and we will not invoke "pester-power".

- Our advertising will not use "continual repetition", or "irritation" as a technique.

- Our advertising will not promote the concept of "instant gratification" or "instant fix".

- Our advertising will not denigrate our opposition and we will not undertake "comparative advertising" as seen in the U.S.A. and now in Australia.

- Our advertising will respect your values and we recognise that they could be different to ours.

- We will spend your money wisely and responsibly. (C 54; Hubbard, 2001, p. 12)

Adherence to the code is apparent in a tongue in cheek print advertisement that declares: "Creating the perfect cereal takes ages, so I'll leave the ad to you" (Figure 5.4).

Figure 5.4   Hubbard Foods Limited Magazine Advertisement
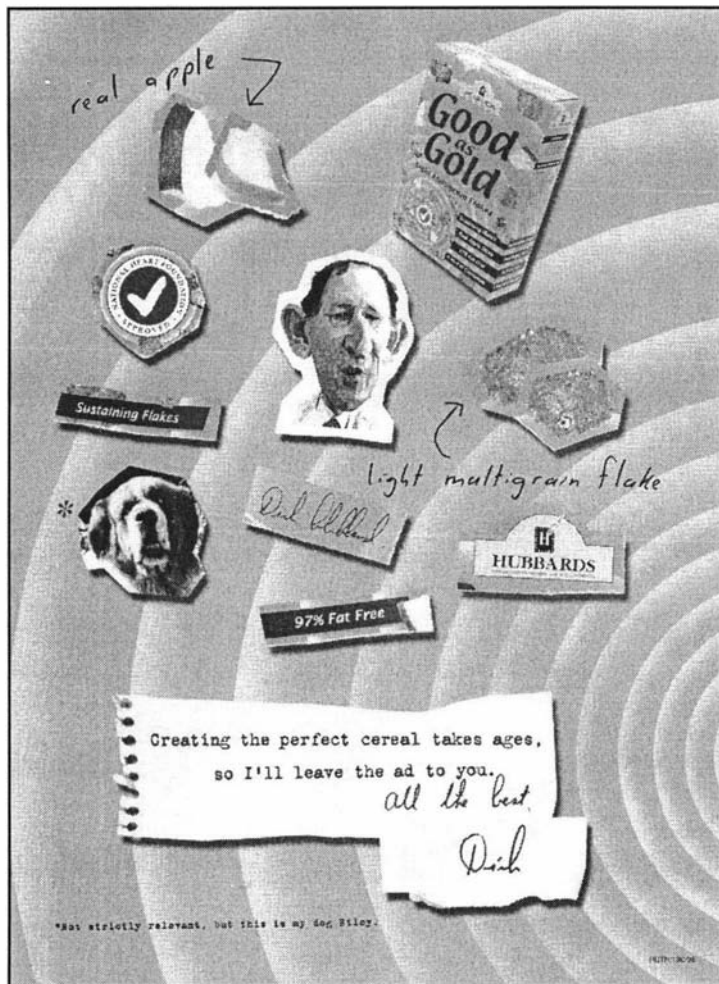
Creating the perfect cereal takes ages, so I'll leave the ad to you. (2001, August). [Advertisement]. *New Zealand Gardener*, p. 11.

Despite Hubbard's stance on television advertising, Hubbard Foods Limited makes active use of the print medium, largely through the free publicity gained from creating newsworthy stories. Newspapers, church publications and TV documentaries have endorsed his business philosophy (Chapters Seven and Eight of this thesis). Media hype surrounding the staff trip to Samoa (Chapter Seven of this thesis) was supplemented by Hubbard's apparent challenge to the established business heavyweight the New Zealand Business Roundtable (NZBR) (Chapter Eight of this thesis). New Zealand Businesses for Social Responsibility (BSR) was widely regarded as an 'alternative' Roundtable (Brock, 1998; "Businessman plans to set up rival to Roundtable", 1997; Carr, 1998; "New venture mounts challenge to Roundtable", 1998).

Additionally, Dick Hubbard has drawn attention to himself and his business by purchasing full-page spreads in major daily newspapers to promote issues or innovative business developments. One example was the publication of a version of Hubbard Foods Limited's *Triple Bottom Line Report* under the jokingly provocative headline "Dick reveals three bottoms" ("Dick reveals three bottoms", 2001, p. 8). Another example was an unconventional appeal to fellow New Zealanders. In September 2001 Hubbard placed a personal full-page newspaper advertisement calling upon all patriotic kiwis to fall behind the struggling national airline carrier, Air New Zealand. The banner read "Calling all Patriotic Kiwis" ("Calling all Patriotic Kiwis", 2001, p. 7). Hubbard proposed that all New Zealanders resolve to "fly Air New Zealand wherever possible as a nationalistic cause". He undertook to personally forfeit 100,000 airpoints, challenging his compatriots to voluntarily surrender 10% of their own. The close drew attention to Hubbard's self-definition:

> This is my contribution as a passionate, patriotic and compassionate Kiwi. Will you be one too? Dick Hubbard (not just a cereal maker). ("Calling all Patriotic Kiwis", 2001, p. 7)

5.4   THE *CLIPBOARD*
5.4.1   General background

From the start *Clipboard* became a crucial part of the 'Hubbards' brand identity (Hubbard, 2001). The idea to produce the news bulletin came from something Dick Hubbard had seen in North America and he even appropriated the name – it was to be called *Clipboard* (OTM Memoirs, 1999, p. 24). Customers now expect a copy with their cereal and will let the company know if they have missed out. Acknowledging customer

concerns about the omission of *Clipboard* from some cereal packs, Hubbard adopts a tone of exaggerated formality, parodying a court oath:

> "I, Richard John Hubbard, do solemnly vow, declare and promise that from now on there will be a Clipboard in every packet of cereal. The Clipboard will, from now on, be regarded as an ingredient like all the other ingredients in our cereal. No Clipboard, no production!". (C 24)

The children's market is recognised through the parallel publication, *Kidzboard* which is distributed in the packages of those cereals known to be most appealing to children.

5.4.2   Format of *Clipboard*

The visual format of *Clipboard* is almost ostentatiously 'anti-design', having undergone several minor changes but continuing to feature a range of font styles and sizes and unsophisticated graphics. Upon initial impression, *Clipboard* is similar to any promotional pamphlet or religious tract. However, in tone it assumes the intimacy of a personal letter. There is no strident ideological ranting or table thumping, rather a low-key, courteous but affable 'letter'. Any overt ideological appeal is followed by a self-deprecating, somewhat anticlimactical close. For example, an appeal for Kiwi pride closes with: "Enough of that 'heavy stuff'" (e.g. C 16); and a plea for a long term vision is brought down to earth with: "I have been thinking of this for a while and waiting for a chance to get this one off my chest! Have a good breakfast!" (C 41).

Overall, despite some minor changes, *Clipboard* maintains a fairly standard format (Appendix III). Typically, the front page consists of an editorial. The inside two pages vary considerably, but generally carry a number of the following key *Clipboard* elements such as nutritional advice, recipes, Hubbard stories or 'history lessons', product updates, customer surveys, letters from customers, poems, and handy hints. The back page almost always contains a "Quotable Quote" and topics highlight themes such as optimism (e.g. C 2; 5); living for the day, age and wisdom (e.g. C 14; 21; 30; 31; 36; 41; 55); virtues or rules to live by (e.g. C 22; 29; 45; 53; 60); and courage or the moral effect of danger and risk (e.g. 8, 16, 40, 62).

Clipboard, the "cereal serial" as one reader apparently named it (C 4), has provided a vehicle for Hubbard's views on social responsibility from the early installments where he introduces notions of the ethical and moral responsibilities of business. Thus Hubbard undertakes, in a very public sense, an activity bound to result in "strong moral self-

definition" (Walker, 1987). What he says in *Clipboard*, and does in practice, set precedents for future actions that are morally self-defining. Because the stories entail commitments that Hubbard may not intend, they may also impose burdens he did not want. Hubbard's approach has also led to stories told by others (e.g. the press) and these also help to define him. *Clipboard* also serves as a channel of communication about the Hubbard-initiated organisation, Businesses for Social Responsibility.

The serial nature of *Clipboard* has rhetorical benefits that Hubbard exploits. Customers are enticed by ongoing promises whereby the next installment will bring satisfaction (e.g. C 30). Customers are kept alert to new things to come, with teasers such as "wait and see" (e.g. C 35), and to "Watch this space" (e.g. C 20; 26). Similarly, the serial nature of *Clipboard* enables readers to adapt to new developments. An example of this is the announcement of Hubbard Foods Limited's expansion into the United Kingdom market (C 41). *Clipboard 30* explains why Hubbard Foods Limited prefers not to export: "I work on the theory that we do as much good for New Zealand by competing against imported goods as we do by direct exporting" (C 30). Yet, without any apparent sense of inconsistency, in *Clipboard 41* Hubbard enthusiastically proclaims "HI, HO, IT'S OFF TO MERRY ENGLAND WE GO!". He tells customers: "Who knows, we might end up as being 'By appointment to the Queen!'. I'll keep you posted" (C 41).

5.5   CONCLUSION

Hubbard Foods Limited has established a unique place in the New Zealand business scene. Its owner-manager, Dick Hubbard, has become strongly identified with business social responsibility and his public stance is enacted in a number of ways, including sponsorship of community activities and Hubbard's personal involvement on a number of social and environmental organisations. Notably, Hubbard actively engages Hubbard Foods Limited's customers in a business social responsibility dialogue through *Clipboard*, a key communication and marketing device. He reinforces stakeholder engagement by inviting interaction and publishes selected extracts from letters in *Clipboard*.

The following chapter examines the means by which Hubbard builds and maintains relationships with these key stakeholders through *Clipboard*.

CHAPTER SIX: RELATIONSHIP BUILDING THROUGH *CLIPBOARD*: HUBBARD AND STAKEHOLDER ENGAGEMENT[i]

6.1 INTRODUCTION

Among the contextual background in the preceding chapter was an introduction to the key communication device for Hubbard Foods Limited, *Clipboard* (see also Appendix III; Appendix IV). Through the rhetoric of *Clipboard* Hubbard promotes ideas of stakeholderism and business social responsibility.

Publication of the first Hubbard *Clipboard* elicited an unanticipated wave of letters from customers and Hubbard undertook to reply personally to every one (M. Kendall, Personal Communication, September 9, 1998; OTM Memoirs; Ceramalus, 1998; Marks, 2002). He also perceived that he had somehow made an impression on the people who read his newsletter and the *Clipboard* developed from an introductory 'getting to know you' to an informal, ongoing narrative of 'the state of the company' – the friendly and engaging text it is today. More than sixty *Clipboards* on, Hubbard's relationship with New Zealand customers seems to be as strong as ever. Furthermore, in *Clipboard 50*, a celebratory 'special edition', Hubbard acknowledges the centrality of *Clipboard* to the success of his enterprise when he tells customers: "I think of Clipboard now as the single most important ingredient we put in our cereal boxes" (C 50).

In the wake of expansion into the Australian and UK markets, the *Clipboard* idea has been exported. With slight concessions to regional distinctions in the Australian and UK versions, Dick Hubbard continues his practice of talking directly to customers 'over the breakfast table'. New Zealand *Clipboard 47* acknowledges this broadening of the 'Hubbard family', through the personalised heading: " I love our Australian cousins" (C 47).

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Analysis in this thesis incorporates additional source material.

In this chapter I examine *Clipboard*, applying the first of my three chosen rhetorical perspectives, role criticism (Hart, 1997). I aim to expose the textual strategies Hubbard employs in the *Clipboard* to establish a persona, build relationships with his customers and communicate his distinctive ideas of business social responsibility. In particular, I employ Beason's (1991) five rhetorical categories of signalled ethos or credibility to gain insights into the representation of business social responsibility by a New Zealand company.

First, I briefly review the three specific tenets of management underpinning Hubbard's *Clipboard* venture: social responsibility; stakeholder dialogue, and the forging of trust between manager and stakeholders. Second, I show how these tenets contribute to the major narrative themes of leadership and community in Hubbard's editorials. Third, I show how the interrelated concepts of ethos and persona form a basis for exploring the persuasive power of these editorials. Fourth, I apply Beason's framework. Finally, I comment on how this approach to rhetorical criticism contributes to a representation of business social responsibility.

6.2   TENETS OF MANAGEMENT IN *CLIPBOARD*

6.2.1   Social Responsibility

Initial indications from Hubbard's practice and rhetoric suggest that he interprets social responsibility in both normative and instrumental levels. Through *Clipboard* he states his beliefs in the ethical obligations of business to society (C 19; 26; 49). He says that he believes that business has an obligation to contribute to the social sphere through job creation (C 2; 3) and "[reinvesting] in the country that supports them" (C 8). Hubbard's vision of business social responsibility goes "beyond that narrow definition of purpose" (C 19) to include

> jobs, the environment, products that are safe and value for money, and of course
> last, but not least, the payment of due taxes. A company is therefore an integral
> part of the social structure of a community or country and ultimately its rationale
> for existence must be for the betterment of society. (C 19)

As is apparent from the previous chapter, this businessman was seen to 'walk his talk' early in the company's history through such practices as sponsorship of community events and personal development programmes such as Outward Bound (C 8; 17; 23) and the sailing ship Spirit of Adventure (C 12), and later through establishing the organisation 'Businesses for Social Responsibility' (C 34; 35; 45). The tone of *Clipboard* suggests that Hubbard's position is probably closely aligned with Eilbert and Parket's (1973, p. 7 cited in Carroll, 1999, p. 278) characterisation of social responsibility as "good neighborliness", as he professes a concern about local social issues and indicates a personal commitment to do something about them.

In Chapter Two we saw that, competing with views that there is something intrinsically 'good' about business people engaging in 'neighbourly' discretionary responsibilities, are views which warn of the "dangers of social responsibility" (Buchholz, 1977, cited in Matthews, 1988, p. 86) and the hazards inherent in allowing business to become "an arbiter of our lives" (Levitt, 1958, p. 44). It is possibly because Hubbard started small and 'grew' with his customers, that his business social responsibility practices have not been seen as a threat in that sense. Perhaps too, acceptance of his ideas has something to do with his choice of generally noncontroversial issues as a focus of his social involvement. And to those who, after Friedman ([1970] 1995), might argue on the grounds of the possible conflict of interest between agent and principal, Hubbard's right to undertake discretionary social responsibilities is unquestioned in that he is both owner and managingdirector of the enterprise which bears his name.

6.2.2 Stakeholder Dialogue

Contemporary interpretations of business social responsibility are imbued with ideas of corporate citizenship and stakeholder management, both of which tend toward a wealth-friendly orientation and a depersonalisation of the manager's role. The latter commonly represents the organisational relationship with a variety of constituents in terms of a 'hub and spoke' relationship (Jones, 1995), with the organisation at the centre and little interaction among stakeholders. In contrast, Hubbard overtly seeks to establish a personal link with his customers and to include them in a conversation about a range of

issues, including those relating to staff (C 45; 47), the community (C 26), and even packet design issues (C 19), thus creating a sense of involvement and multiple relationships, more akin to a 'web' or network idea of stakeholder management (Rowley, 1997).

Hubbard's personalised approach relies on a distinctive means of stakeholder dialogue. A 'personal touch' is created by the presentation of *Clipboard* as a letter in which Hubbard talks directly to the reader, even though the format is essentially that of a magazine, complete with editorial. The impression of intimacy and dialogue is reinforced and sustained by the inclusion of the 'other' side of the correspondence, constructing a sense of ongoing conversation, allowing for customer suggestions and Hubbard's own ideas to be presented, modified and refined publicly through *Clipboard*. Customers are referred to as "you, my customers" (C 14) and "Dear customer" (C 31; 43). They live in "customerland" (C 50) and their ideas are taken seriously. For example, with regard to "YCR's" (yoghurt covered raisins), customers have definitely been heard. Promising them a greater proportion in future packets of Fruitful Breakfast, Hubbard proclaims: "The people have spoken! (all power to the people and long live the people!)" (C15).

Hubbard even publicly explores the nature of his preferred relationship with customers. With reference to a story from *Time Magazine,* Hubbard states that he favours the "utilitarian" way of "a series of 'I-thou' relationships" in which the manager looks for the "peoples [sic] consent" over the "formalist" way of work that implies an "I-they" relationship with customers. The story, for Hubbard, "[put] into words rather nicely what I believe businesses (and people) should stand for" (C 21). Accordingly, customers are constantly urged to write in with their responses to products, to communicate their views, to participate in competitions, or to just share 'good news' stories such as those told in the "more than a fair go" project (C 18; 42; 43).

6.2.3   Trust

Business social responsibility and stakeholder dialogue in turn imply a relationship that is based on trust. Hubbard's rhetoric includes appeals to trust as part of the credibility he seeks from his audience. Trust is also a main tenet of his management approach. Whitner, Brodt, Korsgaard and Werner (1998) claim that:

> Trust can be viewed as an attitude held by one individual – the trustor – toward another – the trustee. This attitude is derived from the trustor's perception, beliefs and attributions about the trustee, based upon his or her observations of the trustee's behavior. (p. 513)

Trust might be considered especially important in times of perceived environmental change (Lane, 1997). Under the pressures of globalisation and the enterprise culture, workers are being asked to adjust from the old expectation of long-term tenure in return for service, to an understanding of employment as it relates to empowerment and self-realization. In turn, customers are being asked to accept that products and services are produced ethically and sustainably.

In the organisational context, the onus to establish trust resides with the manager who needs to build a sense of stability and trust in times of apparent change and uncertainty. "Managers' actions and behaviors provide the foundation for trust and that it is actually management's responsibility to take the first step in initiating trusting relationships" (Whitner et al., 1998, p. 514). At the same time " Managers' values influence their motivation to display trustworthy behavior" (Whitner et al., 1998, p. 522). Hubbard's professed values of family and community are consistent with this desire. Additionally, evidence of the characteristics of trustworthy behaviour, including behavioural consistency, integrity, communication, and demonstration of concern, competence and benevolence (McKnight & Chervany, 2002; Whitner et al., 1998) is manifest in the text of Hubbard's *Clipboard*. For instance, the very existence of *Clipboard* and its inclusive tone imply a desire to communicate with customers. Key themes are reiterated and revisited, and Hubbard's rhetoric frequently includes reference to his interest in the ideas customers express in their letters to him.

Related to idea of trust is that of risk (McKnight & Chervany, 2002), and Hubbard regularly extols the virtues and necessity of the willingness to take "calculated risk", even welcoming failure as its natural corollary (C 39; 40).

Hubbard explicitly addresses trust in a recent editorial, thereby reinforcing an image of himself as trustworthy. Under the heading, 'TRUST ME - TRUST ME NOT' (C 53), Hubbard relates a story of the airport quarantine officer who allowed him to pass through the inspection point unexamined because of his reputation: "You're Dick Hubbard, we trust you" (C 53). Hubbard uses the editorial to communicate that he "liked to think that [the trust] had been earned" and to reflect on the responsibility of being trusted. He assures his readers "We at Hubbard Foods acknowledge your trust in us and rest assured we will do our utmost to respect it" (C 53).

How these tenets of social responsibility, stakeholder dialogue and trust contribute to the themes of leadership and community in *Clipboard* is the subject of the following section.

6.3   *CLIPBOARD* NARRATIVES OF LEADERSHIP AND COMMUNITY
6.3.1   Hubbard as Hero and Transformational Leader

The tenets of Hubbard's management approach are constituted as major narrative themes of the editorials. Most immediately, the *Clipboard* acts as a mouthpiece through which Hubbard, the owner-manager, conveys an image of a socially aware and responsible leader and businessman. Hubbard invokes pathos, or emotional appeals to customers' feelings and values, using "the force of narration as contributing value justification for human action [rather than] logical fitness" (Stutts & Barker, 1999, p. 214).

Du Gay, Salaman and Rees (1996) point out that, through the official rhetoric of current organisational stories, the public image of senior management has shifted from the bureaucratic and unsung nonentity of a few decades ago to the 'new' manager as both hero and transformational leader. That Hubbard has been publicly acknowledged as both hero and transformational leader (Jackson & Parry, 2001; Holdsworth 2000) is evidence

that his public image is consistent with a wider conception of today's successful executive manager.

Two main story lines that contribute to this metamorphosis of the public image of senior managers are the romantic narrative and the epic narrative (Clark & Salaman, 1998). The romantic narrative constructs a rediscovery of the organisation as 'imagined community' where obstacles and adversaries are overcome and a new state of harmony and integration are achieved. The often overlapping epic narrative focuses on heroic leadership within the tests and trials of the epic journey or quest, to redefine senior managers "in a central, critical heroic, almost mystical role" (Clark & Salaman, 1998, p. 155). In both narratives "success depends on the charisma, vision, energy, courage of senior managers. The stories define management" (Clark & Salaman, 1998, p. 155). In *Clipboard* Hubbard implicitly draws upon both these narrative themes to construct images of his leadership as "a repeating pattern of personal initiative, system barrier, and optimistic rebuilding" (Beech, 2000, p. 217).

More directly, Hubbard also constructs a romantic narrative to depict his philosophy of business social responsibility. This use of romantic narrative has been a feature of the social responsibility debate for some time, and is probably best epitomised in the commercial ventures undertaken by Victorian industrialists such as Quakers Cadbury, Rowntree & Fry in the United Kingdom (Windsor, 1980), and, in New Zealand, by Christian entrepreneurs such as Laidlaw of the Farmers' Trading Company and newspaper magnates Wilson and Horton (Hunter & Lineham, 1999, p. 124). Recently, the vision of community underlying the romantic narrative has been coupled with arguments to move to more inclusive forms of management such as engaging stakeholders through dialogue, which, McIntosh, Leipziger, Jones and Coleman (1998) suggest, is "one way of finding a common way forward" (p. 194). In combining a romantic narrative with the attempt to create stakeholder dialogue, Hubbard constitutes not only his employees but also his customers as members of the Hubbard community of

the *Clipboard*, the 'Hubbard Family'. In this sense, he invites his customers to be co-actors in the Hubbard community ventures.

Central to this endeavour is the formation of a relationship based on trust and a personalised approach to his customers. This is in accord with Solomon's (1998) idea of ethical leadership. Solomon suggests that we should go beyond ideas of charisma to embrace the "more mundane (but no less evasive) notion of trust"(p. 88). Narratives of the Hubbard 'community' need to overcome negative stereotypes about business, such as perceptions of business as cut-throat, competitive and 'hard sell', in an arena where the manager acts as agent of shareholders who control management's financial power and benefit from the enterprise's economic success (Rappaport, 1986). Often related to such stereotypes are similarly negative images of the profit-driven manager – hierarchical, distant and preoccupied with quantitative productivity measures at the expense of people.

Hubbard counteracts these negative stereotypes of the business world through his romantic narrative of business social responsibility as good neighbourliness or people working together for people, and his public distaste for the 'narrow', economic based view of social responsibility linked to competitive and market driven systems proposed by representatives of New Zealand Business Roundtable (C 30), a view Hubbard describes as "outdated" (C 34).

Hubbard also refuses to advertise his products through television, arguing that money spent on advertising is better placed back in the community (C 22; 54). These overt stances are combined with Hubbard's attempts to establish ethos or credibility (with its associated dimension of trust) through the written persona of *Clipboard*.

6.4   ETHOS AND PERSONA

6.4.1   Origin of the Terms

Ethos, also termed credibility, is a concept that has come down from Aristotle's *Rhetoric*. Aristotle pointed out that oratory involves three main forms of persuasion (pisteis, or proofs): pathos, the appeal to passion or emotion; logos, the appeal to reason; and ethos, concerned with the 'moral character' of the speaker. Aristotle also proposes three characteristics that are critical to the establishment of ethos: phronesis (practical wisdom and 'common sense'); arete (good moral character) and eunoia (goodwill towards the audience, including benevolence, understanding and good intention).

Ethos is derived from the same root as the word ethics and is of particular relevance to the creation of a speaker's character. Yet Abrams (1999) points out that ethos goes beyond mere character formation in that "an orator projects in the course of his oration an ethos, that is, a personal character, which itself functions as a means of persuasion" (Abrams, 1999, p. 217). Persona, on the other hand, descends from "the Latin word for the mask worn by actors in the classical theater" and "[i]n recent literary discussion has come to refer to the first-person narrator, or the 'I' of a literary work or speech" (Abrams, 1999, p. 217).

6.4.2   Relationship between Ethos and Persona

In modern rhetorical analysis, the concepts of ethos and of persona have come to be applied to self-representation in both oral and written discourse. The two concepts are often equated or confused, perhaps because Aristotle's analyses of ethos

> focus on credibility, on the speaker's securing the trust and respect of an audience
> by representing him- or herself in the speech as knowledgeable, intelligent,
> competent and concerned for the welfare of the audience. (Cherry, 1998, Ethos,
> para. 14)

The point to note here is that ethos is dependent on securing 'the trust and respect of an audience'. In other words, ethos or credibility refers to *how an audience evaluates* a speaker's trustworthiness, expertise, and dynamism. The concepts of ethos and persona are central to rhetorical criticism and provide the basis for examining the specific verbal strategies that make up the persuasive appeal of *Clipboard*. But role criticism does not

necessarily get to the person behind the persona. As Hart (1997) points out, "Person and persona are not the same thing. The former is hidden under layers of self-hood while the latter is presented for public inspection" (Hart, 1997, p. 212). Figure 6.1 presents my interpretation of the relationship between the rhetor, ethos and persona.

The relationship between ethos and persona is elaborated by Cherry (1998):

When we evaluate a writer's intelligence, integrity, competence, we evaluate his or her
basic character and credibility by assessing qualities that fall under the rubric of
ethos. At the same time, when we make a judgment about 'voice' or 'tone' and
consider the role or roles the writer creates for him- or herself in the text, we
evaluate qualities that fall under the rubric of persona. (Cherry, 1998,
Conclusion, para. 6)

Figure 6.1   Association between Rhetoric, Ethos and Persona
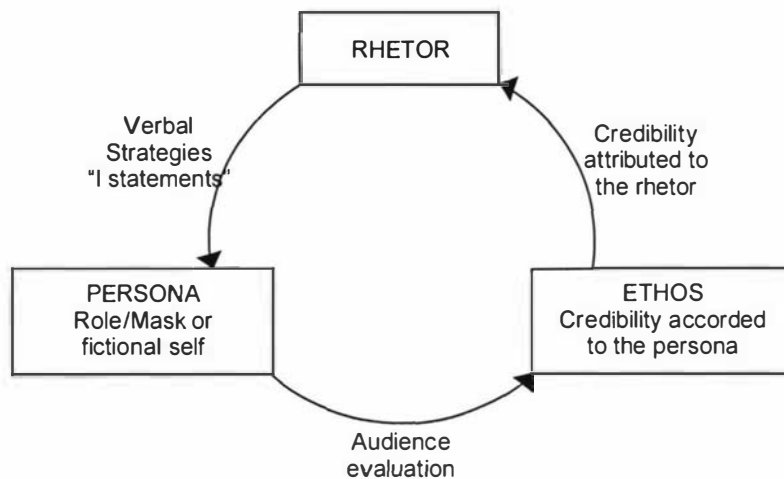
Paradoxically, an audience accords ethos on the basis of what they take to be the speaker or writer's character or 'real' self, while they evaluate this on the basis of the speaker or writer's public mask or 'fictional' self created in the text.

In business, as in other forms of self-representation, a speaker or writer seeks to gain credibility on the basis of a public self or persona. Of technical and business writing, for instance, Andrews (1998) states:

> You demonstrate honesty and trustworthiness in your communications by
> creating a professional persona. Your persona is the image of you that comes
> from your writing on the page or the screen. (p. 54)

In an organisational setting, persona can be seen as a 'projected image' that might
encompass:

> A bona fide attempt to represent essential features of organizational identity to
> others . . . (or) take the form of the projections of a desired future image . . . [and
> also] attempts to convey a socially desirable, managed impression that
> emphasises selected aspects of identity. . . (Gioia, 2000, paras. 15-16)

6.4.3 Constructing a Public Persona

Within the wider business context, Hubbard constructs a public persona in *Clipboard.*
As Hart (1997) points out, looking at self-references or 'I' statements in the text is a
major means to analysing his creation of this persona. "Speakers who use a great many
self-references hint strongly that a special persona is being created in the texts they
produce" (Hart, 1997, p. 229). Moreover, 'I' statements draw attention to the speaker's
feelings and ambitions to suggest their attitudes and values.

Table 6.1   Self-references in Clipboard (C1-60)

TYPE OF REFERENCE	FREQUENCY
Emotional / moral action	52 %
Narrative action	24 %
Behavioural action	20 %
Performative action	4 %

Analysis of Hubbard's self-references in the editorials of the first sixty *Clipboards*
indicates that they emphasise emotional or moral action over narrative, behavioural or

performative action. Whilst, in isolation, a crude means of analysis (Hart 1997), the sheer disproportion indicated in the summary (Table 6.1) suggests that Hubbard wishes to convey an image of a morally engaged, 'caring' manager, ready to share his feelings. Hart advises that it is not the choice of role alone that is the most crucial factor in the rhetorical appeal of text. Rather, whatever role one chooses:

> one must bring to that role **emotional integrity** so that its pieces and parts fit together and **dramatic consistency** ... Role enactment can therefore fail for many reasons: (1) The role may be played poorly, (2) it may be unsuitable for the times, or (3) the different roles may become intertwined. (Hart, 1997, p. 220, original emphasis)

In the next section I use Beason's (1991) framework to demonstrate how role criticism can provide a rhetorical perspective on business social responsibility.

6.5   BEASON'S FRAMEWORK

6.5.1   Appeal to Ethos

I have asserted that Hubbard attempts to engender stakeholder dialogue through the credibility or trust he seeks to have his audience accord to the persona of the *Clipboards*. While self-references are important to Hubbard's self-portrait, Beason (1991) reveals that they can also constitute the 'appeal to ethos' (also called the ethical appeal). In other words, self-references can employ recognisable verbal strategies through which the writer attempts to gain credibility with an audience. Beason (1991) terms these appeals "signalled ethos" and he describes five categories that emerged in a rhetorical analysis of the texts of eight business speeches: "The categories are based on five character traits: deference, self-criticism, similitude, expertise and the inclination to succeed" (p. 327).

These categories of signalled ethos are constructed through distinctive verbal strategies. The appeal to deference signals the writer's respect for the rights and feelings of the audience and includes phrases such as *"I would like to"*, *"In my opinion"*, *"Join me, if you would"*, which acknowledge other possible views or alternatives. Self-criticism

suggests the honesty of the writer who can admit to past or present limitations or even mistakes. Similitude is the appeal to similarities between writer and audience and includes the use of the pronouns *"we"*, or *"you and I"*, which seek to establish commonality and community. Expertise draws attention to qualities such as the writer's qualifications, judgment, experience and first-hand knowledge. Finally, appeals to the inclination to succeed draw upon past histories and future forecasts of success which are often extended to include the audience. All these strategies are attempts to gain credibility for the public persona of the text.

6.6 PERSUASIVE APPEAL OF *CLIPBOARD*: A TEXTUAL STUDY

In now turning specifically to the *Clipboards,* I examine the textual strategies of several of Hubbard's editorials or lead stories. I discuss representative anecdotes that contribute to a 'continuing story', Hubbard's romantic narrative of community and of social responsibility. I look at Hubbard's persona within this narrative, and I examine Hubbard's strategies of self-representation and signalled ethos as these strategies attempt to constitute both audience trust and stakeholder dialogue. In these ways, I explore how Hubbard constructs the persuasive appeal of the *Clipboard* and, in particular, how he represents and constitutes business social responsibility.

On one level, Hubbard's editorials are indisputably a form of one-way communication. Yet the *Clipboard* also provides a forum for discussion of nutritional and health factors, letters and recipes from customers, and 'inspirational' quotations thereby presenting two-way communication or 'dialogue' of which Hubbard's editorials are part. While the *Clipboard* content is selected and mediated by Hubbard, this sense of dialogue is strengthened by his occasional inclusion of critical as well as positive customer comments. I focus here on the editorials, however, because they demonstrate Hubbard's use of verbal strategies to constitute himself, his company and his customers all as co-actors and members of the Hubbard 'family' engaged in ongoing relationship and dialogue.

6.6.1 The Salutation and Close

A sense of continuity is initially established through the wording and tone of the salutation. From the cheery headline "Good Morning!" of the first *Clipboard* (C 1) readers progress to "Good Morning Again!" (C 2) and on to "And Another Good Morning To You" (C 3). By issue six the relationship building of the earlier salutations culminates in a headline that suggests a personal interchange and friendship between Hubbard and his readers : "A LITTLE GIFT From me to you – my customer" (C 6). In the ensuing *Clipboards* this relationship building seems assumed to be established and the headlines move on to other matters. Sometimes they adopt a promotional tone, highlighting the latest product launch, sometimes they consist of a quirky aside, and sometimes they introduce aspects of Hubbard's personal or business philosophy.

The close, although less varied, indicates a warming of relationships as it progresses from Dick Hubbard using the rather formal "Best regards and happy eating" (C 1) prior to signing his name; to "Kind regards" (C 2; 3); settling into some near variant of the now familiar "Have a happy day!" (C 4-60). By *Clipboard* 30 the official tag of "Managing Director, Hubbard Foods Limited" has gone for good. This close conveys constancy in its positive, upbeat tone and message, and its 'softening', by dropping reference to Hubbard's formal organisational role, connotes increasing familiarity.

6.6.2 Tenets of Hubbard's Management Approach : A "Family Company"

In addition to the relationship intimated in the salutations and close, the first three *Clipboards* establish the main tenets of Hubbard's management approach.

In the first *Clipboard* Hubbard initiates the building of a credible persona within the depiction of a unified company committed to "foods that provide good nutritional properties" (C 1). Introducing *Clipboard* as "something new for a cereal product" he implies a collective venture by using similitude to include the 'Hubbards' staff in his statements, "We are going to introduce a newsletter...", "We also plan ...", "We intend..." (C 1). Within this community of a "family company", Hubbard introduces

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himself with a brief rhetorical appeal to expertise, "I am a qualified food technologist", which includes mention of his lengthy first-hand experience, "I have been in the food industry all my career" (C 1). He then appeals to the inclination to succeed through the rhetoric of the dream which draws the reader into the aspirations underlying the Hubbard company achievement:

> Like many New Zealanders I had a dream of having my own Company and in 1988 this dream became a reality. We now have a solid base established to our Company and we are looking forward to our most exciting project – the release of our new range of breakfast cereals. (C 1)

The 'credibility' of Hubbard's product along with his persona is built by a discussion of additives and fibre which is implicitly aligned with the National Heart Foundation's pamphlet "Eat to Beat", a copy of which the reader is encouraged to send for to the address supplied in *Clipboard*. This act of engagement though invitations to participate directly is a recurrent feature of *Clipboard*.

By the second *Clipboard* stakeholder dialogue and the establishment of a mutual interchange is reflected through mention of the letters and recipes sent in response to the initial *Clipboard*. Deference is blended with the rhetoric of national pride as Hubbard refers to the letters of encouragement for his venture:

> What has been most encouraging is that a lot of people have taken time out to wish us well and to support our concept of a "proudly independent New Zealand Company". (C 2)

This encouragement forms a platform for Hubbard to suggest that the "Buy New Zealand" campaign is of equal importance to the "think green" concern for environmental issues. Nationalistic rhetoric combines with the appeal to similitude to invoke a commonality of purpose between Hubbard and his customers for the benefit of future generations:

> Let New Zealand business, New Zealand employment and New Zealand pride as well as the New Zealand environment, shape our buying decisions. In other

words, let's not only preserve the environment for the benefit of our children, but let's preserve our economy and jobs for them also! (C 2)

By *Clipboard 3* the main tenets of Hubbard's management approach are directly stated. Most immediately, Hubbard's aim to engage in stakeholder dialogue with his customers is made explicit as:

> The need for companies to "walk and talk" with their customers. And I hope through the *Clipboard* we can do just that. (C 3)

Next the theme of job creation is set within the context of Hubbard's version of social responsibility:

> I think that there is an ethical and moral responsibility for companies to actively think about job creation. (C 3)

Finally, the model for this doctrine of social responsibility in action is Hubbard Foods Limited and the focus of the process is Hubbard's persona as managing director of a "family company":

> Certainly, I am proud to be a New Zealand employer. We have a tremendous staff at Hubbard Foods Ltd, and at the end of the day I get as much satisfaction out of providing jobs as I do from seeing our product on the shelves. (C 3)

Thus, in contrast to negative stereotypes of business as competitive and the efficiency-driven, 'hard sell' and complicit manager, Hubbard presents images of an ethical and concerned employer who creates jobs and identifies with his employees. In such ways, Hubbard seeks to have the persona of the *Clipboards* accorded the trust, not only of his employees, but also of his customers, each of which he constitutes as stakeholders in the Hubbard enterprise.

6.6.3   The Romantic Narrative : The Community of *Clipboard*

The romantic narrative of the Hubbard family company rapidly extends to include the community of the *Clipboard.* Hubbard draws attention to an increasing wave of stakeholder dialogue. The number of customer letters received is frequently referred to and thanks courteously offered. Customers are actively encouraged to write in with their

views on products or issues raised in *Clipboard* (e.g. 5; 7; 9; 14). The reader is both constituted and drawn into the content of *Clipboard* because it is presented as a forum for introducing customer comment.

At the same time, the tone of the persona becomes more familial. Readers are invited to celebrate the company's first birthday and its commitment to look forward and grow. New products are signalled as being tested and an almost intimate note is adopted in respect to these new developments: "I'm sorry to tease you slightly, but we obviously have to keep details under wraps at this stage" (C 5). The 'Christmas gift' involves 30,000 fruit bars indicating not only Hubbard's generosity but also the growing membership of the Hubbard community.

This extended family is constituted as coming together over the breakfast table at which new cereals such as "very fruitful flakes" and "fruitful porridge" are introduced, incorporated into the family larder, and their nutritional and culinary virtues are extolled. In chatty exchanges that mimic neighbourly tip-swapping Hubbard suggests that the porridge flakes can also be used as muesli : "I've been eating them myself as a natural muesli and I will be interested in your reaction to this" (C 9). In this congenially constructed breakfast setting, the persona takes on paternalistic overtones: "my customers" are exhorted to be proud to be Kiwis; they are encouraged to endorse "family values" and reminded that they are not alone, "out there in middle New Zealand there are a large body who do care about family values" (C 10). Throughout this romantic narrative of community Hubbard positions himself as a trustworthy, central character of an extended family that makes up a national network.

6.6.4 Stories of Outward Bound and New Zealand Businesses for Social Responsibility

Within the narrative of 'good neighbourliness' Hubbard's ideology of social responsibility is enacted partly through the sponsorship activities promoted in the *Clipboard.* Several issues advertise free sponsorship for young people to Outward Bound (C 8; 9; 17; 23; 24; 25) and an entire editorial is devoted to Outward Bound New

Zealand turning 40: "A Very Special Birthday! Congratulations Outward Bound!" (C 59). Early on Hubbard highlights the belief system underlying the action: "I believe strongly that companies such as ours have a responsibility to "reinvest" in the country that supports them" (C 8). And the value of this investment is epitomised by Hubbard's own success: "P.S. I went to Outward Bound myself many years ago (1964) not long after it started in New Zealand" (C 8).

Patronage inherent in sponsorship by the millionaire cereal manufacturer is downplayed through the constructed humility of the persona. Under the editorial heading, "A Very Humbling Experience", Hubbard juxtaposes the success of the competition, "We received over 5,000 entries", with an implicit identification with the dreams (and the limited finances) of the parents of the youthful entrants:

> We received a number of very touching letters from the Mums and Dads who saw the Outward Bound opportunity as something they very much wanted for their children. Often the only thing that prevented them going directly was the cost. (C 10)

Hart (1997) points out that "rhetoric is fuelled by the negative" (p. 269). Hubbard posits a series of negatives: "the economic gloom and doom", "the bad news about New Zealand", "the breakdown of family values". Against these negatives is the "over-riding message" that "out there in middle New Zealand there is a large body of people who do care about basic values" (C 10). Within this 'moral' community, Hubbard represents himself as committed to maximise the opportunities of at least two young people. Leadership is countered by identification with "basic values" and the complementary humility of the presented persona: "I feel that somewhere along the line we touched a nerve with this exercise. And that is what makes me feel humble" (C 10).

The Outward Bound saga continues with further competitions and new sponsorship. By the third draw 10 scholarships are offered attracting 10,000 entries. In typical fashion,

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Hubbard uses touches of self-deprecating humour to balance his leadership role with the depiction of a wry and self-effacing human being:

> One of the sponsors was a father who remembered running behind me (actually I'm sure it would have been in front) during the Cross Country race when I attended Outward Bound myself in ~~1990~~, ~~1980~~, ~~1970~~, 1964! (It just seems like yesterday). (C 25)

This admission of his apparent shortcomings and age operates rhetorically to create a sense of honesty and intimacy that Hubbard frequently uses to downplay his ambitions and his achievements. While the achievement is nevertheless constructed in the text, it is balanced by the self-effacing persona. Of his personal conquest of New Zealand's highest mountain peak, for instance, Hubbard states: "My time [on Mount Cook] was more than a 'battery recharge' for a tired old Auckland breakfast cereal maker!" (C 40).

Hubbard's construction of social responsibility in text and in action culminates in the announcement of the New Zealand Businesses for Social Responsibility (BSR). The reader is drawn into this transcendence of the negative forces of the New Zealand Business world as Hubbard attributes the achievement to stakeholder dialogue engendered through the *Clipboard*:

> Let me remind you that the formation of this organisation [BSR] has come directly as a result of your feedback to comments in previous Clipboards and, in particular, the last one. *You've provided the mandate.* (C 35, my emphasis)

Thus, the triumph is represented as a joint venture. Hubbard dissociates his company from ambition or vested interests, while both mentioning and minimising his own role in promulgating social responsibility:

> But the fledgling NZBSR is not to be an extension of Hubbard Foods Ltd. It is a fully independent organisation in its own right. I've just facilitated it. Therefore, this will be the last front page comment on the Businesses for Social Responsibility. (C 35)

In fact *Clipboard 45*, titled "Businesses for Social Responsibility", breaks Hubbard's earlier pledge in order to provide a good-news 'update' on NZBSR. Hubbard tells the customers that "a 'heck of a lot' has happened in the last two years" with regard to business social responsibility, including books written, talks given and "related organizations" established. The implication is clear – 'we', the Hubbard family, have contributed to an attitudinal transformation that will make for a brighter future.

> So, as we begin a new millennium, I feel the understanding of the role of business is changing ... for the good, and for the benefit of **everyone** involved. What a great foundation for the 2000's. (C 45, original emphasis)

6.6.5 Hubbard Philosophy of Leadership : Appeal to the Inclination to Succeed

While Hubbard draws on appeals to similitude, expertise and deference to establish the credibility of his public persona, the key theme of *Clipboard* is the appeal to the inclination to succeed. Against the negatives of the economic, social and business world, Hubbard continually draws the reader into the almost irrepressible optimism of the constituted persona. The theme of optimism reappears in a number of *Clipboard* editorials (C 11; 48; 56), and frequently throughout the Quotable Quotes sections. The heading of *Clipboard 11,* for instance, announces "Vitamin 'O' – New Nutrient Discovered." This "essential" nutrient is revealed to be "the optimism factor" through which Hubbard seeks to remedy New Zealand problems, "The deficiency disease of pessimism has been rife and rampant". The overstatements of the rhetoric build to an assertion of Hubbard's belief in optimism that verges on the parodic:

> I am an optimist and I believe in daily megadoses of "Vitamin O". And I'm sure that if we New Zealanders could all dose ourselves regularly on it, we could take on the world (again!). (C 11; Appendix III)

Complementing the doses of optimism Hubbard avows to supply through *Clipboard* is the injunction to perseverance heralded by the heading, "Never, never, never give up!" (C 28). Hubbard represents himself as friend and advisor to people and companies, while

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including a self-aware aside that somewhat mitigates against the irony of his practice of giving constant 'advice' throughout *Clipboard*:

> If I'm called on to give advice (and I sometimes give it whether called on or not!) then I've noticed that the most frequent advice I give is that of the need for perseverance or just plain "not giving up". And what's more it's the advice I get most thanked for by people (and companies which are people anyway) who have been through a sticky patch. (C 28)

The model is again Hubbard Foods Limited. Hubbard acknowledges a 'sticky patch' in the setting up of his company, which was only overcome by "stubborn determination". Perseverance is complemented by the need for challenge and adventure, both epitomised by New Zealand hero Peter Blake (C 57).

6.6.6 Conflict Management: "Did The Wheels Come Off At Hubbard Foods Limited?"

On March 7, 2000 Hubbard faced a very public disagreement with the local union over employee pay rates that was directly related to his expansion into the UK supermarket chain, *Tescos* ("Model employer's workers protest", 2000; Mulrooney, 2000a, 2000c). The image of the caring employer and his "family company" were challenged by the notion of expansionist profit-making that failed to benefit the worker: "Our credibility was very publicly on the line" (C 47).

Hubbard uses *Clipboard* as a vehicle to explain the conflict and to justify his management practice to his customer stakeholders. The conflict is represented as a family tiff, the weathering of which may have even strengthened the family relationships: "We are one big happy family again (at the risk of sounding paternalistic!). Like all families our relationships may even be a little better as the result of the crisis" (C 47). In the nearest approach Hubbard comes to self-criticism, he depicts the crisis as a failure to fully communicate the low profit margins in the Tesco expansion, a failure he assures his readers he has now corrected: "Did I communicate this properly to our staff? Probably not. Did I hear their interpretation? Probably not. Consider this fixed!" (C 47).

The minimising of the crisis includes an acknowledgement of the "essential" job of the Unions coupled with the reiteration of Hubbard's proven record in job creation. However, this does not preclude a swipe at the particular Union official. The editorial ends with a reassertion of Hubbard's commitment to social responsibility: "It will take more than one slightly misguided Union official to stop me from creating as many jobs as I can and making a socially responsible contribution to New Zealand" (C 47).

The follow-up *Clipboard* had definitely moved on. In a tacit reproach to those pessimists who might think the worst, it bears the title "GIVE ME OPTIMISM ANY DAY THANKS!" (C 48).

The minimising of possible conflict is also evident in Hubbard's defusion of Trans-Tasman rivalry inherent in his expansion into the Australian market. In the first Australian *Clipboard,* Hubbard continues the practice of stakeholder dialogue to represent this expansion as the response to requests from New Zealanders in Australia and Australians who have visited New Zealand. With typical enthusiasm, he posits the notion of an "*Australasian* company" (my italics): "I like the term. We are actually physically closer to Sydney and Brisbane than Perth is - there is just water instead of desert separating us!" (*Australian Clipboard 1* [AC 1]). Thus the Hubbard family of stakeholders is further extended through *Clipboard* to include "our Australian cousins" who meet in community across the breakfast table with Hubbard: "I trust I can share many breakfasts with you" (AC 1).

6.7   CONCLUSION

In this chapter I have examined the textual strategies of Hubbard's editorials to see *how* he attempts to persuade his readers of his own credibility and that of Hubbard Foods Limited. Most immediately, I discussed briefly three specific tenets of management underpinning Hubbard's *Clipboard* venture as they relate to his professed views and practices: the ideology of business social responsibility; the importance of establishing stakeholder dialogue; and the associated issue of forging trust between the manager and

his stakeholders. I suggest how these tenets contribute to the two major narrative themes of leadership and community in the editorials.

Pivotal to this chapter's examination of business social responsibility are the interrelated concepts of ethos and persona. They contribute to a central irony whereby the rhetor is accorded credibility on the basis of persona, or the role played.

What Hubbard offers management is a novel approach to stakeholder engagement through which he communicates his own brand of business social responsibility. He constructs personal links between the company, the owner-manager and individual consumers, and he projects a sense of a caring employer involved in managing a family company. He diffuses the traditional hierarchical image of management in favour of participative images of an extended family. These he develops through the homespun and familial tone of the persona in *Clipboard* and through his use of *Clipboard* as a forum for customer comment. At the same time Hubbard represents, in text and in action, an ideology of social responsibility that emphasises the need for companies to reinvest in their community, embrace basic values and work for social betterment.

Also novel is Hubbard's use of personal communication in his editorials to constitute stakeholder engagement within the text. Drawing upon Beason's categories of signaled ethos, my study of the rhetoric discloses the textual strategies that make up the persuasive appeal of the *Clipboard*.

The romantic narrative of community is dominated by the appeal to the inclination to succeed, with the depiction of readers as coactors in the achievements of Hubbard Foods Limited. Expertise and deference form counterbalancing appeals to the credibility of the persona. Leadership qualities are both represented and downplayed by the curiously New Zealand tone of the persona with its touches of self-deprecating humour. The persuasive power of these verbal strategies has helped make Dick Hubbard a household name in

New Zealand, with an image of a credible, trustworthy, socially responsible and caring director and company engaged in an ongoing dialogue with his customers.

This role analysis suggests that the persona constituted through *Clipboard* is highly consistent over time in terms of both emotional and dramatic elements. The mere existence of *Clipboard* in some part establishes the image of Hubbard as an accessible person, wishing to communicate with customers. The ongoing 'conversation' attests to Hubbard's apparently earnest commitment to his customers' needs and interests. 'I' statements serve to establish Hubbard's persona as an open, caring, 'feeling' man who wishes to directly address his customers. The role played by Hubbard conveys a sense of sincerity, bolstered by the apparent willingness to share Hubbard Foods Limited's failures as well as triumphs. The themes covered overtly in the editorials, such as risk-taking, optimism, and perseverance, are revisited in a number of editorials, and reflected in the rhetorical appeals. Over the 12 years of *Clipboard* covered in this thesis, business social responsibility is a pervasive theme, sometimes overtly, sometimes implicitly.

What Australian and British consumers make of the persuasive appeal to community throughout *Clipboard* is yet to be seen. But Hubbard has continued to use the *Clipboard* overseas as in New Zealand as a vehicle for the continuing tenets of his management approach: to create a 'trustworthy' public persona, to engender stakeholder dialogue, and to present his ideology of business social responsibility. The next chapter adopts an alternative form of rhetorical criticism, dramatism. While drawing on *Clipboard* as one data source, it also analyses newspaper reports of its central event – a company 'picnic' in Samoa.

CHAPTER SEVEN: ENACTING BUSINESS SOCIAL RESPONSIBILITY: A PICNIC IN SAMOA[i]

7.1   INTRODUCTION

Throughout Queen's Birthday Weekend 1998, the staff of Hubbard Foods Limited celebrated the company's 10th birthday on a picnic with managing director, Dick Hubbard. The picnic was unusual because it involved a journey of several thousand miles – from Auckland New Zealand to Apia, Western Samoa. Aside from the significance of the event as a company outing, for 65% of the 102 employees of Hubbard Foods Limited the picnic was a trip home, an opportunity to be reunited with family and friends.

In this chapter I use Kenneth Burke's (1969a) 'dramatistic pentad' as a critical approach to analyse a company event, a rhetorical act that in New Zealand became symbolic of business social responsibility in action. So the aims of the chapter are three-fold. First, I will establish that the dramatistic pentad can be used to analyse organisational phenomena. Second, I will apply the pentad to the issue of business social responsibility in New Zealand. Third, I will further analyse the rhetorical act through the application of key ratios (Burke, 1969a).

Even as I limit my text to the chosen event, I acknowledge the cautionary note sounded by Covino and Jolliffe (1995) that defining any event "as an independent and self-contained entity is something of a convenience" (p. 6). Extraordinary as the picnic may have appeared it should be seen as part of the overall fabric of the organisation's life. As such, the Samoan picnic may be considered a "punctuation

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[i]   Material from this chapter has appeared in the publications listed below:
Walker, R. (1999). Picnic in Samoa. In N. Monin, J. Monin, & R. Walker (Eds.), *Narratives of business and society: Differing New Zealand voices.* (pp. 143-153). New Zealand: Pearson.
Walker, R. & Monin, N. (2001). The purpose of the picnic: Using Burke's dramatistic pentad to analyse a company event. *Journal of Organizational Change Management, 14*(3), 266-279.
This thesis contains an entirely new section of analysis (7.5) and extends the discussion beyond that contained in either of the previous publications:

mark" that gives "shape and form to the ongoing flow of actions and words in an organization" (Eccles et al., 1992, p. 48).

What motivated Dick Hubbard to literally close down the cereal processing plant and undertake the venture? One could argue that Hubbard 'owed' the staff this treat, which would justify it under the narrow view of social responsibility. Yet publications long after the event still refer to the picnic in Samoa as part of the profile of Hubbard as a socially responsible businessman (e.g. Holdsworth, 2000; Marks, 2002). Perhaps it was the staged, theatrical nature of the event that raised questions regarding, on one hand, Hubbard's representation of business social responsibility and, on the other, the fine line between what is perceived as primarily an act of social responsibility, and that which is perceived as a public relations gimmick (Kerr, 1998c).

In particular, the event was open to two major criticisms. First, one might argue that what underpinned Hubbard's action was psychological egoism, the opportunity for self-promotion, or at least "[promotion] of muesli" (Myers, 1999). Second, this, like other so-called 'benevolent' acts, was open to charges of paternalism and coercion on the part of Hubbard as employer. Application of the pentad will help clarify these issues.

7.2   DRAMATISTIC PENTAD

Kenneth Burke's (1969a) 'dramatistic pentad' provides an analytical framework which enables exploration of motive through analysis of five inter-related factors: the *act* – what happened; the *scene* – the physical, geographic and cultural milieu of the action; the *agent* - Hubbard's individual identity and the role he played out in terms of the action; the *agency* - the means by which Hubbard accomplished this action, and his role in initiating, approving and funding the staff picnic; and finally, the *purpose* – the intended effect of the action as well as a consideration of perceived outcomes. Importantly, use of the pentad "moves us away from reductive

representations of reality and into a space that reveals ambiguities" (Fox, 2002, p. 371). Figure 7.1 provides a visual portrayal of elements of the dramatistic pentad.

Figure 7.1   The Dramatistic Pentad
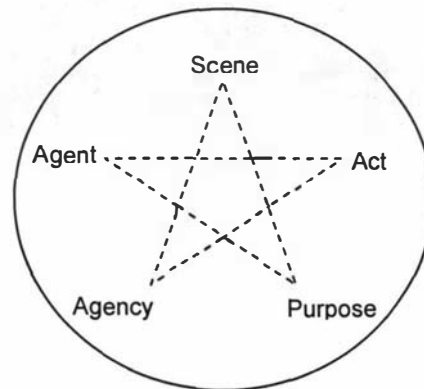
From "Beyond the 'tyranny of the real': Revisiting Burke's Pentad as research method for professional communication", by C. Fox, 2002, *Technical Communication Quarterly, 11*(4), p. 370.

Most dramatistic analyses span written and spoken text, sometimes exploiting the other dimensions that theatrical communication offers us - combinations of aural, visual and kinetic signs. Throughout the thesis, the definition of 'text' is very broad. Although I primarily rely on data from verbalised reports from the press and *Clipboard*, I also include data from personal communication with Hubbard. 'Text' here embraces the written, the spoken and the acted.

Burke (1989) argues for the simplicity of the pentad framework:

> Act, scene, agent, agency, purpose. Although, over the centuries, men have shown great enterprise and inventiveness in pondering matters of human motivation, one can simplify the subject by this pentad of key terms, which are understandable almost at a glance. They need never be abandoned, since all statements that assign motives can be shown to arise out of them and to terminate in them. By examining them quizzically, we can range far; yet the terms are always there for us to reclaim, in their everyday simplicity, their almost miraculous easiness, thus enabling us to constantly begin afresh. (p. 140)

Burke later mused that he could have extended the pentad beyond act, scene, agent agency and purpose to include 'attitude'. Nevertheless, he continued to use the pentad rather than a hexad, and in *A Grammar of Motives* Burke aligns attitude with both act and agent. Attitude, he proposes, is often:

> the *preparation* for an act, which would make it a kind of symbolic act, or incipient act. But in its character as a state of *mind* that may or may not lead to an act, it is quite clearly to be classed under the head of *agent*. (Burke, 1969a, p. 20, original emphasis)

7.3 BACKGROUND TO THE DRAMA

7.3.1 Backdrop

"Did you hear the story about the crazy Company that took its entire staff to Samoa for Queen's Birthday Weekend?" So began an item in *Clipboard 36*. Hubbard was updating his customers on what had happened on the recent company picnic - a picnic that came to represent a pivotal point in the general public's awareness of 'Hubbards' as a socially responsible company and of Dick Hubbard as an exceptional company manager. It also heralded the creation of a company saga positioning 'founding father' Hubbard at the centre, the living symbol of what it meant for a company to have soul. There was considerable press coverage prior to the Hubbard Food Limited company outing both in provincial centres (e.g. Brock, 1998; Clarkson, 1998; Kelly, 1998; "Picnic plan delights staff", 1998; Taylor, 1998; "Workers happy to be sent home", 1998) and nationally (e.g. "Factory gives staff overseas trip", 1998; Norris, 1998; Wakefield, 1998). Afterwards media coverage of Hubbard or Hubbard Foods Limited regularly referred to the Samoan picnic (Bedford, 1998; "Breaking the rules", 1999; Haworth, 1998-99; Hill, 2000b; Marks, 2002; Mulrooney, 2000c; Smith, 1998a).

According to Hubbard his organisation sponsored the special outing in order to celebrate Hubbard Foods Limited's 10th birthday and to show how much he valued staff (C 36; "Cereal king with a common touch", 1998; Clarkson, 1998; OTM Memoirs, 1999, p. 63). The event could be seen as a natural extension of a tradition that had been established in former years, when the employees and their families enjoyed day-trips out of Auckland 'on the company' (Dick Hubbard, personal

communication, September 9, 1998). However, it was the site of this particular picnic, and the fact that it involved all of the company's staff, that captivated the imaginations of both those directly involved and the New Zealand public.

The event attracted considerable media interest nationwide and was hailed as a triumph for the staff of Hubbard Foods Limited. Hubbard, for some individuals, assumed hero status even prior to the event. In the *New Zealand Herald's* Letters to the Editor, one reader demanded: "Give that man a medal! In today's world of corporate egoists, Mr. Dick Hubbard is to be applauded ... Good on Mr. Hubbard and his staff. I hope they have a wonderful three-day picnic in Samoa" (Edwards, 1998).

7.3.2   Performance and Business Social Responsibility

As with any theatrical event, the picnic in Samoa was the product of many interdependent relationships. In a dramatic context, White (1995) suggests:

> Relationships such as those between an actor and their role or between a character and their behaviour, between one character and another are all significant because they produce meaning. (p. 207)

Even before it happened, the meaning of the picnic for the audience was influenced by Hubbard's established reputation as a responsible employer. Local newspapers, church publications and TV documentaries had consistently presented him in a good light. Typical headlines read "Cereal thriller" (Ceramalus, 1998, p. 34) or "He's a cereal benefactor" (Kelly, 1998).

Hubbard embraced the contradictory media image of the "caring capitalist" (Bedford, 1998). By the time of the company picnic he had received attention for his plans to establish an organisation to promote socially responsible business practices (Bedford, 1997; Barnes 1998; Brock, 1998; Ceramalus, 1998; Heeringa, 1998). The New Zealand chapter of Businesses for Social Responsibility (BSR) was to be launched in September, less than three months after the picnic. In drawing media attention to Hubbard as a benevolent employer the picnic in Samoa provided a vehicle for promoting the new initiative. Several media reports mention New

Zealand Businesses for Social Responsibility in association with the picnic (e.g. Norris, 1998; Schaer, 1998; "The power of the Wattie style approach", 1998).

7.3.3 Motive

The announcement of Hubbard's picnic in Samoa sparked elements of a controversy that had already been evident in the media (Carr, 1998; Hubbard, 1998a; Kerr, 1998c) and Hubbard was frequently presented as offering an alternative way of doing business to that espoused by the Business Roundtable (e.g. Brock, 1998; Carr, 1998; "Work's a picnic – in Samoa", 1998). It is just such conflict, between the actors, the text, the act and its interpreters, that Burke's pentad is suited to exploring. Burke (1989) declares that "…what we want is *not terms that avoid ambiguity,* but *terms that clearly reveal the strategic spots at which ambiguities necessarily arise"* (p. 142, original emphasis).

At the crux of the Hubbard conflict was the same question that underlies much of the controversy surrounding the issues of business social responsibility in general – that of motive. Few would presume to knowing the motives underlying any act as motives can be overtly acknowledged or merely implied. Similarly they may be obscured or exposed. However, Hart (1997) points out that for Kenneth Burke "motive is never an issue in rhetoric, that all situations prompt the question: What is this person trying to do to me?" (p. 213). Burke (1969a) suggests that when "we encounter, verbally or thematically, a motivational simplicity, we must assume as a matter of course that it contains a diversity" (p. 101). Dramatistic analysis, utilising the pentad, can bring us closer to an understanding of the range of motives, concealed or claimed, that lead to the picnic in Samoa. In the following analysis I will first interrogate issues related to the act, the aspect of the pentad that, in broad terms, dominates this performance.

7.4 APPLICATION OF THE PENTAD

7.4.1 The Act

Given Burke's special emphasis on action, and given that action is to drama what plot is to narrative, it follows that this category will have particular analytical relevance. Furthermore, we are faced with a situation from which no one part can be

divorced – one where the precise boundaries of the act are indefinable, at least in Aristotelian terms where:

> An action was "complete" if it had a beginning, a middle and an end and if each of the incidents in its plot was causally related to the others. It is in this sense that the *end* of a play's action is contained in its *beginning* ". (White, 1995, p. 3, original emphasis)

What actually took place in this event, and how did it all begin? Essentially the act involved a cast of 102 employees of Hubbard Foods Limited, mostly Samoans domiciled in New Zealand, being transported from South Auckland (known to be one of the lower socioeconomic regions of New Zealand) to 'idyllic' Samoa.

There is nothing particularly novel in New Zealand business about staff being rewarded by travel overseas. Yet the trip was atypical as much for *who* was going abroad as for any reasons such as the factory closing down and forgoing profit, or the considerable up-front cost to the company. Thus Hubbard was newsworthy precisely because his act of taking process workers abroad implicitly challenged the stereotype of professional workers as those deserving of such glamorous 'perks'.

Whilst a fundamental structure was in place for the three day event, and the planning was meticulously done in terms of travel, accommodation and hospitality, the actual performance was largely unscripted. Over the breakfast table, through the newsletter that arrives in their cereal packet, Dick Hubbard tells customers his version of events:

> Whilst in Samoa, we were "adopted" by the local village of Leulumoega (pronounced Lei-ulu-mow-enga). On arrival at the airport the elders of Leulumoega met us for a full Kava ceremony and the appropriate speeches. Then it all went on from there. I received a chief's title (Matai) and now have the Samoan name of Galumalemana. As part of all this we had a full traditional Matai ceremony. We also had an official game of Island cricket (Hubbard's team versus the locals, and guess who won!). We had a traditional Samoan feast to end all feasts and there was lots of dancing, singing and, as they say, general happiness. (C 37)

Hubbard's account reveals several sub-acts within the act. Some could be regarded as sideshows but some are metatheatre, or 'plays within the central play'. The most notable, the conferring of honorary Matai status on Hubbard by the local Elders was in itself a highly significant act that might forever change the relationship of Hubbard to his employees. Whilst in Samoa as players, they also became onstage audiences to the ritualistic transformation, stage-time coincided with dramatic time. The staff of Hubbard Foods Limited witnessed their boss become more than an employer, when he had the status and responsibilities commensurate with the role of Matai (leader) bestowed on him. The transformation complete, Hubbard/Galumalemana's ongoing *Clipboard* description tells of the final day, which featured a special combined church service.

> It was, however, the final day that really "blew me out of the water". The village put on a special combined service of three churches in their "Cathedral". Over 1,000 people in their best island whites attended and the singing was just superb! (C 37)

Hubbard's rhetoric shows attempts to inclusively communicate the experience to customers. He is at pains to convey that the hosts had made a considerable effort on behalf of their visitors, coming out in numbers and dressing for the occasion. Quotation marks emphasise, in the first instance, metaphorical use of language in a colloquialism. In the second instance, they serve to imply some shared understanding between the reader and Hubbard, suggesting that 'this' cathedral does not comply with 'our' conventional conception. In the company memoir Hubbard explains that "this Cathedral … is about the size of the Parnel [sic] Cathedral in Auckland, but for a village of 3000 people" (OTM Memoirs, p. 68).

Several other striking sub-acts helped to position the picnic as a theatrical performance, and also served to distance the event in cultural (scenic) terms. Dancing and music played a key part in the celebrations; photographs and video footage capture the novelty, splendour and abundance of the formal celebratory feast preceded by the ritualistic slaughter of a pig. All contribute rhetorically not only to the main act, but also to the background and to the apparent 'unreality' or theatricality of the event.

A performance implies an audience, and their/our response helps to frame the play and to highlight the innate complexities and contradictions. According to Kenneth Burke, "Any situation derives its character from the entire framework of interpretation by which we judge it" (1989, p.130). Yet humans are subject to "trained incapacities" whereby one's very abilities can function as blindness' (Burke, 1965, p. 7). Evidence from *Clipboard* (e.g. C 8; 19; 21; 26; 30; 34; 35) and media reports (Ceramalus, 1998; Corrigan, 1997; Crossley, 1992; Light, 1995; Parker, 1997) suggests that, by the time the picnic took place, Hubbard's audience were already 'primed' in terms of their understanding of business social responsibility. This may have predisposed them to relate the act to business social responsibility on Hubbard's terms.

7.4.2   The Scene

The scene is, according to Burke, "the background of the act, the situation in which it occurred" (1989, p. 139). This background changes in the course of the act, and there are multiple settings, role changes, backdrops and 'staging'. Yet while the sequence of scenes is consistent, notions as to the beginning and end of the performance will differ according to the perspective. "Queen's Birthday Weekend 1998" is a 'scenic' statement in that it defines the time period of the trip and extended picnic. However, for the Samoan-born factory workers reflecting on the picnic, a meaningful sequence might reflect their cultural history. The cyclic journey might start with their original journey from Samoa to New Zealand then to the factory (arrival in a foreign land and getting a job), continue with the 'Hubbards' trip to Samoa (village/return home), culminating in a return to the factory (home). Alternatively, from the perspective of the external onlooker (divorced from the action and whose view of the action is mediated by newspaper or television reports), scene changes entail less variety. The move for them is simple: from the Auckland factory to Samoa, with the mind's eye perhaps lingering in the tropics, probably overlooking the inevitable return to the relative monotony of life as a process worker in a cereal processing plant.

As to the site for the picnic, seemingly there was nothing arbitrary about the choice. Hubbard pointed out to a *Manukau Daily News* reporter that "[o]ur factory staff is

85% Polynesian, and three quarters of them are Samoan. So the trip was culturally appropriate" (Taylor, 1998). The far-flung location of the picnic ensures aesthetic distance for us as onlookers – to the degree we wish to, we can establish ourselves as detached observers.

Some of these scenes are real for the actors, but implied for the audience. For example, spectators are not privy to the internal workings of the factory, nor to the private family scenes when the 'visitors' returned 'home'. We indirectly 'experience' the plane journeys (Polynesian Airways charter flight) and speculate as to what went on. However, it is essential to the impact of the event that a sense of contrast is conveyed to the spectator. One of the most impressive disparities is between the relative austerity of factory life and the colourful associations of the Pacific.

The rhetorical impact is reinforced by a change, not only of the scenery, but of the stage itself. The audience is vicariously transported from constrained, industrial, urban New Zealand, to the relative freedom and informality of a place that is home for many of the actors and, for others, is a holiday destination. The surroundings are the natural environment of village life in Western Samoa. People move from work to leisure, from factory to family.

Any theatre carries the power to evoke in the audience a 'suspension of disbelief' – the uncertainty as to what is 'actual' and what is 'fictional'. For the vast majority of the employees, the destination probably represented, if not 'reality', at least familiarity. It is likely that, at home among familiar people, they would be at ease with the customs and empowered by their own surroundings. But scene can be interpreted at the level of the relationships themselves, whereby:

> The characters, by being in interaction, could be treated as scenic conditions or "environment", of one another; and any act could be treated as part of the context that modifies (hence, to a degree motivates) the subsequent acts. (Burke, 1969a, p. 7)

This might suggest that the act would in itself create an expectation of future similar acts, and it might also encourage us to consider other impacts upon the participants. For example, in the case of some non-Samoan participants, the trip may have caused feelings of unreality, of confusion and a sense of cultural dislocation – possibly not unlike that experienced by some of their co-workers in the past when they entered New Zealand as 'visitors'. For several participants, it was their first plane journey or their first time outside New Zealand (B. Houia, personal communication, March 27, 1999; M. Kendall, personal communication, September 9, 1998). Some reported that it represented a defining moment in their awareness of their fellow employees and the richness of 'another' culture (R. Hubbard, personal communication, September 9, 1998; M. Kendall, personal communication, September 9, 1998).

Costuming contributes to any scene and in itself exerts rhetorical appeal. In the theatre costume is highly codified. In life the same is true. In the factory Hubbard wears the conventional disguise of the businessman, the factory staff are impersonally clothed in the sanitary white of the process worker. Outside the workplace, however, the masks and robes are often elaborate and colorful. And whilst in Samoa, reflecting the new backdrop and the redefined roles and relationships, individuals adopted different costumes. A glance through the 'official' albums of the picnic weekend reveals images of both guests and hosts clothed in bright lava-lava (Hubbard Foods Limited Photograph Album, personal communication, September 9, 1998).

Probably the most radical of the costume changes, signifying a major role adjustment, was the one undertaken by the main agent, Hubbard, when the chiefly honour of Matai was bestowed upon him. Costume here was an integral part of the design plan and the protocol. Dick Hubbard 'went native'. Photographic images portray a bespectacled, Pakeha New Zealand male, naked from the waist up, adorned with shell necklace, traditional headdress and a woven flax 'skirt' (Hubbard Foods Limited Photograph Album, personal communication, September 9, 1998). Hubbard privately reports:

> I was dressed in a ceremonial lava-lava, headgear, I was covered in coconut oil and there was all sorts of stuff around my neck. The local ladies got me

dressed up and there were a couple of men-minders as well … I was really like the proverbial stuffed pig … well dressed for the occasion. (OTM Memoirs, p. 67)

And the makeover was made complete with a new name - Galumalemana . The conservative Auckland businessman was now presented as an exotic character, about to play a very different role. For a realist, the irony is that the dramatic action comprising this scene was 'for real'. In Burke's terms, where all life is drama, this represents yet another enrichment of rhetorical meaning.

7.4.3 The Agent (s)

In the eyes of most of the audiences Hubbard was the main agent. Yet clearly the cast was large (the visitors and the visited). Burke acknowledges that the term agent is:

> a general heading that might, in a given case, require further subdivision, as an agent might have his act modified (hence partly motivated) by friends (co-agents) or enemies (counteragents). Again, under "agent" one can place any personal properties that are assigned a motivational value, such as "ideas," "the will," "fear," "malice," intuition," "the creative imagination". (1989, p. 143)

The suggestion, or idea for the picnic, was undoubtedly Hubbard's. Yet the act would not have been possible without the support of some key people. These co-agents included some senior staff members of Hubbard Foods Limited: the general manager, Hubbard's personal assistant, and two factory supervisors. Each of these people were part of the original decision to go to Samoa, had ongoing roles with regard to organisation and participation, and were strongly committed to the undertaking (B. Amoa, personal communication, April 27, 1999; J. Ashman, personal communication, November 5, 1998; M. Kendall, personal communication, September 9, 1998).

But nothing is as it seems. The main sub-act, the conferral of Matai status, orchestrated at the eventual site of the picnic, was dependent on Samoan agents and

co-agents from both Auckland and the village of Leulumoega in Samoa (R. Hubbard, personal communication, September 9, 1998; M. Kendall, personal communication, September 9, 1998; OTM Memoirs, 1999, pp. 66-67).

As for counteragents in this drama, absent detractors such as Roger Kerr, Executive Director New Zealand Business Roundtable might well qualify. He had publicly clashed with Hubbard about his ideas of social responsibility. Interestingly, there may have been some invisible, possibly imaginary, counteragents who might be regarded as otherwise sympathetic to the agent. Hubbard was wary of the possible backlash from valued customers who might feel betrayed and exploited by the financial extravagance of the gesture (R. Hubbard, personal communication, September 9, 1998). If such a constituency existed, it has not so far emerged as a vocal one.

There were also unwitting co-agents. For example, Hubbard's mother accompanied the group. Her presence became far more of a focus of the event than was ever expected. It tapped into a reverence of age and certain matriarchal aspects of Samoan society – local people 'approved' of her presence and honoured her accordingly (R. Hubbard, personal communication, September 9, 1998). It also reinforced the motif of a 'Hubbard Family' that is apparent in much of Hubbard's written communication (Chapter Six).

The agent, as actor, implies an element of impersonation, which brings with it deception (persona/mask). In a conventional theatrical performance, the audience expects this. Taking the actor analogy further, it is appropriate to look at the agent in terms of character. White (1995) commenting on Aristotle's idea of character, notes that:

> characters are the primary agents of the action of the play. "Character" is not so much an abstract essence (in the sense of moral fibre or personality), but a *quality which reveals purpose:* characters *are* what characters *do.* (p. 25)

The multiple roles played by any one actor presents an interesting example of this. Dick Hubbard's roles include employer, manager, owner, benefactor, son (child),

husband, (co-director and wife Diana Hubbard was present), manager, producer, director, chief and 'father' of the Hubbard family.

Some of these roles are recognisable as I have already introduced the notion of the Hubbard family (Chapter Six). However, when we perceive Hubbard to be in the role of director, we envisage him controlling the potential ambiguity of the performance and deliberately guiding the audience's attention. His own account of the picnic is the version that dominates and forms the 'official' rhetoric of the corporate saga, a story that was for some time regularly retold and refined during Hubbard's public speaking engagements and in media reports. Perhaps readers and critics are not only an audience, but also performers, part of the chorus along with the locals and the press, standing outside the main action of the play and commenting upon it.

Views gleaned from the newspapers of what others think of the agent are often reliant on Hubbard's own assessment. In an item entitled "Baker's delight", Hubbard is quoted as saying "The feedback has been tremendous. I've had lots of faxes, mail and messages of goodwill" (Taylor, 1998). However, we should not take what the character says about himself solely at face value, nor should we necessarily believe others. It would be easy to seek to cast Hubbard as the archetypal hero or villain, but, as I suggest later, it is likely that neither title would fit precisely. The perceptions of his character and motive are as diverse as the spectators who gaze upon the action, and the characters who frame it (both in New Zealand and in Western Samoa).

7.4.4 The Agency

"Agency denotes the means employed in an act, and attitude designates the manner in which those means are employed" (Foss et al., 2002, p. 202). In this case we are concerned with the resources or instruments employed to undertake the venture. Clearly agency here is related to Hubbard's organisational position (owner and managing director), his ability to finance the venture and his tactical approach. It is in the category of agency that we can acknowledge that the agent had not only the means to orchestrate the venture, but the choice of how to allocate the resources.

What is indisputable, is the fact that the company spent approximately $170,000 on the event, money that might have been usefully employed in any number of ways such as the purchase of new plant, the employment of more workers, or merely diverted into company profits. Perhaps this is an example of a 'good versus good' dilemma whereby two or more worthy options were available. By choosing one 'good', others will be bypassed. Also, there is more than the risk of accident or alienation of customers to consider. In setting a precedent in this notable event, Hubbard may be 'asking for trouble' in the future. The memory of the picnic persists, yet staff change. Thus there is the potential threat that future employees will feel disadvantaged by their exclusion (albeit that they were not employed at the time) leading to demands for future privileges.

7.4.5 The Purpose

There has been disagreement as to the purpose of the event, the final category in Burke's pentad. Among the themes of Dick Hubbard's philosophy of socially responsible business, is a contention that money spent on advertising is money withdrawn from more worthy recipients such as staff and customers (C 22; 54). Nevertheless, he does not eschew publicity, leading to accusations from some members of the business establishment, that he cynically used the Samoan picnic as a marketing ploy (Hill, 1998, p. 6).

According to Hubbard, the purpose was threefold. First, he wished to celebrate the 10th anniversary of his company, with something "big and symbolic". Second, he thought it important to acknowledge the contribution of all staff with a gesture that would be meaningful to them. Third, he wished to be seen to "walk the talk" with regard to business social responsibility, as he was about to be a key player in the launch of the New Zealand chapter of Businesses for Social Responsibility. Complementing these was the need to satisfy himself that he would be prepared to go ahead with the outing, even without a public relations component (OTM Memoirs, 1999, p. 63; R. Hubbard, personal communication, September 9, 1998).

Hubbard explains to his customers the rationale for the then impending picnic in *Clipboard*:

Well, let me tell you all. 1998 is a special year for the company – it is the company's 10th anniversary. Now anniversaries are always a good time for some navel gazing and a bit of serious contemplation. So late last year I contemplated! And I contemplated and I contemplated! And as I did, it seemed to make more and more sense to make a symbolic and meaningful gesture that recognised all the effort and all the work that all the staff had made to the Company. Something that would make the staff feel "special". (C 36, original emphasis)

And the venture was not without risk. What if something went wrong? Behind the scenes, Hubbard the producer wondered about the social responsibility of closing down the factory for three days, about the plane crashing and about the customers' perceptions of the action – would they feel that their money was being used for an overseas 'junket'? (R. Hubbard, personal communication, September 9, 1998). "There were a whole lot of what-if's [sic], but we went through them and came to the conclusion that none of them were matters of any substance. Any risks to the company were more perceived than real" (OTM Memoirs, 1999, p. 63).

However, writing to his customers after arriving back in Auckland and resuming 'business as usual' Hubbard appears to have gained some new insight into the actual purpose. The euphoria is tangible:

Well, was it worth it? Yes, yes, yes! You see this trip was about the celebration of the power of the people, the people of Samoa, the family of Leulumoega village, the family of Hubbard Foods. We are a better company, but most importantly, we are better people for this trip. (C 37)

Here Hubbard uses a number of rhetorical devices to enhance the emotive appeal of his writing. He opens with a rhetorical question, 'answers' it with an emphatic "yes", twice repeated, and then uses the family metaphor to draw a parallel between the villagers and the Hubbard staff. His certainty has an infectious rhetorical flow-on to the audience. Notably, in this passage, Hubbard also exposes a process of retrospective sensemaking (Weick, 1995) whereby the agent discovers his purpose

with the benefit of hindsight and in the responses of others. Alternatively, we might interpret this in Burke's terms of the "self" as audience:

> A man can be his own audience, insofar as he, even in his secret thoughts, cultivates certain ideas or images for the effect he hopes they may have upon him; he is here what Mead would call 'an "I" addressing its "me'; and in this respect he is being rhetorical quite as though he were using pleasant imagery to influence an outside audience rather than the one within. (1969b, p. 38)

Thus, in the process of persuading his customer stakeholders, perhaps Hubbard has effectively persuaded himself of the worth of his actions.

It is unnecessary to explore all the options and alternatives in order to grasp some of the complexities of the agency factor. However, a critical audience, focusing on the notion of purpose, might be moved to question how democratic an employer Hubbard is. For example, factory expansion might have been discussed, but was equal consideration given to bonus payments to staff where they controlled the choice of expenditure? Additionally, only a small group of people were involved in the original decision and the planning of the picnic (M. Kendall, personal communication, September 9, 1998; OTM Memoirs, 1999) meaning that staff members in general were not accorded any discretion over how the money was spent.

There is little evidence to suggest that the decision to go to Samoa was driven by a financial surplus that needed to be spent. As Managing Director of Hubbard Foods Limited, Hubbard possessed the money and formal organisational power. Although he and senior staff considered some alternatives for this agency (OTM Memoirs, 1999) it seems apparent that, prior to consulting them, Hubbard may already have been thinking of basing the activity on a business precedent that he believed had "stuck in people's memories":

> I remembered that Roger Bhatnagar from *Sound Plus* (*Sir Roger* as he is these days, who went on to steer *Noel Leemings*) had, way back in about 1991, taken his staff to Wellington". (OTM Memoirs, 1999, p. 63)

This is a revealing statement as it implicitly acknowledges a desire to make an impression outside the organisation, lending some credence to charges of reputation building as motive.

Whatever the range of motives, reports about the picnic consistently focus on the need to celebrate the 10th anniversary of the company and to reward or 'thank' staff. For Hubbard, the financial outlay required for the picnic meant sacrificing some other investment in his own organisation. Furthermore, the return on such investment as new plant would be fairly predictable and quantifiable, and Hubbard personally would be the main recipient of any benefits accruing, although staff may have enjoyed some residual benefits. In contrast, there were no guarantees that there would be any business benefits from the trip to Samoa.

A central concern linked with the picnic is that the impulse to exert authority over informal aspects of individual's lives suggests an unfashionable paternalism. And certainly this staging of the announcement and the reportage associated with it places the staff in a subordinate role, and presents them as childlike in demeanor. This is consistent with the image of the 'Hubbard family' examined in the previous chapters. Photographs in the 'Hubbards' album show staff seated on the floor looking up to the standing Hubbard. They are dressed in their factory overalls and white hats and Hubbard is in his business attire. This division is less evident in the factory-floor setting of the newspaper images ("Boss' surprise thrills workers", 1998; Clarkson, 1998; Edwards, 1998; "Have a holiday on us, Hubbard tells staff", 1998; "Picnic plan delights staff", 1998; Taylor, 1998). Part of the positive rhetorical impact of the event related to the fact that it was a surprise, an unexpected bonus, for staff, and initially they "were apprehensive. But when they realised it was good news, they responded with applause and hoots of delight" (e.g. "Work's a picnic – in Samoa", 1998).

Addressing suspicions about Hubbard's 'real' motives are more general counter-arguments that suggest that people, even business managers, should be thought capable of extending generosity and appreciation to others, even their employees. Reporters and TV crews were assembled for the announcement and interpreted the

emotional responses of workers as positive. For example, the NZPA release told readers that, "South Auckland machine operator Ben Nanson was all smiles when he found out he was being sent home by his boss yesterday" (e.g. "Workers happy to be sent home", 1998; Work's a picnic – in Samoa", 1998).

7.5   APPRAISING THE DRAMA

The preceding discussion has presented each element of Burke's dramatistic pentad independently. In this section I will bring together these elements and reflect on a range of issues raised by the investigation.

One way of analysing the relationship between these elements is through a formal scrutiny of each in conjunction with others – in terms of what Burke terms 'ratios' (Table 7.1). Burke uses the term ratio to suggest "a relationship of propriety, suitability, or requirement among the elements" (Foss et al., 2002, p. 202). Burke maintains that the pentad's terms lend themselves to "both merger and division" and it is in the application of ratios that we "[recognize] their possibilities of merger" (Burke, 1969a, p. 7). In that each element implies another, elements are "consubstantial" (Burke, 1969b; 1989).

Table 7.1   Ratios

Scene-act
Scene-agent
Scene-agency
Scene-purpose
Act-purpose
Act-agent
Act-agency
Agent-purpose
Agent-agency
Agency-purpose

Here I will apply 3 of the 10 pairings Burke (1969a) identifies (although reversal of these combinations allows for another 10 ratios). Since it is rhetorical context which I wish to highlight in this chapter, I first examine the two key ratios that Burke classifies as enjoying 'positive' relationships and which focus on contextual dimensions of the rhetoric: the scene-act ratio and the scene-agent ratio. These share the quality of relating to each other as the "container to the contained" (Burke, 1969a). Thus the scene 'contains' both the act and the agent, and must be a 'fit' container for them. "Tug[ging] at [the] edges" (Burke, 1969a, p. 20) of this relation is the third ratio I will examine: act-agent ratio. This ratio "suggests a temporal or sequential relationship" (Burke, 1969a, p. 16). In Table 7.1 the ratios in italics form the basis of my assessment. After examining these three key ratios, I consider a range of other implications arising from this analysis.

7.5.1   Ratios

The ratios are ever-present, but often unacknowledged. "To discern them [the ratios] in their ubiquity, we must remain aware of the many guises which the five terms may assume in the various casuistries" (Burke, 1969a, p. 11). Burke's scheme ensures a systematic consideration of at least some of the relationships.

Scene-Act ratio

Burke points out the "Scene is to act [or action] as implicit is to explicit" (1969a, p. 7). Thus, "one could not deduce the details for the action from the details of the setting, but one could deduce the *quality* of the action from the *quality* of the setting" (Burke, 1969a p. 7, my italics). In other words, the nature of the rhetorical act must be consistent with the nature of the scene.

The scene-act ratio induces us to ponder the degree to which the situation is favourable to acts of social responsibility. For example, when we reflect upon the Auckland 'scene', an austere industrial workplace in which labourers perform arduous work, we might argue that it favours some type of compassionate response. Similarly, the Samoan 'scene' calls at once for participation in a relaxed, largely informal style of interaction, as well as in the ritualised theatre of local customary practices.

In this performance, the plot propels us from one scene to another, a sequence that both faithfully reflects the action, and symbolises it (Burke, 1969a, p. 3). Here the romantic past is epitomised in the scene of the picnic (the exotic, the novel, the private) – an apt counterpoint to the dehumanising factory scene (the familiar, the routine, the public). This provides "perspective by incongruity", or the "comic corrective" (Burke, 1969a; Gusfield, 1989) and the actual journey becomes a symbolic journey, suggesting liberation from the confines of modern values toward a more 'authentic', humane, caring, morality built on family values and community life.

Scene-Agent Ratio

The scene-agent ratio refers to the "synecdochic relation between person and place" (Burke, 1969a, p. 7). For example, the exoticism of the scene lends exoticism, or "difference" to the individual. In being part of this particular scene, the agent (Hubbard) is seen as closer to nature and closer to a traditional community. It presents him as a 'real' person, a human being who cares and shares, not a mere 'bean-counter' with an eye to the bottom line. It also presents him as a man worthy of respect, since he now has acknowledged status in two environments – the professional and the private. Scenic statements such as those which refer to the church service or the school serve to bolster the image of Hubbard as a community-minded man who espouses basic Christian values. Both of these qualities are consistent with Hubbard's claims of social responsibility.

Nonetheless there is a clear tension between certain aspects of the scene and agent, serving to present a complex picture of agent and motive. On one hand Hubbard displays egalitarianism by way of his own participation in the company picnic, his giving up a long holiday weekend in favour of a staff outing, and having his own family accompany him. On the other hand, application of the principle of hierarchy (Burke, 1969b; 1989) implies that Hubbard's elevation to Matai status underlines a desire on his part to rise above the ordinary, rise up the hierarchy and stand out from his workers – to 'transcend' them. This may not be an interpretation that Hubbard would overtly espouse. Yet the rite exemplifies Hubbard's attainment of credibility

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through demonstrations of expertise and authority, as discussed in the previous chapter.

Costume too can be seen as an objectification of Hubbard's state of mind and thus presents another inherent tension. His willingness to don different apparel to his normal attire and to 'conform' to the local dress, contributes to both identification with his workforce and to transcendence. Importantly, it also reinforces a sense that Hubbard is essentially 'different' or non-conformist when compared with other 'conventional' business people.

Act-agent ratio

The act can make or remake an agent. When seen in act-agent terms, the main act and its sub-acts serve to buttress Hubbard's status as manager, as figurehead, as the key player in the Hubbard family which unquestionably includes *Clipboard* readers (e.g. C 10; 47). Thus his standing as a suitably qualified spokesperson on both business and social issues is substantiated. Ironically, it also reinforces a picture of egalitarianism and plays into several aspects of the Pakeha ethos that came to dominate New Zealand in the 1950s and 1960s: those of "equality, cultural homogeneity, and integration in race relations" (Dunstall, 1981, p. 404)

In terms of alternative acts for which the money might have been used, the trip to Samoa might prove to be a richer source of staff support for management than alternatives would have been. Although it could be seen as a cunning political move, it also hints that staff do matter to Hubbard, that maybe he really does see them as 'family' in some sense of the term. Hubbard could have gained media attention from any number of other novel sponsorships or events, yet he chose the picnic in Western Samoa. This communicates a sense that staff wellbeing has bearing in Hubbard's vision of social responsibility. It suggests that the event was not solely orchestrated for an external public, to promote an image of Hubbard as an exceptional leader and to publicise the launch of New Zealand Businesses for Social Responsibility (BSR).

Each of these ratio examples contributes to a portrait of the delicate balance inherent in maintaining a credible persona that communicates social responsibility in the 'real world'. Together, they represent "a circular possibility in the terms" (Burke, 1969a, p. 19). Hence, to use Burke's own words as a frame: Hubbard, acting in accordance with his nature as agent (act-agent ratio), may change the scene (scene-act ratio), and thereby establish a state of unity between himself and the world (scene-agent ratio) (Burke, 1969a, p. 19).

7.5.2 Finale

Burke sought to find a means of grappling with the issue of "what is involved, when we say what people are doing and why they are doing it?" He claimed that "[t]hese forms of thought can be embodied profoundly or trivially, truthfully or falsely" (Burke, 1989, p. 139). Just as a playwright alone cannot produce the play in any full sense, the subject of this narrative, Hubbard's picnic, was dependent upon the cooperation and interaction of many people in a variety of roles. In turn, I have presented an analysis of a rhetorical event strongly associated with business social responsibility. My own perceptions impose a level of selectivity – inclusion and omission – and ambiguity of the message is compounded by audience response.

Yet the Samoan picnic 'happened' and there are insights to be gained from this analysis. If we seek to better understand its meaning in terms of both its stated purpose and its implied purpose, we are encouraged to reflect on whether beneficial rather than adverse outcomes were achieved for participants and other stakeholders. Stakeholders, or to use Burke's terms, agents, co-agents and counteragents, include the owners (Dick and Diana Hubbard), the staff, the communities of South Auckland and of Leulumoega, Hubbard's customers and the New Zealand community at large. The answer to the question as to whether the picnic resulted in 'social betterment' for any of these individuals or groups remains inconclusive.

However, we can address some issues. One inescapable consequence of the act for those involved is that Hubbard's relationship to his workers had the potential to be changed forever. This is due to the direct effects of the gesture itself, but also to the fact that he has now, in Samoan culture, a newly defined honorary status that brings

with it certain obligations. The beneficial effects are debatable. Yet the key player, Hubbard, appears to hold a consistently positive view of the outcomes. In response to an early version of this chapter, Dick Hubbard wrote:

> You might be interested to know that with the trip to Samoa there were some very interesting reactions by the Samoan community in Auckland. Several Samoan community leaders stated to me that the trip to Samoa did a lot for the whole Samoan community in Auckland. The point was made that Samoans in Auckland often feel that they are second-class citizens, or "factory fodder", and the fact that the contribution of Samoa to our Company being recognised, had the flow-on effect of increasing the mana [standing] and status of Samoans in New Zealand generally. This is an interesting observation and reinforces my belief that when one takes an action such [as] this trip to Samoa, then often there are flow-on effects far beyond the original effect intended. (R. Hubbard, Personal Communication, 1999, March 22)

Certainly external commentators echo that positive view, and appear to be in no doubt as to the consequences of the Samoan picnic for the workers. Reporter Phil Taylor comments that "Dick Hubbard is the sort of employer anyone would be happy to serve under" (Taylor, 1998, p. 3). Such reports certainly create a notion of how a socially responsible employer is expected to behave. We could, of course, ask whether the individuals who acted in the company drama are happier or more fulfilled since their visit to their homeland. And questions arise as to whether the experience, on balance, proved to be beneficial to themselves and their communities and what the effects were on family and friends at home (in Auckland and in Western Samoa). There has been little reported publicly on the staff or community perception after the event. The interpretation carried by the media was, and continues to be, overwhelmingly that of a progressive manager extending goodwill and generosity to his staff.

7.5.3 Reflection

A reader already familiar with Burke's pentad will observe that I have chosen to present and use it in a limited fashion. I have viewed the five categories individually, ignoring many of the possible ten ratios in favour of the three identified and

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discussed in-depth by Burke in *A Grammar of Motives* (1969a). Consequently I could quite reasonably be accused of diffusing meaning by selectively focussing on separate aspects without ultimately providing a synthesis. My justification for this "cookie cutter" approach to criticism (Hart 1997) is that, even in the fragmentation that results, I have nevertheless provided glimpses of aspects of the picnic that would have otherwise remained concealed. This is particularly important because business social responsibility evokes a range of understandings and must therefore be probed for meaning:

> Even if any given terminology is a *reflection* of reality, by its very nature as a terminology it must be a *selection* of reality; and to this extent it must also function as a *deflection* of reality. (Burke, 1966, p. 45)

In isolating the rhetorical act, treating it as somehow discrete from the ongoing organisational drama, I also risked overlooking a conviction held by Burke, that "the energy of interpretation is the tension between the novelty of the moment and the continuity of human action" (Klumpp, p. 9). Life goes on for the participants in this drama, and we should not forget that organisational life, with its daily factory routine, physical stress and monotony, may be a dominant feature for many.

There are, of course, absences and biases in my use of the pentad to interpret the picnic, and the sheer variety of other audience response, potential as well as actual, compounds the ambiguity of its meaning – ambiguity that reflects the way life is. As onlookers we are distanced from the deed in time and geography, seemingly detached from the action yet moved by it. We are necessary, but apart, and should acknowledge the selectivity of our perceptions. And we may be faced with our own dilemmas as we question the implications that emerge from our viewing of this performance.

For Burke it is desirable that we, the audience, continue to explore the complex interplay between aspects of this event, the Samoan picnic, its purpose and its consequences:

> The terms are always there for us to reclaim, in their everyday simplicity, their almost miraculous easiness, thus enabling us to constantly begin afresh. When they might become difficult, when we can hardly see them, through

having stared at them too intensely, we can of a sudden relax, to look at them as we always have, lightly, glancingly. And having reassured ourselves, we can start out again, once more daring to let them look strange and difficult for a time. (Burke, 1989, p. 140).

7.6   CONCLUSION

In this chapter I have demonstrated some of the nuances of meaning that can be revealed by employing the pentad as a means of analysis. I have analysed one rhetorical act, a company event, to explore meaning about business social responsibility in action. I returned to basics, working not from where others have left off, but rather from what Burke wrote. The pentad is intentionally simple and Kenneth Burke provides us with a vehicle by which to explore the complexities of any situation, inviting us to use it to investigate situations and relationships in our own way. He provokes us to go further than we otherwise might, and implies that there is no 'right' way to use the framework. The pentad, as a simple interpretive guide to the analysis of organisational events, can help the reader "[get] outside the box of his own logics" (Gusfield, 1989, p. 7). Burke's scheme particularly accommodates the ambiguity of multivocality. And the recognition of the multiple frames from which many voices speak their diverse constructions of purpose, act, agency, agent, and scene, are better understood with Burke's pentad as a guide through the complexities of interpretation.

The audience assigns motive in any undertaking and judges the character of the agent. Accordingly, at the start of the chapter I drew attention to two possible charges against Hubbard. An incontestable response to the charge of egoism as motive is unattainable, yet the complexities exposed in this analysis suggest that, if egoism is a motive, it is not the only one. Furthermore, a close reading of the text suggests that Hubbard sustains a sense of coherence in terms of the relationships between the various elements highlighted through the analysis. In particular, application of the ratios provides a way of ascertaining Dick Hubbard's motives through testing that essential aspect of any drama referred to in the previous chapter, 'dramatic consistency'. Those ratios investigated do suggest dramatic consistency and thus help to expose qualities such as openness, goodwill, generosity, honesty, Christian values, family values, a willingness to take risks and lack of conformity to

expected business codes. All of these add to the plausibility of Hubbard's personal account of his motives.

With regard to the charge of paternalism, Hubbard does demonstrate elements of paternalism in his limited consultation with staff and his exercise of ownership 'rights' to opt for the allocation of resources for the staff of Hubbard Foods Limited. Paternalism implies uneven power relations, but it too can be considered a negotiable concept. Indeed, Crossley (1999) identifies a problem with a common conception of paternalism – that typically predicated on the normative concern for retaining autonomy over that of general well being. He suggests that, "accepting the Standard View of Paternalism means accepting the Narrow View of moral responsibility" (Crossley, 1999, Conclusion, para. 3). Under Crossley's classification, Hubbard represents a broad view of moral responsibility, and therefore the standard view of paternalism may not apply. Evidence from the picnic suggests that Hubbard's style represents a benevolent paternalism, evident in his encouraging Samoan staff to spend time with their families, sometimes on the outer islands, rather than obliging them to remain with the Hubbard Foods Limited's group in Apia.

This rhetorical analysis suggests that Burke's acknowledgement of ambiguity, and the multiple readings that the pentad facilitates, leads us to further questions, not to comfortingly assured answers and explanations. However, Hubbard emerges with an image as a trustworthy advocate of certain business values and practices. Burke's "perspective by incongruity" (Burke, 1969a; Gusfield, 1989) facilitates acceptance of the paradoxical characterisation of Hubbard as "caring capitalist" (Bedford, 1998).

The next chapter observes Hubbard in direct ideological conflict with one of the 'counter-agents' identified in this narrative: Roger Kerr of the New Zealand Business Roundtable.

CHAPTER EIGHT: CONFLICT AND CONFLUENCE: IMAGES AND ARCHETYPES IN THE HUBBARD-KERR DEBATE

8.1 INTRODUCTION

In preceding chapters I have established that the public debate about business social responsibility in New Zealand is considered polarised, partly as a consequence of publicity surrounding a clash between Dick Hubbard and the New Zealand Business Roundtable (NZBR) representative, Roger Kerr. On the one hand is the strongly social orientation of Hubbard and his supporters. On the other hand is the position represented by Roger Kerr and his associates who publicly proclaim that 'the business of business is business'. Roger Kerr vigorously advocates the importance, indeed business imperative, of letting the head rule. Dick Hubbard, in contrast, advocates 'leading from the heart'. The effect of this interaction is to present two apparently competing narratives.

In January 1997 a major New Zealand daily newspaper carried a column by Roger Kerr expounding his view of business social responsibility. Evoking Adam Smith's illustrative example, Kerr claimed that:

> Many retain the feudal notion that to be responsible, business must put down its tools and attend to social concerns. They are asking for butchers to be social workers, not business people. What they would get, sooner or later, would be bad meat and bankrupt butchers. (Kerr, 1997, p. 4)

The column contained the basic arguments to which Kerr consistently adheres. Any business people stepping outside the business orthodoxy are culpable on two counts: they will be out of their depth in the social arena, and their businesses will fail. The ideas in Kerr's article are central to a broad-ranging discussion that was a feature of the New Zealand public arena.

During the 1990s an overt ideological battle between Dick Hubbard and Roger Kerr was played out in the press and through *Clipboard*. In turn, the Wellington Chamber of Commerce provided 'official' recognition of the conflict, with a formal debate in which the two men and their team-mates could publicly present their cases on business social

responsibility 'nose to nose'. The moot was "That the business of business is business" and the encounter was reported in the business weeklies and the national press (Du Fresne, 1998b; Robertson, 1998; Steeman, 1998). Yet Robertson reported that "The two sides devoted much attention to showing that they did not disagree about much" (Robertson, 1998 [electronic version]). Rhetorical analysis applies a critical lens to this apparent lack of disagreement.

In this chapter I present and analyse rhetorical aspects of the wider New Zealand social responsibility debate between the protagonists, Hubbard and Kerr. I use cultural criticism as a perspective and narrative analysis as a broad framework. This approach is applied to a range of published texts produced by and about the two central characters throughout the 1990s. I show how cultural criticism can serve to reveal the underlying assumptions of the protagonists through their verbal strategies and help to clarify our understanding of the construct of business social responsibility. The narrative here is enacted through the speeches and writings of the main characters, and the reports of media commentators and their audiences.

First, I introduce the idea of cultural criticism in rhetoric and then I set out a narrative frame for the analysis, presenting parallel descriptions of Hubbard and Kerr and some contextual background to the social responsibility debate. Next, I analyse Hubbard's and Kerr's narratives and representations from the press, identifying the major themes and images that make up their rhetorical strategies. I introduce archetypes of leadership occurring in the narratives and then draw conclusions regarding the insights into business social responsibility to be gained from cultural criticism.

8.2   CULTURAL CRITICISM

As stated in Chapter Four, cultural criticism taps into the implicit cultural understandings of our society. In the context of this thesis, cultural criticism explores some of the cultural images, values, myths and archetypes that emerge in the rhetoric of Hubbard and Kerr in their battle for the emotional and intellectual adherence of their audiences. These premises are so ingrained in the collective subconscious and the

discursive history of a culture that the persuader is likely to accept them and also expects the audience to accept them (Larson, 2001).

Among the things likely to influence New Zealanders' values are the country's size, its geographic location, its unique history, and the ethnic origins of the New Zealand population including the culture and tradition of Maori tangata whenua. Although there are aspects of the New Zealand way of communicating ideas that are culturally distinct, these also reflect a Western cultural heritage, shared with countries such as the United Kingdom, the United States of America, much of continental Europe and Australia. This tradition offers a range of key myths that are variously enacted in different cultures. For example, Reich (1987) identifies a number of cultural parables for the United States, some of which have parallels in New Zealand. In particular, the myth of 'the triumphant individual' is associated in New Zealand with the 'heroic male' tradition which is captured in a favoured rhetorical image of 'man alone' (Law, Campbell & Dolan, 1999; Phillips, 1996). Other Western myths that emerge in New Zealand relate to heroic archetypes and include the myth of the 'coming of the messiah', and the 'value of challenge' (Larson, 2001). A particularly popular cultural myth relates to a belief in New Zealanders' innovative capacity teamed with practicality and often referred to as 'kiwi ingenuity' or the 'No. 8 wire' mentality (Bell, 2001; Cameron & Massey, 1999; Law et al., 1999). Another myth relates to egalitarianism, symbolised in New Zealand Prime Ministers' electioneering appeals to 'middle New Zealand' through catch-phrases such as the 'ordinary bloke' (Robert Muldoon) or the 'little man' (Norman Kirk) (Dunstall, 1981, p. 399).

Chapter Six has already exposed some of the myths integral to Hubbard's leadership practice and rhetorical appeal, including the value of challenge as exemplified in Hubbard's patronage and promotion of Outward Bound and his personal endorsement of 'risk'. Archetypes too contribute to the social construction of leadership. According to Abrams (1999),

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The term archetype denotes recurrent narrative designs, patterns of action,

character-types, themes, and images which are identifiable in a variety of works

of literature, as well as in myths, dreams, and even social rituals. (p. 12)

Typically business executives "operationalise" leadership through four masculine

archetypes: the Father, the Hero, the Saviour, and the King, each of which can be

associated with the allocation of charisma to an individual (Steyrer, 1998). These will be

explored later in this chapter in terms of both Hubbard's and Kerr's self-representations.

8.3   NARRATIVE FRAMEWORK

Participants also attempt to legitimise their interests and actions through narratives

(Brown, 1998) and archetypes are constituted within these narratives. Narratives

"advance persuasion because (1) they disarm listeners by enchanting them, (2) they

awaken within listeners dormant experiences and feelings, and (3) they thereby expose,

subtly, some sort of propositional argument" (Hart, 1997, p. 93).

As a means of disentangling the major players, their underlying beliefs and their possible

agendas and to help guide my analysis, I use Pentland's (1999) summation of the typical

features of narrative as data in business or organisational life: sequence in time; focal

actors; identifiable narrative voice(s); evaluative frames of reference and other indicators

of context. Within this framework, I examine the notion of social responsibility as it is

presented by the focal actors in their own written texts and reported in the print media.

In the process, I also construct my own narrative account of the debate.

The rhetorical device of the negative and the principles of hierarchy and transcendence

form useful constructs in the textual analysis (Chapter Three of this thesis). According to

Burke (1961, 1966), the negative, which does not exist in nature, functions to tie us into

a paradox whereby we must "perceive and discuss the non-verbal in terms of what it is

not (that is, words, symbols)" (Rueckert, 1982, p. 253). The negative serves to

emphasise aspects of the world through contrast and division, and also provides us with

the ability to make moral distinctions between right and wrong. Hierarchy is "any kind

of graded value-charged structure in terms of which things, words, acts, and ideas are

ranked (Rueckert, 1982, p. 131). Many hierarchies exist and Burke (1961, 1969b) asserts that people fear slipping further down. Their natural inclination is to either move up a hierarchy or to maintain their position relative to others. Infusing each hierarchy is the notion of a unifying ultimate stage of perfection, at which point individuals transcend the ordinary or everyday. Hart makes the point that:

> *Rhetoric promises transcendence.* If hierarchy gives rhetoric a quantitative dimension (how much, how often, how high), transcendence gives it a qualitative dimension (how good, how grand, how noble). Hierarchy argues that people can get more; transcendence tells them why they should. Rhetoric has transcendent themes because people want to feel they are doing something important with their lives, that they are rising above the ordinary. (1997 p. 269, original emphasis)

Transcendence also unites through downplaying differences by evoking higher, shared goals.

These constructs underpin much rhetorical analysis. With these ideas in mind, I seek to compare the narratives of Hubbard and Kerr, to analyse the symbolic significance of them, and to see how rhetoric is used to draw support and legitimise the positioning of the major figures in a political power struggle.

8.3.1   Central Episode

When, in 1997, Dick Hubbard proposed the new business organisation, New Zealand Businesses for Social Responsibility (BSR), it was proclaimed to be a challenger to the powerful New Zealand Business Roundtable (NZBR), a lobby group and think-tank, established in the early 1980s (Brock, 1998; "Businessman plans to set up rival to Roundtable", 1997; Carr, 1998; "New venture mounts challenge to Roundtable", 1998). One journalist reported that the BSR "opposes policies that the Business Roundtable holds sacred" (Brock, 1998). For years the NZBR had worked, largely through Executive Director and spokesperson Roger Kerr, to influence government policy in a 'pro-business' direction. The NZBR had been:

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enormously successful in the 1980s in conditioning public, official and political opinion about directions of economic transformation. In the 1990s, the BRT [Business Roundtable] began to focus on social policy issues, the resolution of which would have significant impacts on the momentum, if not the path, of economic reforms.(Le Heron & Pawson, 1996, p. 85)

The eventual launch of the New Zealand chapter of BSR, which provided a focus for the debate, took place in September 1998 amid moderate publicity. New Zealand BSR attracted over 100 inaugural members, and its aspirational slogan was 'Advancing New Zealand through socially responsible business' (NZBSR promotional pamphlet). Through the establishment of BSR Hubbard had set up a lobby group to put "a caring face on business" (Gautier, 1998; A. Hubbard, 1997; "The business conscience", 1998).

8.3.2   Focal Actors

It is difficult if not impossible to separate the human actors in this narrative from the organisations they represent which, in the sense that they influence our lives and help define the roles of the main characters, are actors too. By September 1998 at the time of the BSR launch, the two people at the centre of this chapter's analysis, and their organisations, were already well established in the public consciousness. As I have described Hubbard's background in some detail in Chapter Five, I start with a brief introduction to the other protagonist, Roger Kerr.

Roger Kerr: NZBR

Roger Kerr is a self-styled 'intellectual' of the local business community. He is the former CEO and founding Executive Director of the Business Roundtable. A recent article describes Kerr as follows:

> Fiercely intelligent and a suave debater, he has an MA from Canterbury University and later studied economics at Victoria University. He is a member of the New Zealand Association of Economists, Institute of Directors and Mont Pelerin Society. (Rotherham, 2000, p. 57)

In his public communication Kerr, as the NZBR front-person, was associated with some of the most powerful names in 'big business'. Ex-Treasury and one-time professional diplomat, Kerr was a regular guest at business forums, author of several key NZBR speeches and publications dealing with business social responsibility (e.g. Kerr, 1993; 1996a; 1996b; 1998a; 1998b), corporate New Zealand's official representative, and a contributing newspaper columnist (e. g. Kerr, 1994; 1998b; 1998c). An extended article on business social responsibility, which contained the reference to 'bad meat and bankrupt butchers' to illustrate the negative social and business consequences of blurring the business focus of a manager's role, was but one of Kerr's frequent articles published in the mainstream business press (Kerr, 1997).

Communication channels

Both Hubbard and Kerr are active in the business world, and 'pro-business'. Both men have acquired significant personal wealth from business-related activities, and each man communicates directly with his constituency – Kerr through press releases, published speeches, newspaper columns and NZBR publications, and Hubbard through 'open letters' to his customers in the form of the bi-monthly *Clipboard*. Kerr's constituency is the established business elite and government decision-makers. Hubbard's constituency is the consumers of his cereals – "my customers".

8.3.3   Sequence: Antecedents and Consequences

"[Narrative] requires at least three elements; an original state of affairs, an action or event, and the consequent state of affairs" (Czarniawska, 1998, p.2). This section sets down the sequence of events in relation to the protagonists and the organisations they represent.

Dick Hubbard: HFL

Hubbard Foods Limited started in 1988 and struggled through its early years to eventually establish a firm foothold in the New Zealand breakfast cereal market, with innovative product and packaging. Dick Hubbard had established a positive public profile through his *Clipboard* newsletters, various company sponsorships, his role as

founder of BSR and patron of a well publicised picnic in Samoa (Walker & Monin, 2001; Chapter Seven of this thesis). In line with international moves to bring political pressure on business to address environmental concerns and in the wake of heightened interest in BSR, the New Zealand Business Council for Sustainable Development was established in 2000. Dick Hubbard was invited to become a foundation member.

Roger Kerr: NZBR

Preceding and subsequent to the announcement of the intention to set up BSR, the NZBR, referred to by one commentator as "perhaps New Zealand's most infamous pressure group" (Cronin, 1997, p. 2), enjoyed high status among business groups. At its inception in the early 1980s, members of the NZBR almost exclusively represented manufacturing concerns. However, by 1989 the organisation had grown significantly and manufacturers were outnumbered by financial capitalists who dominated the 'core' of the organization, which also encompassed the officers of the organisation who oversaw membership (Cronin, 1997). Cronin reports that:

> The entry of financial capitalists in 1986 was accompanied by the professionalisation of the Roundtable … and a systematic lobbying campaign began to transform New Zealand's economy and society. The new orientation caused a schism, with a number of the early manufacturing members departing. (1997, p. 8)

By 1995 the NZBR membership "represented approximately 80% of the market capitalisation of the New Zealand Stock Exchange" (Vincent, 1998, p. 199). By 1997 Cronin was arguing that the NZBR was in decline. Furthermore, retired "corporate knight", Sir Richard Carter, claimed that the NZBR had lost credibility as it was "perceived by the public to have a vested interest in everything it comment[ed] on" (Riordan, 1998a, p. 1). By the turn of the century Roger Kerr's status as the spokesperson for corporate New Zealand was questioned in the business press and NZBR Chairman, Ralph Norris, admitted that "the Roundtable has set up a group of members to consider ways and means of getting its message across 'in a more easily understood manner'" (Rotherham, 2000, p. 52).

8.3.4   Identifiable Narrative Voices

Dick Hubbard

Moving the emphasis slightly from the focal actors per se, the first major identifiable narrative voice is that of Dick Hubbard. Initially less well known than Kerr in political circles, by 1997 Hubbard had already established a strong grass-roots 'constituency' for his ideas about social responsibility. Among the themes of Dick Hubbard's philosophy of socially responsible business already introduced in this thesis are 'think New Zealand' (part of the wider Support New Zealand campaign) and employment creation. Hubbard's views are most accessible to a wide population through his *Clipboards* (Chapters Five and Six of this thesis). He also delivers frequent speeches, but these generally remain unpublished. For the purposes of this study, I draw on Hubbard's *Clipboard* editorials, published 'letters to the editor' where he seeks to clarify or defend his views, and other media reports.

Roger Kerr

At the time of the business social responsibility debate Roger Kerr, the other major identifiable narrative voice in this analysis, had a strong public presence. As Executive Director of the NZBR, he has for years been both the spokesperson and the 'face' of the organisation. His speeches, publications and newspaper columns serve to highlight his own and his organisation's profile and to promote the political stances of the NZBR. Documents published by the NZBR are readily available upon request. While many are commissioned research studies from selected overseas scholars, many of the Chicago school of economics (Vincent, 1998), some publications have no acknowledged author, and Roger Kerr appears as the author of others. Sources for this analysis include media reports, relevant NZBR publications (e.g. Barry, 1999) and speeches, newspaper columns and papers prepared by Kerr under his name and directly purporting to deal with issues such as business ethics or business social responsibility (e.g. Kerr, 1993; 1996; 1997; 1998a; 1998b).

The Press

Although the press is a conduit for the 'voices' of the two main actors and thus a forum for the debate, it also can be considered as a separate player. Reporters and their editors chose to position Kerr and Hubbard in certain ways and thus influenced the public perception of business social responsibility.

8.3.5   Evaluative Framework (moral context)

Whether business social responsibility is an ideology, a process (Jones, 1980), a set of principles (Wartick & Cochrane, 1985) or part of a much broader model of corporate social performance (Carroll, 1979; Wood, 1991), business social responsibility is relational and can not 'exist' apart from its contextual dimensions. There are some distinctive features of the social and economic milieu of the Hubbard-Kerr debate. The debate occurred in the 1990s, a period marked by the consolidation and extension of a political course established in the 1980s.

Paradoxically, the major changes to new right economic policies in New Zealand began when a Labour government came to power in 1984. Kelsey (1993) has referred to the ensuing process as the "rolling back of the state", a time when New Zealand experienced a reassessment of the relationship between the market and the state. Economic liberalisation maintained its momentum through the transition to a National Government (traditionally to the right of the political spectrum) in 1990 and continued, largely unabated, for the next nine years under that administration. Features of the 15 year period include an increasing move away from traditional 'cradle to the grave' social welfare principles to a new right, user-pays, market-driven economy and competitive individualism (Jessen, Ryan & Spoonley, 1988). One social experiment had been replaced by another, and New Zealand's compact size, geographic isolation and small, educated population enabled it to make a rapid transition from heavy regulation to become one of the freest economies in the world. The period was marked by the erosion of trade union power and influence, which culminated in legislation giving greater power to the employer (Novitz & Willmott, 1992; Kelsey, 1993). Associated with these changes was the New Zealand Business Roundtable, which was later to have a key role

in the business social responsibility debate. The NZBR was active in conveying views on a range of political, economic and social issues (Jesson, 1999; Le Heron & Pawson, 1996).

The period saw increasing public concern about new social issues relating to health, violent crime and poverty as the gap between rich and poor widened (Kelsey, 1993; Podder & Chatterjee, 1998 cited in Jesson, 1999). With the perceived social changes came a sense of breakdown of the egalitarian myth with which most New Zealanders had strongly identified.

The advent of a Labour-Alliance coalition onto the government benches in 1999 brought with it a social democratic agenda with a promise of a more equitable redistribution of resources to benefit all New Zealanders. This pledge was initially enacted through a number of measures: the introduction of the Employment Relations Act that was seen as restoring some power to the unions (Balls, 2000; Tolich, 2001); the introduction of higher taxes for those on higher incomes; the temporary freezing of tertiary students' fees; and the controversial "Closing the Gaps" policy, which was particularly aimed at assisting Māori to access resources and social services such as health, education and employment (Hill, 2000a)

Opposition parties and some business interests warned the New Zealand public that the new Labour-Alliance coalition had a poor relationship with business, upon which the economic survival and prosperity of the country rested. In particular, the new government was seen to be out of step with new right economics and one of the primary advocates, the NZBR. This perception was reinforced when in late 2000 the Government held a forum to bring together government and business interests to discuss New Zealand's future economic direction (McClinchy, 2000). Representatives of the NZBR were excluded, a gesture interpreted as a public snub to that organisation in particular, and big business in general ((McClinchy, 2000; Rotherham, 2000).

Apart from the concern about the breakdown of certain social support mechanisms and the reduction of the welfare state, a number of other contextual issues helped to prime public interest in a business social responsibility debate. Possibly foremost was the issue of globalisation (Jesson, 1999; Kelsey, 1999). Issues of foreign ownership and control of the New Zealand economy were of increasing concern. The liberal agenda advocated by the NZBR required the abandonment of New Zealand's 'fortress mentality' to embrace a global economy (Kelsey, 1993; 1999). While successive governments courted foreign investment, ordinary people lamented the loss of sovereignty over their nation's resources (Jesson, 1999).

Urgent environmental concerns also emerged, with calls to conserve natural resources and prevent the destruction of New Zealand's natural heritage (e.g. Hager, 2002; Hager & Burton, 1999). Associated with this through the 1990s was a growing interest in questions related to genetic modification of food and other ethical issues relating to scientific and technological advances (e.g. Beder, 1998; Eglin, 2001; Kedgley, 1998; Rooney, 2002). Over this period the rights of Māori under the Treaty of Waitangi gained political prominence, and Māori negotiated settlements with successive governments (e.g. Armstrong, 1999; O'Sullivan & Collins, 2002; Young, 2000).

8.3.6   Subjectivity and Selectivity

There are certain elemental aspects of a story that are preserved between one telling and the next, and are thus common factors of both 'sides' of the New Zealand debate about business social responsibility. Probably the two protagonists in this narrative could agree on a basic chain of events that goes something like this: *Roger Kerr as representative of the NZBR had publicly expressed a position on business social responsibility. Dick Hubbard began to publicly express an alternative stance. Kerr and Hubbard entered into a public exchange of views, mostly indirectly through the print medium. The debate was formalised in a one-off face to face exchange. An apparent difference of opinion persists.*

Each story-teller/protagonist introduces subjectivity and bias into his story. Yet Brown (1998) claims that few commentators have recognised the political dimensions of narrative, its "attempt to privilege one voice and to suppress other voices which might offer counter-interpretations of actions and events" (Brown, 1998, p. 38). Through their texts, narrators attempt to legitimise their own actions or those of their group. Investigation and analysis of text or surface data reveals the textual strategies that overlay the selectivity and subjectivity of the story layer. The focal actors' own words and news coverage of the business social responsibility issue generated several stories. Here each story relies on the two pivotal characters. According to evidence from the press, the public associates Hubbard and Kerr respectively with humanist versus monetarist perspectives on business social responsibility.

By accepting the press characterisation of this 'conversation' as a debate, I have already imposed upon it qualities which will influence interpretation. A debate suggests contrast, opposing views, dissimilarities and disagreements. As much of the discussion surrounding social responsibility, and the associated corporate social performance, focuses on the fundamental dichotomy that exists between the universalist 'duty' and the particularist 'economic' perspectives (e.g. Swanson, 1995), this view might be thought appropriate. Yet, rather than accept a polarised view of debate I also use the term as it implies a formal interchange, a controlled exploration of issues, and consideration of different sides of an issue. Thus I acknowledge that there is some identifiable common ground between the protagonists. Both Hubbard and Kerr share a belief in the free market and probably would cooperate to avoid regulation and to ensure open competition. Their shared assumptions, therefore, are that capitalist enterprise benefits society as a whole and that self-regulating business is the path to the greatest social good. Hubbard frequently claims that he is not "anti-Business Roundtable", pronouncing that "the only area I disagree with the Business Roundtable is the narrow philosophy that the business of business is just business" (Smith, 1998b, p. 8). In turn, Kerr remarks that "Hubbard's community concerns and his approach as an employer seem thoroughly commendable" (Kerr, 1998c, p. 11). Yet Hubbard and Kerr each chooses to present himself as somehow the victim of an attack. Kerr complains that Hubbard's "routine

references to our [the NZBR's] alleged views are . . . something of a puzzle, apart from their obvious value in suggesting a punch-up to gain media attention" (1998c, p. 11). Similarly, Dick Hubbard, refusing to take up the gauntlet thrown by Roger Kerr, alleges that "The challenge is more like a high-speed barbed arrow. Ouch" (R. Hubbard, 1998a). In the following analysis I show how each 'side' uses rhetoric to persuade us to their view, and how commentators take up similar representations in their texts.

In the public presentation of their views on business social responsibility, Kerr and Hubbard each present a 'case'. As with many formal debates, there is limited direct engagement. Rather, each presents his own distinctive definition of business social responsibility and uses that to establish a position. Hubbard's and Kerr's texts show the way they make sense of their own actions and beliefs, revealing in their images and versions their own subjectivity and selectivity as well as the strategies they use to persuade others to support their views. More specifically, at the surface level of text we trace the symbolism and images that link into the deeper levels of narrative and discursive history, those aspects that draw on New Zealand cultural myths and stories and thereby harness their persuasive power. In my own narrative I explore the dominant versions of the business social responsibility story.

A cultural perspective in rhetorical analysis can help make archetypes explicit. With this dimension of the analysis, we can start to extend beyond the organisation, and beneath the traditional duty versus economic arguments (although these are manifest) of business social responsibility, to the shared cultural traditions and associated emotions that proponents of different positions attempt to exploit for rhetorical effect. In the two opposing versions of business social responsibility presented here, each rhetor draws on cultural symbols and archetypes to legitimise their position. And one dominant metaphor emerges – the religious image relating to the establishment of the one true faith. Within the Christian tradition, this metaphor is strongly associated with the leadership archetypes of Father, Hero, Saviour and King (Steyrer, 1998). It also evokes other Biblical connotations that have echoes in the New Zealand cultural context, in particular, the David and Goliath myth where good triumphs over evil. Related metaphors draw

upon fairytales and folklore, including the legend of a Utopian Camelot and heroic knights of King Arthur's Round Table.

8.4   EMERGENT RHETORICAL THEMES

8.4.1   Cultural Images in Hubbard's Narrative

Viewed as narrative, Hubbard's editorials are a persuasive enactment of the values that underpin the lore of his management approach and practices. I have earlier presented the three specific tenets of management associated with Hubbard's *Clipboard* venture: the ideology of social responsibility, the importance of establishing stakeholder dialogue and the associated issue of forging trust between the manager and his stakeholders (Walker & Olsson, 2001; Chapter Six of this thesis). These contribute to the two major narrative themes of leadership and community, both of which are evident in his speeches and editorials. Ethical and philanthropic themes dominate much of his rhetoric, and religious imagery, particularly Judeo-Christian imagery, is a recurrent and dominant feature. For example, like Christ the good shepherd, Hubbard welcomes Oat Bran Muesli into the "'Hubbard' fold" (C 13). Hubbard also calls on religious associations when he speaks of loss of faith suffered by New Zealanders during a period of economic and psychological depression: "We lost faith in ourselves, we lost our way" (C 16). However, the loss of faith and depression can be overcome with effort, optimism and Hubbard's special insight:

> Sure we have our problems, but I think with confidence, pride and the right
> mindset, we as a country can go a long way. Further and higher, I think, than
> most people realise. (C 16)

Hubbard communicates to his customers his conviction that business social responsibility is the 'right' way forward. Analysis of the *Clipboard* rhetoric suggests that he never wavers from total identification with his revivalist charismas. The market is not a danger, but an ally, and there is no other 'true' faith but his own. Throughout *Clipboard* Hubbard's rhetoric draws on statements of faith and mysticism. He takes opportunities to "reaffirm our dedication to 'more than a fair go'" (C 18); to talk about his rediscovery of the mountains and to learn "a little more about what drives the men

and women who climb the mountains and who find their personal 'spirituality'" there (C 40). Furthermore, through *Clipboard* Hubbard relates his own revelation. Over the breakfast table he tells customers:

> *I'M ON A HIGH!* ... I've attended the Annual conference of the American "B.S.R." (Businesses for Social Responsibility). What an experience! ... There were talks on attitudes to employment, environmental issues, community issues, staff profit sharing, business philanthropy, ethical business practices, etc.
>
> It was all powerful stuff ... and there were some powerful messages from some powerful (and credible!) speakers. Refreshing messages. It was all about successful businesses looking at the bigger picture as to the reason for their existence, and reaching out and helping the wider communities they operate in. It was about staff being treated as people rather than "inputs" or "outputs" in a business. (C 34)

In this passage the abbreviated sentences ("I'm on a high!"; "What an experience!") and the words themselves lend an ecstatic tone of spiritual enlightenment. Phrases such as, "Powerful stuff" and "Refreshing messages" have an almost breathless quality. Repetition of the opening phrase "it was" evokes all the excitement and momentum that accompanies the new. Hubbard implicitly rejects the economic resource transformation model of organisations that casts humans as resources. Moreover, ideas about the importance of people and community that have previously been presented as Hubbard's personal musings now have a focus. Here is an established organisation doing good work to ensure better, more socially responsible practices and whose beliefs are in concert with Hubbard's. New Zealanders now have external affirmation from America that we are on the right path, so we should not succumb to the New Zealand 'cultural cringe'. A better New Zealand is possible and businesses can help achieve that.

As well as articulating what many might consider conservative doctrine, the *Clipboard* acts as a mouthpiece through which Hubbard, the owner-manager, conveys an image of a socially aware and responsible leader and businessman. Hubbard's heroic stature is

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acquired and sustained through his challenging of old ways of knowing and doing, and his proposal of new approaches to business, something he refers to as "The Hubbard way" (C 26), a religious image with parallels to the biblical 'Word' of God (Kelly, 1998). This 'new' way

> is something that will tightly define our attitude to business, our staff, our customers and last, but not least, the community. This statement won't be pretty words on our office or foyer walls – it will be a philosophy right through our Company. It will be one that is built to last. The 'Hubbard way' may possibly include speaking out publicly on some issues that are of concern to us". (C 26)

And the term 'Hubbard way' seems to have caught on (Corrigan, 1997). It is picked up and interpreted later in the title of a poem sent in by one of the 'disciples':

IF YOU WISH FOR VIBRANT HEALTH

WORTH MUCH MORE THAN JUST PLAIN WEALTH,

AND EQUIP YOU WELL FOR WORK AND PLAY

THEN JUST DO THINGS THE HUBBARD WAY. (C 55, 57)

This thesis has already demonstrated Hubbard's willingness to fulfil the promise to "speak out on issues". That Hubbard also chose to twice publish the poem in *Clipboard* reinforces the notion that Hubbard is positioning himself rhetorically as the Messiah of the business world. More recently he developed the theme of a better 'way' when he issued "10 commandments for reducing stress" (C 60).

Clipboard rhetoric is replete with evocations of religious themes and Hubbard's 'creed' is enunciated over a number of publications. Repetition of "I believe" plays upon Christian prayer traditions such as the incantation "I believe in God the Father...". Examples of the creed are: "I believe that if New Zealand companies really focus on employment, it is possible to create significant numbers of jobs" (C 3); " I believe that companies such as ours have a responsibility to 'reinvest' in the country that supports them"(C 8); "I believe in daily megadoses of Vitamin O" (C 11); "I believe quite strongly that an increasingly discerning public will start to judge Companies on their approach to social and ethical issues and this will (and should) influence decisions on

whether people buy the goods and use the services of those companies ... I believe that it is important for a company such as ours, and indeed all companies, to define its ethical base and values" (C 26); "We believe in the old fashioned work ethic and we don't have a 'padded' work force" (C 30); " I believe strongly in the value of calculated risk and I believe that achievement and progress, either as individual people or as a nation, can only come from taking calculated risks ... I believe ... that we must avoid sanitising ourselves as a people and a nation and we must allow ourselves to have the 'colour' that goes with risk and failure" (C 39); "I believe that both optimism and pessimism are self-fuelling" (C 48); "I am a great believer in the power of celebrations" (C 50); "I believe it is legitimate to persuade you to buy our products" (C 54); "I believe that the propellant for striving and achievement is the joy of success" (C 60). These statements of faith form a key legitimising device, echoed in a later credo – an 8-point advertising charter: "our charter, our rules, our commitment to you" (C 54; Chapter Five of this thesis).

Christian religious tradition is further evident in a *Clipboard* editorial that concludes with a dramatic rhetorical flourish in the form of a Gloria: "So failure, I acknowledge thee and I salute thee. Continue to be part of me and continue to enrich my life" (C 39). The archaism 'thee' reinforces the biblical tone thus adding authority to the message, and the irony of addressing 'failure' in this way strengthens a perception of Hubbard triumphing over adversity.

Related to this sense of future enrichment and a sense of 'better' things to come is another important continuation of the religious imagery and rhetoric – the cathedral. Employing the principle of transcendence, Hubbard presents a unifying, utopian vision of a future where communities will work together to achieve great things. Under the headline TO BUILD A CATHEDRAL (C 41) Hubbard makes a plea for commitment to a long-term vision for New Zealand, to invest in a future that we may not ourselves experience:

> If we are to create "beauty" for future generations to enjoy, and if we are to create structures that enrich the minds and souls as well as the bodies of future

generations, . . . then we should accept the challenge and discipline of building something we may never see completed. (C 41)

These themes of altruism and faith in a better future are revisited later under the caption of "TOMORROW'S CHILD" (C 49), a call to focus on sustainable business practices.

The good news is that the change is coming! Worldwide businesses are now seeing that they do have an obligation to look after the future as well as the present ... just as we at Hubbard Foods Ltd have tried to stimulate interest in social responsibility, we will also be trying to stimulate interest in sustainable business. The two are linked! Along with other companies in New Zealand we will be there. Here's to "Tomorrow's Child". (C 49)

The quote from TO BUILD A CATHEDRAL (C 41) presents another recurring theme of *Clipboard* - the idea that companies have a 'soul', an idea closely associated with the 'Hubbard way' and redolent with religious symbolism. In Christianity the soul animates the physical being and is the centre of inner life, feelings and emotions, especially love (White, 1993, p. 296). The notion of soul is first directly broached by Hubbard under the headline CAN A COMPANY HAVE A SOUL? (C 19) then again as a headline: COMPANIES WITH A SOUL – CHAPTER 2 (C 21). An extract from the editorial reads: "A company can have a collective set of beliefs and more importantly a collective set of values – as can any other organisation or group of people." Hubbard further extends the understanding of 'soul(s)' when he presents it in opposition to the economic term 'resources'. Yet the notion of soul is expanded through rhetoric to imply that the organisation's staff is a 'congregation' of believers when he tells his customers, that "at Hubbard Foods Ltd we report in as not having 120 employees or 120 human resources. Quite simply, we have '120 Souls on Board'!" (C 44). The rhetorical impact is reinforced later when Hubbard underwrites and distributes a book of inspirational stories titled: *Kiwi Tucker for the Soul* (C 50; 51). Hubbard is explicitly catering to both the physical and spiritual being.

The term "souls on board" is interesting for more than its surface symbolism. It is an example of the way Hubbard appropriates existing stories and recounts them in modified

form. He presents 'souls on board' as an aeronautical term, a fitting usage for someone who has already shared some of his own flying exploits with his audience. The New Zealand origin of this story can in fact be traced at least back to a nautical example in a 1953 speech given by Robert Laidlaw to the New Zealand Institute of Management conference. Laidlaw tells his audience that "the man is more important than the merchandise" and relates the story of "The good ship *Kent* [which] foundered in the Bay of Biscay with 260 souls on board" (Hunter & Lineham, 1999, p. 126).

It is evident from the discussion so far that *Clipboard* itself takes on the role of cardinal manuscript. Not only does it spread the 'good news', a strong, recurrent Christian image, but it unites people into a wider congregation of believers. Yet this is no lofty, moralising tome. Distributed in bite-sized pieces, *Clipboard* balances grand religious imagery with the commonplace, sometimes farcically. In the following example, biblical concepts of faith and hope come together in a prophecy that embraces the principles of hierarchy and transcendence. Hubbard draws on David and Goliath imagery and the New Zealand myth of the ordinary bloke – the resourceful, modest, hardworking Kiwi, stoic and determined, and as good as anyone, anywhere. New Zealand is ready to take on the world and Hubbard will help us achieve that vision. New Zealand's "time in the sun is coming". The country is "on a roll … and gaining momentum".

> Will it last? Yes, I believe so. And I'm going to do my best to ensure that it does. We are rolling on now as a country and once the momentum gets up we'll be unstoppable! On a world wide basis I think it is now time to say "go, little Kiwi, go!" (C 56)

8.4.2   Cultural Images in Kerr's Narrative

Analysis of Roger Kerr's text reveals that religious symbolism is also present and, indeed, a persistent feature of his rhetoric.

Kerr is not a business practitioner. However, as an advocate, a lobbyist and an apologist on behalf of big business and financial interests, Kerr is also concerned with persuasion. His business philosophy as representative of the NZBR is founded on libertarianism

(Vincent, 1998). Kerr is positioned as a priest or intermediary between the public and the transcendent reality of the 'Market' operating through the 'invisible hand' and manifest in the material progress of free market capitalism. The NZBR Statement of Objectives sets out its position thus:

> The NZBR believes that the living standards and general prosperity of the New Zealand community are best served by a free enterprise system and market-oriented economy. It supports the concepts of competition, entrepreneurship, and risk-taking as vital to achieving economic and social progress… An important role for the government is seen in providing a sound framework of laws and macroeconomic environment that facilitate private sector decision-making, and in undertaking certain activities which are best catered for within an efficient public sector. (www.NZBR.org.nz)

Here we see evidence of a different credo unfold – one in which business is left to get on with creating economic wealth while government takes care of 'non-business' activities. Analogous to Hubbard's rhetoric is the theme of risk-taking, the use of the word 'believe', and the ensuing exposition of those beliefs. But here the NZBR is referred to in the third person, and thus the credo has no personally identifiable human moral agent. The objectives are broad and vague, and typical of NZBR rhetoric. Vincent (1998), in her analysis of the religious ideology of the NZBR, points out that:

> The model described in the NZBR documents an idealised, utopian vision, focusing on generalised, higher abstractions and overlooking the particular, practical, actual detail of everyday. However, when the intrinsic ambiguity of life is ignored, the resulting idealised, utopian vision is completely unrelated to actual existence. (Vincent, 1998, p. 203)

Like Hubbard's *Clipboard*, distribution of the NZBR 'scripture', comprising its numerous publications, is unconventional, especially given the organisational claim that the documents are to promote informed public discussion. Submissions, speeches, articles and books are available to the public upon direct request or through some libraries. Public access is "severely limited by the small number of documents held and

by their uneven distribution" (Vincent, 1998, p. 200). Key government decision-makers, however, have easy access to the publications, hence perpetuating a sense of exclusivity associated with a privileged elite, and reinforcing Kerr's role as 'intermediary' and the sense that believers are the 'chosen' ones.

In his own writing, and long before the public standoff with Hubbard, Kerr had explicitly addressed the issue of social responsibility in business (Kerr, 1993). But by the mid-1990s he is on the defensive as he sees that the tenets espoused in the NZBR statement of purpose are seriously challenged. Echoing many of the ideas presented previously, he puts forward his commitment to business as a vocation and his personal faith statements in a speech to a group of business students:

> I believe ... [that] it has now been demonstrated conclusively that central planning does not work, and that prosperity depends on a private sector in which business people are free to back their own commercial judgments but are also expected to bear the consequences of their mistakes. (Kerr, 1996b, p. 1)

Implicit in this proclamation is the religious condemnation of the old 'sins' of central planning, and a strong flavour of the need for atonement. People should "accept the logic of Adam Smith's famous metaphor of the invisible hand, which holds that business people promote the general interest more effectively by pursuing their own interests than by directly trying to 'do good'" (Kerr, 1996b, p. 2). Kerr argues:

> the general welfare is more reliably promoted when countries and firms do only what they do best ... using scarce economic resources efficiently ... and being enterprising and innovative in the search for ever-better ways of meeting people's needs is the immensely important vocation of business. (Kerr, 1996b, p.4)

Here the use of the religious term 'vocation' overtly elevates the stature of the businessperson to one answering a 'calling' to God's service (see also Kerr, 1998c). Additionally, the stewardship role of management is referred to both directly and indirectly in Kerr's claims about business social responsibility. Evoking populist rhetoric of the 'common person', and also highlighting the ownership versus agency issue with which Hubbard as major shareholder does not have to wrestle, Kerr warns that if

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managers choose the wrong path [to redemption], then the consequences are morally and legally dire. They are "the trustees of the savings of thousands of ordinary people who have invested in it [and] ... There is nothing generous or legitimate about giving away other people's money" (Kerr, 1998c, p.6). That does not necessarily imply that a business could not support a charity "if the company receives favourable publicity the donation might legitimately be seen as advertising" (Kerr, 1998a, p. 5.). Also, according to Kerr, it is wrong for businesses to approach governments requesting special treatment for themselves because:

> assistance to one industry is inevitably at the expense of others . . . The businessman playing this game can hardly be said to be benefiting the community . . . he becomes the miserable figure Ronald Reagan once described as the fellow who hoped the crocodile would eat him last. (Kerr, 1998a, p. 4)

Furthermore, Kerr argues that to assign reponsibilities to abstract entities "is woolly thinking". Playing on the creation myth, where God triumphed over chaos and gave human beings freewill, Kerr points out that business social responsibility, as interpreted by Hubbard, is "a delusion which has spawned many wrong and oppressive policies . . . It leads to a culture of diminished responsibility and weakens our dignity and integrity as free, thinking and autonomous persons" (1998a, p. 5). Freewill is interpreted by libertarians in terms of individual freedom to pursue self-interest. Thus, to support the imposition of any social and legal constraints on business is, by implication, to reject God.

In his role as intermediary Kerr interprets the business 'Word'. He asserts that only individuals have social responsibilities and " those who argue that corporations have social responsibilities beyond enhancing shareholder values are mistaken, not about those responsibilities, but about who has them" (Kerr, 1996b, p.12). Kerr directly attacks the idea of corporate social responsibility which, he claims, is "as much a reflection of the feudal, precontractual origin of the corporation as is the master-servant employment relationship with its implicit exchange of loyalty and paternalism" (Kerr, 1996b, p. 14).

In various texts Kerr calls upon external 'authoritative' sources to legitimise his message, as when he argues against codes of ethics and regulatory restrictions on business. One such source that abounds with religious symbolism is a passage from Yale Brozen. The passage at once establishes the basic tenets of individualism and calls to mind the Lord's Prayer in which believers entreat God to "Lead us not into temptation, and deliver us from evil":

> As Yale Brozen has written: "When we say that the market enforces individual responsibility and reflects the ethic of participants, we refer to a free market. When we ask the government to intervene and use its power to prohibit some voluntary transactions, we abdicate the responsibility for our own conduct and for teaching rightful conduct. We bestow power and almost irresistible temptation on a few. We are asking some persons to rise to the status of angels while at the same time saying that people find it impossible to be angels". (Kerr, 1993, p. 7)

God-given freewill requires individuals to take responsibility for their actions. The irony here is that the NZBR members, and Kerr in particular, do act as angels in their role of God's (the market's) messengers. Thus the power and temptation may well be with the business people, rather than the government.

Among other voices from the past and present are an eclectic mix of businesspeople, deep-thinkers and populists including Milton Friedman, Michael Novak, Tony Blair, Montesquieu, Lord Tebbit, Geoff Shirtcliffe, David Hume, Adam Smith, Max Weber, Pope John Paul II, George Leef, Voltaire, and Bill Gates. These people are, overtly or by implication, advocates of Kerr's fundamentalism. In character with other religious fundamentalists, Kerr uses rational argument, not to explore the basic ideologies but, rather, to justify his own assumptions and to build on others' fears. Thus Kerr's rhetoric draws upon Burke's principle of 'hierarchy' – other faiths, or versions of his own faith, are powerful enemies indulging in "demonology" (Kerr, 1998a, p. 1).

At the heart of much cultural and religious symbolism is the denial of God as captured in the scapegoat image of an extreme form of socialism – communism. Kerr explicitly

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draws upon this association during the Chamber of Commerce debate when he refers to Hubbard as "Comrade" (Du Fresne, 1998). In evoking authorities to endorse his view, the underlying 'threat' of socialism or some other social 'evil' is often implicit. For example, Kerr opens an argument with the following preamble: ". . . thinkers who first started to analyse the workings of what we call today a free and open society argued that commerce was a civilising force" (1996b, p. 2). The business community is capable of "voluntary, cooperative solutions to 'public good'" and members are certainly capable of working together. Kerr evokes "Tito's Yugoslavia" (1998b, p. 6) and communist USSR (1998a, p. 5) to highlight inefficiencies under socialism. Similarly, "the logical conclusion of stakeholder theory is socialism . . . [which] doesn't work" (Kerr, 1996a, p. 9). Kerr's words function rhetorically to enhance fear. Moreover, those who continue "to peddle long-exploded fallacies [such as the necessity of business social responsibility] ... create a culture suspicious of business and envious of those who are successful" (Kerr, 1998b, p. 8). Accordingly these individuals are presented as encouraging vice. Kerr here draws upon the principle of transcendence, alluding to the 'promised land'. Additionally, people who oppose the orthodoxy are gullible and probably uneducated – the flattering implication being that Kerr's [business] audience is neither of these things. Dissenters or unbelievers are "ill-informed", they "create confusion", "have unrealistic expectations about the sorts of ethical decisions businesspeople can legitimately take" and "misunderstand" the message. Businesspeople, Kerr's select audience, must spread the true word as "the intellectual case for markets is still poorly understood by large numbers outside the business sector, and even by many within it" (1998a, p. 2).

For Kerr, business is inherently ethical and helps develop human virtue, an aspiration at the heart of religious communication. Kerr's expression resonates with the biblical 'commandments' when he claims that the market endorses "cardinal" virtues such as "personal integrity, honesty, trust, foresight and civil cooperation" (1998b, p. 4) and "good business behaviour is typically good ethical behaviour" (1998b, p. 5). What drives this virtue is the pursuit of profit and the audience is reassured that "a truly profit-maximising business will not be racist, or sexist, or xenophobic, because to act in these ways will hurt the bottom line of the company" (Kerr, 1998b, p.4). Businesspeople are

exhorted to "avoid the charge of insincerity and hypocrisy by insisting that social activities are designed solely to promote the corporation's image, reputation and shareholder value" (Kerr, 1996b, 11). At the height of the public debate on social responsibility, Kerr claims that any unlawful behaviour on the part of market-driven business is due to "over-enthusiastic and imprudent entrepreneurs and equally careless and sometimes greedy investors ... rather than a story of business dishonesty" (1998b, p.5). The 'sin' of dishonesty is clearly worse than imprudence or greed.

8.4.3 Press Representations

The print media also employ religious themes and imagery when reporting on Hubbard and the BSR movement. Recently the Australian Age magazine *Good Weekender* referred to him as "the messiah of muesli" (Marks, 2002, p. 49). Hubbard has also been represented as a mystical "guru" figure (Brock, 1998; "Students get advice from business guru", 1998), an image consistent with his reported tendency to "navel-gaze" (C 36; Ceramalus, 1998). He shares his "vision" with business and community groups ("Hubbard to share business vison", 1998, p. 15), and produces an "enlightening 'Clipboard'" (Lobb, 1998). Others describe Hubbard as a "conscience" ("The business conscience", 1998), or a "King", but a king of the people ("Cereal king with a common touch", 1998). Indeed, portrayals often draw attention to Hubbard's humanity, a theme also highlighted in sympathetic coverage by regional and community newspapers and church publications with headlines such as: "Dick Hubbard – the caring capitalist" (Bedford, 1998) and "A good cause man" (1998). Other headlines comprise affectionate verbal plays on Hubbard's product line, depicting him as a "Cereal thriller" (Ceramalus, 1998), "a cereal benefactor" (Kelly, 1998) and a "Berry, berry, nice guy" (Schaer, 1998).

The national and business press have been more equivocal than regional newspapers, providing coverage that at times challenges Hubbard's 'nice-guy' image or questions his integrity (e.g. Carr, 1998; "Cereal killer strikes again", 1999; "Dick has a chuckle over his morning cereal", 2000; Hill, 2000b; McShane, 1999, 2000). The *National Business Review*, for example, implied that Hubbard had, in the past, strayed from the path to salvation with the headline: "Do as I say, not as I did" (Carr, 1998).

Articles about Hubbard are rarely dissociated from business social responsibility, whether they are highlighting some misdemeanor on his part, good works in the community, triple bottom line reporting, or awards won. Hitherto positive stories have prevailed. Headlines in the national press or major dailies include: "Socially responsible business refreshing" (Matthews, 1998a); "Promoting business with soul" (Brock, 1998); "Moral enterprises more profitable" (Iosefa, 1998); "Kind-hearted businessman favours the personal touch" (Norris, 1998b); and "Fruitful food for the body and soul" (Riordan, 1997).

Kerr, on the other hand, in his role as spokesman for an array of big business interests is associated with a wide range of political issues and hence is open to a variety of characterisations. For example, the press have cast him in the role of "hired gun (Rotherham, 2000), or as a mythical knight ("Rounding on the table", 1998, p. 84) an obvious play on his Roundtable affiliation. He is also seen to represent economic purity in his stance on business social responsibility, yet one portrayal casts him as out of step with even his own constituency. Kerr's is a "purism" :

> strangely at odds . . . with every company which has ever given to charity or the arts in anything but a calculating and self-serving way – including many of the 60 or so whose chief executives sit around the Roundtable. Their generous support of ballet, opera, drama, educational promotions, rescue helicopters, voluntary agencies and charities, research, festivals, institutions, concerts adds enormously to the richness of New Zealand life. ("The business conscience", 1998, p. 8)

Moreover, as representative of the NZBR, Kerr "has lived a cloistered life", protected from "the real world" ("Rounding on the table", 1998, p. 84). With regard to business social responsibility, his position is largely defined through comparison to Hubbard. If Hubbard is bringing good news of fresh ways to do business, then the NZBR's beliefs may be tired and outmoded. Furthermore, "the absolute certainty that Mammon and Adam Smith are on his side is now tinged, in Kerr's pronouncements, with an edge of

hysteria" ("Rounding on the table", 1998, p. 84). So Mammon is his true God, and Kerr's own power is failing.

Press representations of the social responsibility also exploit the classic tale of the virtuous white knight in conflict with the evil forces. For example, Hubbard is said to be "crusading against the Business Roundtable" (Ceramalus, 1998, p. 34). Hubbard and Kerr each sits at his own Roundtable – Hubbard's is "pale green" (Speden, 1999) – at which each would almost certainly look upon himself as the 'good' white knight. Hubbard's challenge is not only that he preaches business social responsibility, but also that he dared to set up an 'alternative' roundtable. In the initial stages this was BSR, more recently the association has been carried over to Hubbard's membership of the Business Council for Sustainable Development. Also drawing on the Arthurian legend, with heavy reliance on puns, the disagreement between Hubbard and Kerr has been depicted as a direct challenge or retaliation to one or other party as in "Rounding on the table" ("Rounding on the table", 1998, July 28). Kerr's own columns have carried headlines such as "Roundtable throws down the gauntlet to Dick Hubbard" (Kerr, 1998c) and "Roundtable rounds on Hubbard" (Kerr, 1999).

Hubbard's and Kerr's views received a public airing in a roguish, but less than lighthearted, manner in a fundraising "Dinner debate of the Year" (Wellington Chamber of Commerce advertisement, July 1998). Afterwards the debate was variously cast as an outright battle in "Shootout at Plaza International" (Du Fresne, 1998b), a structured contest in "The great debate" (Robertson, 1998) and as "No heart-to-heart" (Steeman, 1998). In broader terms, the reaction to Kerr's and Hubbard's protracted public disagreement about business social responsibility has been portrayed as representing a national change of heart regarding expectations for business practice. Headlines in this vein read "New Zealand's pendulum swings again" (Du Fresne, 1998a), or "Responsible business 'key to future'" (Matthews, 1998a).

Sainthood too has been conferred on Hubbard, most frequently as an enhancement to his positive public image: "He is St George come to slay the dragon. The dragon being the

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Business Roundtable" (Bedford, 1998, p. 13). However, the transgressions of a saint have added news value. Accordingly, some press coverage of Hubbard and his business philosophy shows the tenuous nature of media endorsement. When Hubbard Foods Limited became the focus of an industrial dispute the burden of stewardship for the concept of social responsibility was apparent. Hubbard became grist for the news mill. Headlines exploited the themes of fallen saint, sinner and hypocrite: "The boss too good to be true" (A. Hubbard, 2000) and "Revolting workers give St Dick's image a beating" (Hill, 2000b). Typically, Hubbard stood up to the challenge, replying to criticism of his management practices under the headline "St Dick 'bloodied but unbowed'" (R. Hubbard, 2000).

Another embarrassing incident came to the fore as a result of Hubbard's "more than a fair go" campaign where he asked *Clipboard* readers to write in with stories of good things and good people (C 18; 42; 43). The press reported that several South African New Zealanders were affronted by one customer's 'good news' story published in *Clipboard* (C 48) and *Kidzboard* that used the term "kaffir", a word that Hubbard might have realised would cause offence. Alluding to powerful images of the South African reconciliation hearings and the then topical Australian acknowledgement of wrongdoings over the 'lost generation', the headline read: "Cereal king says sorry in racial controversy" ("Cereal king says sorry in racial controversy" 2001, p. 6). Hubbard apologised "to all South African immigrants living in New Zealand" for offence caused, pointing out that the story "was meant to be an uplifting tale with a moral message" ("Cereal king says sorry in racial controversy" 2001, p. 6). Hubbard also acknowledges his "booboo" in *Clipboard* (C 52).

Three years after the launch of BSR, Kerr and Hubbard were still being contrasted in the media, and an analogy between business and religion was overtly employed to reinforce the message (Marks, 2002; Rotherham, 2000). Kerr as NZBR representative was also under pressure from the business press (Rotherham, 2000). "Preachers and converts", reads the subheading in a story comparing Kerr's preaching of the NZBR message with the approach of the Business Council for Sustainable Development [BCSD]. Could it be,

Rotherham asks, that companies associated with the BCSD are "living the gospel, not just preaching it – and getting out among the brethren to spread the word?" (2001, p. 57). In contrast:

> While Kerr may prefer the rigour of intellectual debate, the hearts and minds of New Zealanders are not won that way. ... Liken it to a church. If the parishioners are shunning the sermon because they don't like the preacher, the gospel is lost. The Roundtable is convinced that over time its ideas will convert non-believers, simply because they are "right". Belt out the hellfire and brimstone from the pulpit – and let them be damned if they don't repent. (Rotherham, 2000, p. 57)

8.5.1 RHETORICAL EFFECTS OF CONTEST AND CONTRAST
8.5.1 Opposition and Leadership Archetypes

In the preceding extract, Rotherham (2001) implies that people like Hubbard and don't like Kerr, or at least they have an attitude about the public persona of each. Like so many commentators (e.g. Ceramalus, 1998), and the protagonists themselves (e.g. C 30, 34; Kerr, 1998c), she casts the players in opposition to each other, reflecting the positions taken in a formal debate and thus exploiting "the power of the negative" (Burke, 1966, p. 402), this time to emphasise shortcomings in Kerr's communication style. Kerr calls on the God of the Old Testament, preaching hellfire and damnation. Hubbard's God is a god of love.

Hubbard benefits from the comparisons, which carry with them associations of archetypal positions. Just as the archetypal 'good' Christian is in battle with the 'evil' Satan, the White Knight is in combat with the Dark Knight and saints are contrasted with sinners, so Hubbard is contrasted with Kerr as the representative of established, orthodox business practices, and even occasionally contrasted with himself – a fallen version of Hubbard's own ideal.

Thus, in terms of business leadership, Hubbard's style carries 'good' associations that link to his overt ethical stance. Leadership and ethics have been explored elsewhere (e.g. Carroll, 2001; Ciulla, 1998; Gill, 1996; Minkes, Small & Chatterjee, 1999; Solomon,

1998), but I wish to draw attention to perceptions of ethical leadership and archetype. While narrative accounts in books have cast Hubbard as a hero manager, other rhetorical representations of Hubbard draw freely on the classic leadership archetypes of Father, Hero, Saviour and King (Steyrer, 1998) – the first three of which parallel the Christian Trinity of Father, Son and Holy Ghost and the King is the mature hero (Steyrer, 1998).

The Father image comes most immediately to the fore in relation to Hubbard's own narrative which refers to the family of Hubbard Foods Limited (e.g. C 10; 47). It has been discussed in previous chapters in terms of Hubbard's sense of a family company that bears the Hubbard name (Chapters Five and Six), in his idea of a *Clipboard* community (Chapter Six) and in terms of Hubbard's paternalism (Chapter Seven).

The Hero image has also been explored earlier in this thesis (Chapter Six). The *Clipboard* hero is a self-deprecating 'everyman'. With appealing modesty Hubbard rhetorically exploits images of himself in heroic situations (conquering Mt Cook; sailing the Pacific in a yacht), and fearlessly defending his vision of a better [business] way against powerful established interests. Hubbard triumphs in the face of adversity and, despite the odd setback, "never, never, never, give[s] up" (C 28). The image of Hubbard as saint also reinforces the hero archetype as, from a Church perspective, a saint is one who has pursued an heroic life in the faith.

In turn, the wise King is evoked mainly through press representations that refer to gurus and kings. Illogically, this archetype is bolstered by potentially damaging press reports about shortcomings in Hubbard's management practice or judgement. Negative associations of failure to live up to his own standards of business social responsibility are diminished by Hubbard's widely communicated philosophy of risk, failure and learning from mistakes. The theme of optimism mitigates the pessimism personified by those who criticise Hubbard. He is a 'human' man with human failings. Failure enriches, makes one more determined and wiser, and the hero learns that courage, determination and good intentions do not ensure success at every stage.

The analysis of cultural themes also points strongly to the Saviour archetype. Explicit in references such as "the Messiah of muesli" (Marks, 2002, p. 49), a complex but complementary array of associations serve to present Hubbard as a powerful but compassionate figure whose management practices and philosophy of business social responsibility present hope for a better future.

By contrast, Kerr is presented negatively by Hubbard and by the press. Yet, with the exception of the Father image, the same archetypes are visible in representations of Kerr. In his own narrative he is the battered but unyielding, wise King. Yet the news media suggest that his status as King is no longer tenable, largely because of the challenge that Hubbard has posed. Kerr also harks back to the role of the NZBR as Saviour of New Zealand business and the economy, whereas the press recast him as desperately clinging to old ways of thinking about business's role in society. They openly question both the function of the NZBR and Kerr's position as its spokesperson.

The Hero archetype, too, is called upon through antithesis. Undoubtedly Kerr is accomplished, he demonstrates courage, but in press narratives he has none of the heroism associated with the entrepreneurial drive and achievement of Hubbard. Rather, Kerr emerged from the security of the civil service employment and now, as professional representative of the NZBR, he is still protected from the risks and sacrifices of the 'real' business world. Perhaps too, this epitomises his distance from those audience members he might wish to influence.

8.5.2 Different Audiences

Hubbard and Kerr's public personae are established using similar archetypes but with different emphases for their different audiences. Most immediately, Kerr presents as a 'Defender of the Faith', the priest of the established orthodoxy. According to Vincent:

> Religious fundamentalists grant authority to their scriptures from the basis of belief, and the scriptures then, in turn, give authority to other belief statements. It is a closed system. There is a similar closed system in the way the NZBR

documents claim authority by using authors from the pool of overseas experts
and then call on the same pool to validate their statements. (1998, p. 204)

Analysis of Roger Kerr's rhetoric demonstrates this position. His is a 'religion' of the
mind or intellectualism. Kerr exhibits in his narrative a righteousness of doctrinal
position set out in the business press and in his publications on corporate social
responsibility that are texts of speeches delivered to commerce students or business
interest groups. Kerr seeks to win over young supporters through his endorsement of
established business values and appeals to the accomplishments of high-profile business
people who espouse those values. More generally in his columns in the mainstream
business press Kerr seeks to confirm the faith of the already 'converted'. The audience is
not a general one of all non-believers. Rather, the audience comprises converts and those
most open to conversion – business people and future business people – with special
attention to the doubters or unbelievers who 'matter' such as the policy-makers. Given
that the main opposition to his message comes from a far more grass-roots constituency,
Kerr may have to adapt his message to obtain legitimacy with a different audience
(Rotherham, 2000).

Kerr's constituency is different to that of Hubbard as he is 'fighting the good fight' (my
words) on behalf of new right economics and the capitalist elite. The case is argued in
rational terms, perhaps meaningful to a business audience, but appearing tired,
intellectual and even alienating to 'ordinary New Zealanders', those "mums and dads"
(C 10) who comprise Hubbard's constituency.

In contrast, Hubbard, the 'prophet' speaks directly to his followers in their own homes.
The chatty, commonsense, yet slightly whimsical style connects in a very non-business,
very "Hubbardsy" (C 36; 49) manner. Hubbard's is a religion of the 'heart', or human
relationships. In his attempt to create a community of the *Clipboard*, Hubbard
constitutes not only his employees but also his customers as followers of the 'Hubbard
way'. His ideas are received by people and publicly supported as they offer hope. Hope

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is strengthened by the knowledge that Hubbard is himself a businessman and the challenge to orthodoxy thus comes from within. As one admirer states:

> At last some sense at the end of a long tunnel, and from a businessman too... The problem is known as raw materialism and greed which, promoted at all costs by a small all-powerful elite, has particularly prospered in the last 150 years as an unprecedented and unsustainable consumer binge making the Roman orgies look like kindergarten parties. ...Every strength therefore to the Dick Hubbards of our world – they're going to need it. (Wilson, 1998, p. 8)

8.5.3 Contrasting Visions of Business Social Responsibility

Hubbard does more than challenge the NZBR way of doing business. He also redefines the debate. First, he presents an image of the NZBR 'way' in stereotypical terms, avoiding direct engagement with Kerr over some issues in which Kerr feels misrepresented (Kerr, 1998c). Second, he defines the terms of discussion. Whilst Kerr talks of "corporate" social responsibility, Hubbard uses the term "business" social responsibility. In so doing Hubbard effectively captures the debate. Business is the broader, more inclusive term and, to many people outside big business, the terms 'corporate' and 'business' are synonymous. If the 'business of business is business', likewise, for most of Hubbard's readership and possibly many journalists, 'business is business'. Distinctions between corporates and family businesses are merely confusing and distracting. One consequence of defining the debate in terms of business social responsibility is to undermine Kerr's rational appeal to 'agency', which does not present the same problem for the owner-manager as it does for a professional manager. Furthermore, the David and Goliath imagery can evoke enhanced opposition to 'big' business as corporates are seen to exercise bullying tactics over the heroic small operator. Perhaps perversely, size works against the traditionally more powerful business interests – if small or medium sized business can do well by doing good, the implication, by reference to Davis' (1973) 'iron law of social responsibility', is that big business should do even more social good.

8.5.4 Contrasting Visions of Community

Hubbard's view of community derives its core from "basic values". I established in Chapter Six that Hubbard's romantic notion of community highlights a utopian ideal where people support each other to achieve a better world for their children. Hubbard counteracts the negative stereotypes of the business world through his romantic narrative of social responsibility as good neighbourliness, or people working together for people. As the new prophet, Hubbard brings novelty and imagination to the prevailing forces of the business world. In the 'imagined community', obstacles and adversaries such as those posed by the power of big business are overcome and a new state of harmony and integration are achieved. This draws upon Burke's principle of transcendence through the 'promised land' of community. Business is positioned in society, rather than as separable from it, playing into the traditional New Zealand version of the myth of a 'benevolent community' (Reich, 1987), exemplified in the social cooperation or 'mucking in' of community 'working bees'. The romantic narrative is supplemented by the epic narrative by way of the theme of enterprise or entrepreneurship – the hero manager. The often overlapping epic narrative focuses on heroic leadership within the tests and trials of the epic quest, to redefine senior managers "in a central, critical heroic, almost mystical role" (Clark & Salaman, 1998, p.155).

Roger Kerr also fits the romantic narrative frame. While it would be easy to present Kerr as a defender of the faith against a pernicious, damning attack by any form of collectivism, he, like Hubbard, projects a sense of community – a different one, where business values prevail. His is a view grounded in the philosophic assumptions of atomic individualism (Buchholz & Rosenthal, 1997). To him communities are collectivities of individuals working cooperatively for individual reward that will in turn benefit society as a whole.

8.6 CONCLUSION

Here I have explored through narrative how rhetoric is used to create public awareness in a political struggle between an advocate of 'more' business social responsibility, and a representative of a key business lobby group. I suggest that one of the quandaries of the

business or corporate social responsibility debate is that the positions are not as clear as they might be, nor are they as clear as current theory might suggest. Our tendency to present simplified models of complex constructs is useful in assisting us to conceptualise those constructs, but perhaps those models actually serve to subconsciously encourage us to ignore complexity in favour of simplicity, and action in favour of a theory. I have started from the premise that there is some virtue in capturing the resonance and interplay of organisational meaning, and that rhetorical analysis of narratives can help us do that.

I have demonstrated a narrative method in operation in order to capture a process - the contest between two protagonists over time – and to contextualise it, thus acknowledging the complexity and inherent richness of the debate. In comparing and contrasting the narratives of Kerr and Hubbard my analysis shows how the competing narratives 'operate' rhetorically to draw on fundamental associations, in this case religious imagery and archetypes, to add impact to their arguments and legitimise their political stances. Religion is identified as a *means* rather than an *object* of argumentation. As such, it relies on universal understandings and a 'universal audience' who share agreement on certain issues.

This narrative exposes areas of confluence between Hubbard's and Kerr's business philosophies. They each openly support a capitalist system, agree upon the economic role of business in creating jobs and generating profit, and endorse the necessity for business compliance within a legislative framework. They even agree that there is a role for business in contributing to social issues and, from time to time, cautiously endorse the other's position on certain other issues. Hubbard and Kerr disagree, however, as to the extent of that social role, the type of social obligation business has, and the conditions for legitimate business involvement in social issues.

Both men draw on leadership archetypes in their rhetoric and the press rhetoric serves to enhance or undermine these self-presentations. In Hubbard's case, the press serves to

both create and endorse positive archetypes, generating the impression of Hubbard as a charismatic leader.

Although parallels and similarities are evident when a cultural perspective is applied to the texts, we find that Hubbard and Kerr are rhetorically positioned quite differently to each other. Hubbard heralds a new gospel or revelation, whereas Kerr is defender of the established orthodoxy. Thus identification and division (Burke, 1969b; Chapter Three of this thesis) are constantly played off against each other. Hubbard represents the 'new' against Kerr's 'old', and 'emotion' against the 'reason' represented by Kerr who preaches the accepted business dogma. Kerr's is ostensibly an economic narrative relying on 'rationality' as the basis of responsibility and on reason as a foil to irresponsibility. Yet, perhaps incongruously, that rationality is bolstered by religious imagery that is used to convey a sense of authority, business acumen and stability.

I demonstrate that competing narratives of two people who might normally be cast as occupying opposite ends of the social responsibility continuum, can share certain views and draw on similar images and similar cultural archetypes to legitimise their positions. Thus we can begin to focus on similarities as well as differences, and points of congruence rather than disparity. I also show that arguments both 'for' and 'against' business social responsibility come from those inside business claiming to represent the broader business and society interest. My analysis has helped to remind us that business social responsibility may not be social responsibility per se, but rather, it could be argued, capitalism with a benign face, with inherent contradictions and tensions.

CHAPTER NINE: BUSINESS SOCIAL RESPONSIBILITY AS A NEGOTIATED PROCESS

9.1 INTRODUCTION

This case study of Hubbard Foods Limited focuses primarily on the actions and public persona of its founder and managing director, Dick Hubbard, who has been prominent in defining how business social responsibility is understood in New Zealand. In his role of promoter and steward of business social responsibility, Hubbard is engaged in a persuasive process wherein he both constitutes and enacts business social responsibility.

I have applied three distinctive but interrelated forms of rhetorical analysis to the text linked with Hubbard Foods Limited. Role analysis, dramatism and cultural analysis provide critical lenses on Hubbard's enactments of business social responsibility.

Here I review the broader features and the research context of the study. I return to the research question and its associated aims in order to reflect upon my findings in the context of scholarship around business social responsibility, stakeholder management and corporate citizenship. I also discuss the insights gained from rhetorical analysis and draw together the various analytical strands woven through the thesis. Next I comment on the limitations of the study. Prior to the concluding comment I propose a new definition of business social responsibility in a New Zealand context and discuss the implications of my findings for managers and for business and society research.

This chapter blends discussion and conclusions, the latter being a point of departure for the ongoing story of business social responsibility.

9.2 RESEARCH QUESTION AND SCHOLARSHIP

9.2.1 Findings with Reference to Existing Literature

Guiding this study is the question: *How does rhetorical analysis help us understand how business social responsibility is constituted and enacted in a New Zealand business?*

The discussion of business social responsibility and associated constructs in Chapter Two forms much of the scholarly context for the study. I demonstrate that definitions of business social responsibility vary widely (Bain, 1995; Friedman, [1970] 1995; Reed, 1999; Sethi, 1975; Votow, 1973 cited in Clarkson, 1995), partly as a consequence of the differing disciplinary emphases of theorists and partly as a consequence of evolutionary developments in business and business and society scholarship (Carroll, 1999). Additionally, while a number of theoretical models of social responsibility and corporate social performance exist (e.g. Carroll, 1979, 1991; Swanson, 1995; Wartick & Cochrane, 1985; Wood, 1991, 1996), they are limited in capturing the dynamic nature of corporate social responsibility (Swanson, 1995; Wood, 1991, 1996). I argue that practitioners tend toward wealth creation strategies under the guise of a social responsibility (Windsor, 2001b), usually couched in the discourses of stakeholderism (Freeman, 1984), corporate citizenship (e.g. Andriof & McIntosh, 2001) or other social and environmental frames such as triple bottom line reporting (Elkington, 1998). Business tools developed to publicly demonstrate business social and environmental performance objectify social responsibility to facilitate auditing procedures. This occurs through the standardisation of social categories and fragmentation of the ideal in order to more easily 'measure' corporate social performance (e.g. Elkington, 1998; Waddock et al., 2002). However, the integrity of social responsibility as an ideal may be lost in this reductionism. In their decision-making, managers are increasingly focussed on compliance and thus distanced from moral responsibility for the consequences of their decisions (see Smith & Higgins, 2000).

Rhetorical analysis offers different ways to examine some of the key themes associated with business social responsibility and associated constructs. Role criticism provides a framework for rhetorical analysis of business social responsibility constituted through the central communication tool of Hubbard Foods Limited, *Clipboard*. The rhetorical devices used in Hubbard's novel approach to stakeholder engagement are revealed through the critical application of Beason's (1991) framework. This enables exploration of how Hubbard attempts to persuade others, through the written text, of his own credibility and his vision of business social responsibility. *Clipboard* functions as a

forum for dialogue about a range of issues such as values, nutritional needs and general down-to-earth information sharing. The inclusion of letters, poems and snippets of communication from customers, and its invitations to participate in Hubbard Foods Limited's product, nominated social causes or to merely react to the ideas expressed in its pages, helps to set *Clipboard* up as an informal, semi-intimate engagement between familiar acquaintances. This personalising process does much to break down the problems traditionally associated with stakeholder management. Thus the hub and spoke conceptualisation (Aoki, 1984 cited in Donaldson & Preston, 1995; Jones, 1995) of stakeholder management is transformed to a more democratic-seeming system of interaction, possibly more akin to the web metaphor suggested by Rowley (1997), the manager and organisation retaining a mediating role. Hubbard mediates the conversation under the semblance of an active two-way correspondence, creating an illusion of negotiation. In the process, Hubbard builds his public persona using verbal strategies designed to enhance his ethos or credibility. *Clipboard* operates to sustain a continuing story in which a range of topical business and social issues are introduced and accommodated into the values framework expounded by Hubbard.

Through the written text of *Clipboard*, Hubbard constitutes his customers as co-actors in his organisational drama of business social responsibility. Hubbard calls on two heroic characteristics – a romantic quality and a commitment to action (Hart, 1997, p. 220). Through the persuasive device of similitude he induces his audience to reclaim certain universal values of the past such as the work ethic and community mindedness. Thus Hubbard makes business social responsibility a future-oriented, shared enterprise and also constitutes business social responsibility (metaphorically speaking) as a character in his drama – giving it a human heart by way of the active participation of Hubbard and his audience.

Rhetoric is "a situated act" (Hart, 1997, p. 40) and dramatistic analysis provides a particular focus on an exceptional context-specific event – the company trip to Samoa. Certainly it was dramatic in terms of heightened public awareness and therefore influential in terms of Hubbard's ongoing public commitment and *obligation* to continue

to practice and promote the image of responsible business practice. It also reinforced the novelty of Hubbard's approach to stakeholder engagement, this time with regard to the staff of Hubbard Foods Limited as stakeholders. Analysis of the drama reveals how staff are cast as co-actors engaging in a public enactment of business social responsibility. Rhetorical analysis reveals how Hubbard's public image is influenced by the act, its context and the fact that the players are not only senior management, but process workers who are not typically associated with being in receipt of extravagant benefits at work. Thus, rhetorical analysis extends our thinking beyond the existing theories with regard to business social responsibility, away from broad principles, issues and policies, to reveal the public impact of an extraordinary event on the way business social responsibility is understood. The gesture projects an image of Hubbard's goodwill toward others, dramatising the advantages to be gained from treating staff well. It is also an enactment of risk-taking and thus evidence of Hubbard's willingness to live up to his own key principles. Risk taking is a 'virtue' promoted by Hubbard throughout *Clipboard*, thus his trustworthiness is further enhanced by his own willingness to do things differently.

Rhetorical analysis also brings to the fore Hubbard's benevolent paternalism that is different from the standard view of paternalism. His stance is representative of a broad view of moral responsibility (Crossley, 1999) and evocative of historical roles assumed by businesspeople in the United Kingdom, the United States of America and New Zealand (e.g. Windsor, 1980; Hunter & Lineham, 1999). Dramatistic analysis suggests that the persuasive cues associated with the Samoan picnic enhance Hubbard's image as a socially responsible businessman, establishing him as motivated by more than psychological egoism or business advantage, although these cannot be discounted as partial motives. Taken in combination with the role analysis and cultural analysis, the findings from the dramatistic analysis point to dramatic consistency, itself persuasive in communicating an image of a trustworthy character. Hubbard 'walks the talk' in terms of business social responsibility and presents a consistent image between past and present behaviour.

The commitment to business social responsibility demonstrated through the picnic in Samoa was later formalised through the establishment of a separate organisation, Businesses for Social Responsibility. The picnic in Samoa and the high-profile publicity associated with it helped to promote the new organisation. Thus Hubbard both creates and reinforces his own additional 'social responsibility' and generates the potential burden of high public expectation for future business performance in the broader interests of society. Hubbard sets himself up not only as an advocate of business social responsibility within his own company, but as a steward of business social responsibility for New Zealand.

By the time the picnic in Samoa occurred, other business interests were already challenging Hubbard's business social responsibility ideals. Consequently, any failure on Hubbard's part either in business outcomes (Friedman, [1970] 1995; Carroll, 1979, 1991) or in terms of social responsibility advocacy was bound to become a public issue. Two possibly competing imperatives – to perform business-wise and to perform socially – were brought to the fore and examined in the cultural analysis applied to the ideological battle between Hubbard and his adversary, symbol of the business establishment, Roger Kerr. Drawing on anti-Business Roundtable sentiment, Hubbard positions himself as opposed to the business practices of the NZBR, thus creating a setting for conflict. However, Hubbard must retain business credibility if he is to deflect Kerr's counter assault. The fact that Hubbard Foods Limited was in expansionary mode throughout the duration of the public debate buttresses the legitimacy of his appeals in terms of the expertise and competence he demonstrates as a successful businessman.

Whilst cultural analysis exposes the differences between Kerr's and Hubbard's positions, it also highlights points of compatibility with regard to many business issues. These are apparent in both the basic assumptions upon which their positions are founded (e.g. that free-market capitalism should be encouraged) and in the images and archetypes that they draw upon to legitimise their claims on business social responsibility. In particular, analysis reveals that both actors draw upon religious (Judeo-Christian) imagery. These fundamental similarities revealed by rhetorical analysis serve to

highlight the persuasiveness of Hubbard's appeals. In Hubbard's positioning as a new business social responsibility 'messiah' he successfully creates and sustains a credible persona for his audience, while deflecting the condemnation offered by Kerr's counter-narrative. He must downplay the similarities and play up the novelty of his approach.

Hubbard's willingness to go into battle with established business interests itself acts rhetorically to symbolise for his audience an outstanding commitment to his professed views on business social responsibility and to thus engender goodwill. The ongoing debate reinforces the image of Hubbard as an exceptional leader who feels a responsibility to those beyond the factory gate and beyond those whom he might be expected to assist. It also provides evidence of a willingness to take risks and meet a challenge, positions routinely advanced in *Clipboard* as character building and 'good'. The cultural analysis in Chapter Eight reveals a representation of Hubbard as a charismatic leader, not only in terms of his advocacy of business social responsibility, but in a broader societal context, a position acknowledged in the books and publications that contain profiles of him (e.g. Holdsworth, 2000; Jackson & Parry, 2001; Marks, 2002; "The power of the Wattie-style approach", 1998). The conflict with Kerr serves to boost Hubbard's opportunity to overtly discuss business social responsibility and present his views as a progressive alternative to established notions. Hubbard's dialogue reveals an evolving understanding of the scope of social responsibility. His persona is highly credible, maintaining consistency even as he introduces a range of related topics and issues. Hubbard calls upon cultural archetypes of father, hero and saviour and king to reinforce his status as charismatic leader, some of these representations also emanating from journalistic sources. In the use of cultural archetypes of leadership Hubbard and Kerr are similar, albeit that Kerr presents an elitist image to a narrow audience. Unlike Hubbard, Kerr speaks as the agent for NZBR and is therefore constrained by the agreed-upon dogma of his organisation, no matter how influential he may have been in establishing that code.

By putting under scrutiny the textual strategies used by Hubbard and Kerr, rhetorical analysis enables the critic to get closer to persuasive appeals they make to their

audiences. Hubbard calls upon a range of verbal strategies to enhance his perceived power, competence, trustworthiness, goodwill and similarity to his audience. These are designed to present him in an attractive light, as a convincing advocate for a 'new' way of doing business.

9.2.2 Business Social Responsibility as Analogous to Corporate Social Performance

Taken together, the three sections of analysis demonstrate that Hubbard's idea of business social responsibility can be seen to incorporate traditional notions of social responsibility that relate to normative principles and, in particular, to the personal accountability on the part of a manager for decisions made. On the face of it, they also present a picture of a strong correspondence between Hubbard's principles and practices and all levels of Carroll's pyramid of social responsibility (1991). Hubbard conforms to the business standards of the economic and legal imperatives while actively acknowledging ethical obligations and carrying out discretionary social activities beyond those expected of a businessperson in a management role.

Beyond corporate social responsibility, the findings also indicate that Hubbard's business social responsibility practices reflect those normally associated with the more embracing, 'three-dimensional' corporate social performance models (e.g. Carroll, 1979; Swanson, 1995; Wartick & Cochrane, 1985; Wood, 1991). Through his rhetoric, and through the activities that are represented in his business text, we ascertain that Hubbard espouses a commitment to the dimensions of principles of social responsibility, socially responsive processes, and socially oriented policies, programmes and outcomes. *Thus business social responsibility, as constituted and enacted by Dick Hubbard and Hubbard Foods Limited, is an extension of existing conceptions of corporate social responsibility and could reasonably be aligned to established corporate social performance models.*

Further, Hubbard's representation of business social responsibility also includes a notion of the good corporate citizen as a company that is responsive to community needs (Andriof & McIntosh, 2001; McIntosh et al., 1998) helping to address community

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problems such as unemployment and generally being a good neighbour (Eilbert & Parket, 1973). Thus he extends the notion of business social responsibility to include most of the corporate social performance, stakeholder management and corporate citizenship concepts, and he actively embraces the triple bottom line reporting that now typifies a compliance-based approach to social accountability (Elkington, 1998; Van der Wiele et al., 2001). All of these aspects could be accommodated within a corporate social performance framework as proposed by Wood (1991) or further developed by Swanson (1995). Both of these theorists attempt to acknowledge in their models the dynamism of 'real life' experiences of managers in the workplace and highlight the role of the individual in issues of responsibility. Moreover, this analysis of Hubbard Foods Limited had the benefit of surveying a range of documentation from a twelve year period, enabling me to cautiously affirm Wood's contention that social responsibility principles are likely to be time and culture bound (1996). New issues and terminologies emerge over time and are incorporated into the broader understanding of business social responsibility and hence impact upon managers' own vocabularies and decision choices.

The aims specified at the outset of this thesis are thus realized. I have explored the way business social responsibility is represented in New Zealand through a specific case study of Hubbard Foods Limited. I have supplemented the theoretical debate into social responsibility in business by analysing a New Zealand business case and have thereby contributed to an expansion of research-based scholarship about business social responsibility. I have also, through applying rhetorical analysis, added to the body of interpretive studies of organisational phenomena. However, whilst it would be easy to merely affirm aspects of existing corporate social performance models in Hubbard's representation, I believe that rhetorical analysis has revealed new insights into how business social responsibility is enacted in New Zealand. A more comprehensive discussion of these is necessary if I am to adequately address the research question.

9.3   NEW UNDERSTANDINGS OF BUSINESS SOCIAL RESPONSIBILITY
Rhetorical analysis of Hubbard Foods Limited business text extends current conceptions of business social responsibility in a number of ways. The study develops insights into how the business and society relationship is constituted and enacted. Thus, it implicitly

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presents a case for questioning the business and society dichotomy. Analysis of textual strategies unveils aspects of the transactive process associated with business social responsibility, highlighting the importance of managers' personal moral engagement with the consequences of their business decisions, thus challenging contemporary tendencies to objectify social responsibility. And the case study of Hubbard Foods Limited serves to draw attention to the centrality of trust to our understandings of business social responsibility and stakeholder management

9.3.1 Addressing the Business and Society Dichotomy

Hubbard overcomes any perceived dichotomy between business and society, in collaboration with the audience, by constituting both the business and the society aspects of the 'relationship'.

Hubbard creates a notion of 'business'. Within this conception, business is not just 'big business', but all commercial enterprises and all the people who work with or for them. Moreover, there are better ways of doing business than those espoused by the NZBR, and these 'better' ways are the ways of the future. To form this broader conception of business, Hubbard gently acknowledges areas with which he is in accord with the NZBR, whilst creating a perception that he and like-minded people must work to counter the attitudes of representatives of corporate New Zealand. All business can operate as Hubbard Foods Limited does, and that the BSR attracts members from the corporate sector is evidence of such a possibility. Powerful evidence of the effectiveness of Hubbard's persuasive strategies is the way he uses rhetoric to make personal virtues of factors that classical theorists and 'big business' have always maintained are key factors of their conception of business social responsibility – job creation and profit. Thus, Hubbard's conception of business incorporates traditional business concerns, but recasts them through rhetoric as personal as much as business virtues. Hubbard models a compassionate, community-minded, successful businessperson within a company that has a 'soul'. Yet he does not fundamentally reject much of the orthodoxy of big business.

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Hubbard also 'makes' society. Through his public persona Hubbard creates a sense of unity in the social relations he constitutes through the verbal strategies employed in *Clipboard* and through stories taken up by journalists. Society is not some abstract construct, but it is associated with a sense of belonging. Hubbard brings together strangers in a collective effort around the community of *Clipboard*, nonspecific 'shared' family values, patriotism and the transcendent vision of a future Utopia. People identify socially with others within the *Clipboard* 'community' and the Hubbard 'family' who share their values. Moreover, rhetorical analysis indicates that the society they relate to *includes* Hubbard Foods Limited, signifying that the responsible business is part of, not apart from, society. *Clipboard* provides a forum for Hubbard's own reflections on business social responsibility and for customers to communicate their ideas through Hubbard to the rest of the community of *Clipboard*. Hubbard contrives to discuss his own values, including the importance of optimism, and the need to strive for a better future. Associated with these is the endorsement of risk and failure as the corollaries to challenge and adventure. He expresses faith in New Zealand and its people, uniting the community through patriotic appeals to New Zealanders to take on the world. These appeals centre on the cultural themes of 'little kiwis' in a 'little country' acting as world players. Hubbard also explores the dimensions of business social responsibility, practises stakeholder dialogue and endorses the importance of being a good corporate citizen in a community that is both 'local' and New Zealand-wide.

Thus rhetorical analysis shows that Hubbard presents a version of himself, of his business and of the Hubbard family, in which business and society are constituted as inextricably linked – business operating as part of, and within, society. This stands in direct contrast to Kerr's positioning of business as a separate institution that exists alongside the state, religious organisations and so on. When Kerr says the business of business is business, he maintains that it is through remaining exclusively 'business' oriented, business-people best suit society's needs. Social issues are for the individual in a private (non-business) capacity or for other socially oriented institutions and government. Hubbard models a more integrated function for the business person in society – one where the various roles one plays in life are not separated or separable, but

inevitably impact on each other and the public and private aspects are presented as complementary parts of an holistic 'real' person.

9.3.2 'Humanising' Business Social Responsibility and Stakeholder Management

There is an essential element of Hubbard's enactment of business social responsibility that is missing from existing corporate social performance models. This can be most immediately described in terms of his *personalisation* or *humanisation* of the concept of business social responsibility. Existing models define aspects of corporate social performance and present definitions that allude to ethical norms and temporal aspects of business social responsibility (Swanson, 1995; Wood, 1991, 1996). Some models even attempt to capture a sense of the processual nature of corporate social performance (Wartick & Cochrane, 1985; Wood, 1991). The moves towards greater social and environmental accountability based on auditing processes, often under corporate citizenship initiatives, provide direction for managers and conceptual frameworks within which to comprehend the 'dimensions' or 'components' of corporate social performance or corporate social responsibility (e.g. Waddock et al., 2002). These are a limiting, constraining set of devices, focussing managers' social action on compliance and thus working to limit moral engagement (e.g. Elkington, 1998).

Hubbard demonstrates moral engagement with business decisions and with the concerns of his customers. His values are overtly expressed. He implicitly challenges the move to objectification of social and environmental aspects of business practices, not by rejecting them, but by incorporating them into his practices as elements among a raft of other indicators of social commitment. Hubbard's personal identity, personal communication and the apparent willingness to adapt to new ideas characterise his business communication. Hubbard eschews the anonymity of the 'manager' or 'businessman' to adopt a persona of personal availability, inclusivity and accommodation. This persona embraces a range of qualities including those of a capable businessman whose business responsibilities extend beyond the economic to something akin to the responsibilities assumed by a concerned and nurturing parent who wants a better world for his children.

When business social responsibility is represented as personalised and relationship driven, it is capable of accommodating contradiction and inconsistencies. For example, because Hubbard had extolled for years the positive moral standing of failure and of taking up a challenge – of trying – even failure is a virtue. Failure is part of moral education and the development of wisdom. Rhetorical analysis reveals the way in which Hubbard communicates self deprecation and deference, giving the impression of an imperfect, fallible, individual, facing similar issues to those vaguely evoked challenges his audience must deal with. Thus people accept Hubbard's occasional failure, not as moral or ethical failure, but as evidence of his humanity. This was demonstrated when publication of a potentially damaging story associating Hubbard with racist views did not appear to have a strong negative impact on his credibility as an enlightened business leader. Rather, Hubbard's ongoing relationship building and trust over time through *Clipboard* had predisposed the public toward an assessment of Hubbard in his own terms – as somewhat naïve, trusting, and unaware of the potential offence. All of these qualities are consistent with Hubbard's public persona that carries not only the sense that Hubbard has some exceptional characteristics, but also the image that he is, like his customers, a 'good', ordinary, fallible human being, looking for positive rather than negative interpretations. His readiness to admit his mistakes strengthens Hubbard's image as honest, trustworthy and courageous, playing on the egalitarian myth of the 'little man'. However, Hubbard must maintain business credibility if he is to demonstrate the practical wisdom of his ideas.

Rhetorical analysis has demonstrated that, in the New Zealand context, the stakeholder has a potent role in the negotiation and renegotiation of the concept of business social responsibility. The business-society relationship is exemplified in most models of stakeholder management as one in which the manager is positioned as the arbitrator who assigns individuals or groups to various stakeholder 'groups' (Frooman, 1999; Jones, 1995; Rowley, 1997) with or without an individual stakeholder's knowledge or consent (Monin 1999a). The intent is to 'manage' the various constituencies in the interests of the organisation (Wood, 1996). In the process, the stakeholder is assigned an identity in relation to the organisation.

By contrast, Hubbard's practices address the relative powerlessness and lack of group identity that typifies most theoretical characterisations of stakeholders (Monin, 1999a; Thomas, 1999) by providing his customers and staff, through *Clipboard*, with both a role and an identity. Hubbard unifies all those allied by either the production or consumption of his breakfast cereal within a *Clipboard* community (Chapter Six). Customers might be told by business that they are stakeholders, but Hubbard gives them a feeling for what this might mean.

This humanising of business social responsibility and associated concepts is partly a consequence of Hubbard's methods. Hubbard's novel approach to stakeholder engagement through *Clipboard* helps to establish the customer as co-actor in the constitution of business social responsibility. *Clipboard* defines the roles of customer as stakeholder, family member, and active contributor to company policy and product development. Hubbard also adopts a novel approach to constituting staff as stakeholders. Practices like staff KFC lunches may have become routine within Hubbard Foods Limited, but they may appear unusual to an external public. Grand gestures such as the picnic in Samoa or a family tour to Rotorua cast staff as co-actors in the drama of business social responsibility. The novelty of Hubbard's approach attracts attention from the media and helps to ensure that business social responsibility in New Zealand has a human face.

9.3.3   A Trustworthy Champion of the Business Social Responsibility Cause

Related to the humanising aspect is another finding from this study – the role of a business social responsibility hero or champion who 'models' business social responsibility. Rhetorical analysis of Hubbard Foods Limited has demonstrated that business social responsibility may need a champion who strongly reflects the local culture. In the New Zealand context, part of Hubbard's appeal is that he maintains business credibility whilst also conveying a persona that locks into cultural myths and archetypes. This persona is neither patronising nor impersonal. Rather, the persona is warm, accessible, fallible and, importantly, 'real'. These qualities all operate to make Hubbard a plausible agent of the social responsibility message.

Furthermore, the 'truth' of business social responsibility is reliant on the imparter of truth being perceived as trustworthy. Hubbard's audience is not 'customers', or 'stakeholders' or 'consumers', but "my customers", the 'we' of collective effort. They are part of the Hubbard family. As such, Hubbard's victory is theirs and their personal triumphs are everyone's, each representing small but important contributions to the transcendent ideals of a better New Zealand and a better future. Rhetorical analysis demonstrates how Hubbard manages the evolving concept of business social responsibility, using verbal strategies as links to the hopes and fears of his audience. As 'everyman', Hubbard ensures that we are all heroes through his achievements. Collusion in a collective ambition makes for mutual gain – together we *can* overcome challenges and help create a better future for "tomorrow's child".

Business social responsibility in New Zealand is not a top-down imposition of a philosophy, but a collective effort, championed by a leader on behalf of the constituency. And Hubbard presents himself as a self-effacing, but courageous representative of stakeholders, trusted to make decisions in their interests. The relationship of trust is built up over time and on a personal level. The unifying dimension of that relationship is achieved through the rhetoric of identification, the spirit of optimism uniting individuals towards a transcendent vision of an idealised future. This striving may be partially dependent on the rhetorical evocation of a common adversary epitomised in New Zealand by the NZBR. As members of society, all share in a business social responsibility enterprise. This enterprise is greater than Hubbard Foods Limited, or you or me – it is New Zealand, the world, and the future. We each have a part to play, so business social responsibility is a negotiated process, constantly being reconstituted and redefined, dependent on each playing their part

The leader's credibility is based on economic as well as moral integrity, suggests a merging of the divide between economic and duty based perspectives on business social responsibility. These perspectives represent a useful dichotomy in that they point to different emphases in the overall construct of business social responsibility. But any

distinction is misleading in the New Zealand context – for the 'socially responsible' businessperson must be credible on both counts.

9.4   METHODOLOGICAL ISSUES

Inevitably, in making claims to some new insights into business social responsibility, the research method employed will come under scrutiny. That I have used rhetorical analysis for the case study itself brings a new perspective to the business and society field and therefore represents a strength. Any perceived weaknesses in this combination are outweighed by the benefits. I now briefly acknowledge some limitations of both rhetorical analysis and the case study method.

9.4.1   Rhetorical Analysis

Shortcomings associated with rhetorical analysis are those associated with many interpretive approaches to research, and I am inclined to defend rather than criticise my chosen method. Criticisms of rhetorical analysis that might reflect on this study relate to the inherent subjectivity, which has traditionally been denied in the positivist approaches to business and society and business ethics research (Crane, 1999). Accordingly, limitations cited must focus primarily on my own selectivity and the boundaries of my own insights and experience. Rhetorical analysis allows for recognition that the critic is inevitably a part of a creative process and that the reader approaching this study will similarly impose her/his interpretation or reconstruction on the material (Dow, 2001; Figure 3.3). Whilst the choice of approaches may reflect my own biases, the combination of three selected approaches to rhetorical analysis represents a positive feature of the study, adding texture to the analysis. In its acceptance of multivocality, individual interpretation and ambiguity, rhetorical analysis challenges, but does not reject, the positivist paradigm. Thus, alternative paradigm studies enhance the overall body of knowledge, and open new research avenues.

Associated with rhetorical analysis is the problem of not having access to how the audience members actually respond to or interpret the messages (Section 3.5.3). Whilst it might be considered valuable to find out how a selection of Hubbard's 'public' reacts

to his communicative efforts – to survey them, conduct interviews or, perhaps, to analyse the content of all the letters they send Dick Hubbard – this was clearly beyond the scope of this project. I sought to examine the verbal text created around business social responsibility, Dick Hubbard and Hubbard Foods Limited.

9.4.2 Case Study

In terms of case analysis as method, it is also important to acknowledge the choice I made to sacrifice breadth of analysis in favour of an intense concentration on a single case. Some have seen case analysis as a basis for rich interpretation leading to generalisation (e.g. Hart, 1997; Yin, 1994). Throughout, I have maintained that, as a single case study of a unique organisation, this study of Hubbard Foods Limited cannot be representative of 'business' per se. However, the study of an influential player in the New Zealand debate facilitates a valuable insight into how business social responsibility is constituted and enacted in New Zealand, a cultural context that does not extensively feature in the existing business and society literature.

There may also be a tension between what is generally expected of a 'social scientific' conception of case study (e.g. Yin, 1994), and the more creative interpretation of the possibilities for case studies with which I align myself (e.g. Stake, 1995). I suggest that, in pursuing interpretive possibilities, this study enables a testing of new conceptions of case analysis, which can be regarded as a positive feature of the study and a point of departure for future projects.

9.5 IMPLICATIONS OF A 'NEW' BUSINESS SOCIAL RESPONSIBILITY
9.5.1 Toward a Definition of Business Social Responsibility in New Zealand

My study has shown that business social responsibility in New Zealand is a negotiated process, characterised by temporality, intersubjectivity and flux. Rhetorical analysis helps to remind us that the issue at the core of responsibility is moral engagement. It also serves to put the relationship between the co-actors in any business initiative back in the spotlight, drawing together the threads of stakeholderism, corporate citizenship and

corporate social performance to the core of responsibility. Logical ordering thus gives way to complex interweaving.

Whilst current theoretical conceptions of business social responsibility and corporate social performance contribute to the way we understand business social responsibility in New Zealand, these are generally static and constraining, maintaining a dichotomy between economic and duty-based perspectives. They do not acknowledge the wealth of human dimensions that play a part in the ongoing revision of ideas associated with business social responsibility.

Having reached this point, I now have a clearer sense of what business social responsibility might mean in a New Zealand context and will tentatively articulate a more comprehensive 'definition' of business social responsibility in New Zealand. Definitions, of course, are unsatisfactory on a number of levels. In trying to encapsulate the 'essence' of the object of study, definitions inevitably fail to capture the nuances; in their attempt to be inclusive they are often wordy and awkward; and they are often taken up uncritically and used as a 'proven fact'. Despite these acknowledged shortcomings, I have succumbed to the impulse to go beyond the simple conceptualisation of business social responsibility as a 'negotiated process' to suggest the following:

> *Business social responsibility is an abstraction representing a negotiated process whereby individuals within and outside business commit to a set of flexible, ill-defined goals that are recognised as worthy, socially beneficial and making good business sense. Business social responsibility is founded on relationships of identification and trust and is dependent on the personal accountability of individual managers to act in the interests of society that includes business. Business social responsibility is flexible and accommodating, excusing a manager's behaviour that may in isolation be viewed as unwise or imprudent, so long as a convincing balance is maintained in favour of a perceived intention on the part of the individual manager to act in goodwill to minimise harm and maximise benefits to society.*

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9.5.2   Implications for Business Managers

Such a conception of business social responsibility has a number of implications for business managers. My research findings suggest that the current tendency toward objectification of social and environmental issues in business positions social responsibility as fragmentary, depersonalising and distancing. So long as managers are concealed behind 'neutral', 'objective' targets and processes, it is doubtful that the public as customers, citizens or stakeholders will have a focus for trust. Managers will also be unlikely to have a sense of personalised communication or engagement with stakeholders if they adopt a compliance-oriented approach to business social responsibility. Rather, their focus will be on reporting requirements, attainment of social and environmental targets, and avoiding a public perception of organisational irresponsibility.

Looking to more general trends in business, short term executive employment contracts, the short tenure of managers and the increasing disparity between executive incomes and those of workers probably work to undermine relationship building that may be essential if managers are to 're-intimise' their relationships with customers and employees. To be perceived as socially responsible, each manager may have to stake their own reputation by personally acknowledging to the public their accountability for the social impacts of their own and their staff's business decisions. Further, they will have to be seen to honour that commitment. Stakeholder management, corporate citizenship and corporate social performance may have to be redefined in relationship-oriented terms of personal values, commitment and accountability.

However, a dependence on personal relationships and accountability subjects the business to some risk, especially where marketing initiatives are strongly dependent on a reputation for business social responsibility. Where stakeholder trust and organisational identity is vested in one hero manager the organisation is particularly vulnerable, necessitating carefully managed succession plans and a strategy for the sudden or unexpected loss of that person.

Overall, my study suggests that socially responsible managers are likely to be those who have a heightened awareness of their roles in jointly constituting meaning around business social responsibility. They will seek opportunities to engage in conversations around associated topics and be aware of the power of language in reality construction.

9.5.3 Implications for Business & Society Research

Business social responsibility in New Zealand is not a narrow notion that focuses on worthy and desirable principles, but an abstraction that captures the nuances of lived experience – the richness of a socially constructed reality. This may mean an extension of business and society research from the current interests of business management practitioners and academics. A relevant, reoriented business and society research agenda may be dependent on the active collaboration of a range of individuals and communities, in various societal roles outside business and academia.

That business social responsibility is a collaborative, negotiated process, not solely an evolving construct (Carroll, 1999), suggests that business and society researchers may also need to reconsider positivist approaches and move to include alternative methodologies that allow for a richer conception of business-society relations. Crane (1999) has already argued for more interpretive approaches to business ethics research, and more needs to be done to explore the application of a variety of critical and postmodernist research frames. Moreover, rhetorical analysis offers infinite possibilities for interpretation of not only business social responsibility and related phenomena, but also of the existing research associated with it.

9.6 CONCLUSION

As Kenneth Burke would say, business social responsibility is part of an "ongoing conversation" and, in New Zealand, Dick Hubbard has "stuck his oar in" – in a big way.

Rhetorical analysis offers insight into how managers persuade the public that they are socially responsible. My analysis of Dick Hubbard's rhetoric demonstrates that business

social responsibility is not only about *what* managers do but also about *how* they engage with the public to create a sense of what they do, why they do it and what they stand for.

Rhetorical analysis of the Hubbard Foods Limited case study exposes the lived dimension of business social responsibility and enhances the understanding of business social responsibility in a New Zealand context. The approach highlights that we can (and do) accommodate multivocality, ambiguity, uncertainty and flux within our conceptions of business social responsibility, and that theoretical distinctions drawn between business and society are misleading. Rhetorical analysis shows that business social responsibility in New Zealand is contextually dependent, relationship driven and dynamic, relying on the participation of many. Business social responsibility is a negotiated process where rhetor, text, context and audience operate together to produce 'meaning' that is continually constituted and reconstituted over time.

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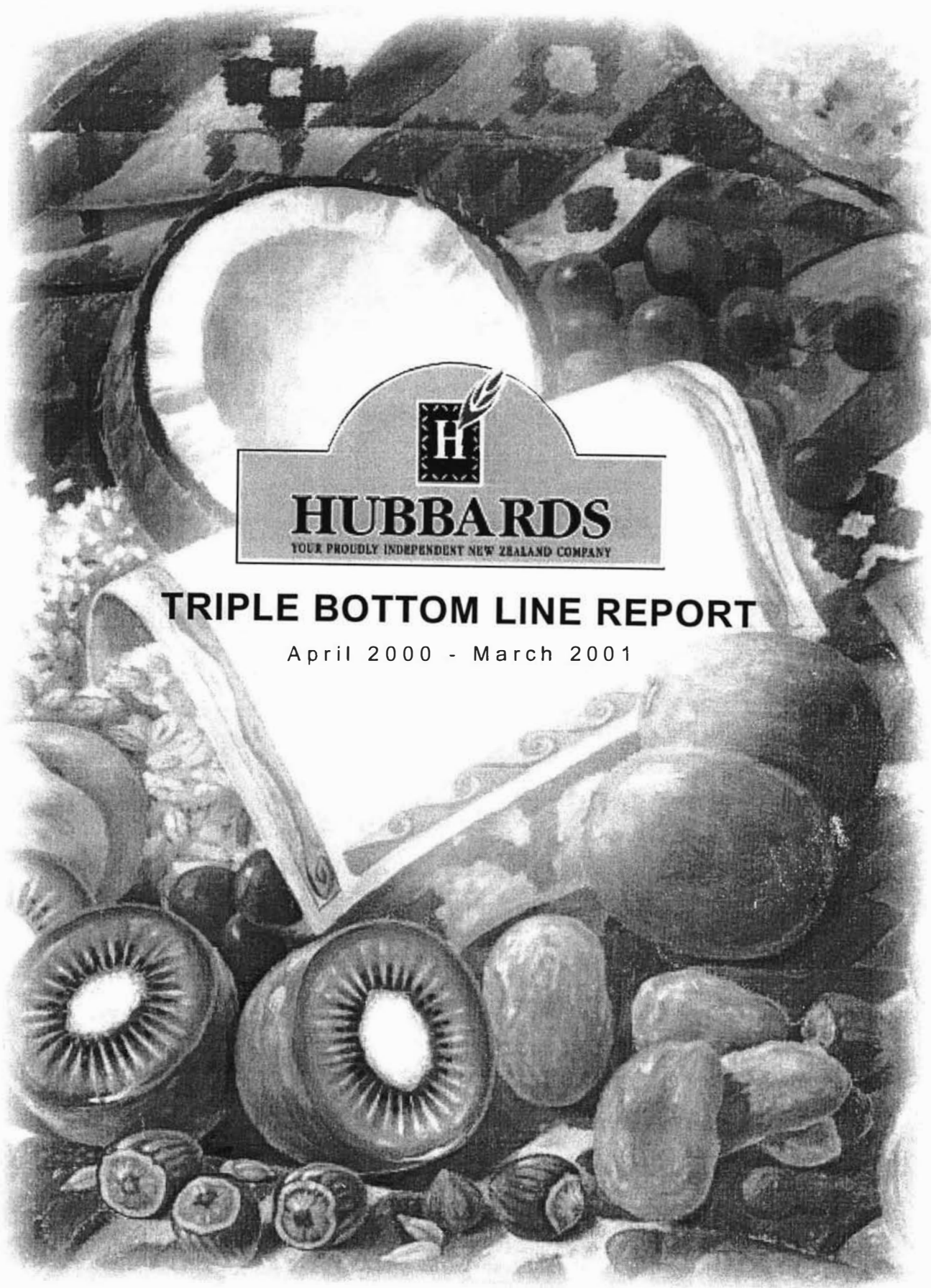Wren, D. A. (1994). *The evolution of management thought*. New York: Wiley.

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APPENDIX I
CHRONOLOGY: DICK HUBBARD & HUBBARD FOODS LIMITED

1946	Dick Hubbard born December 18
1960	Grocery delivery boy, Marriot's Paeroa
1964	Attends Cobham Outward Bound School at Anakiwa
1969	Graduates with Bachelor of Food Technology, Massey University
1970	Marries Diana Reader
1970-71	Works for New Zealand Co-op Dairy Company, Hamilton
1972-75	Project Manager for Niue Development Board Project
1975-85	Assistant Manager, Tasti Products Ltd, Auckland
1975-85	Fiji experience. Sets up a ginger processing operation
1980-82	President of the New Zealand Institute of Food Science and Technology
1982-95	Chairman of the Foods Standards Committee
1985-88	Chief Executive Officer, Tasti Products Ltd
1988	Establishes Winner Foods Ltd. Company No. AK383027
1989	Begins production of Foodtown house-brand mueslis
1990	Hubbard draws first salary as company shows a profit
	Dick & Diana Hubbard gain 100% of Winner Foods Limited
	Launches 'Hubbard' brand *Clipboard 1* distributed with *Fruitful Breakfast*
1992	First Outward Bound Scholarships
1993	Company name changes to Hubbard Foods Limited
	Writes a strategic plan *20/20 Vision* with a stated social goal for 2001 and beyond
	Establishes Hubbard Family Trust
	Appoints General Manager for Hubbard Foods Limited
1994	Production commences at new Mangere factory.
	Writes about a personal matter in *Clipboard 18*
	Clipboard 19 asks 'can a company have a soul?'
	Berry Berry Nice comes runner-up in the Carter Holt Harvey Food Awards
	Introduces junior newsletter, *Kidzboard*
	Produces the first Hubbards Cookbook, free in cereal packs
1995	*Coco Morning** wins the Carter Holt Harvey Food Awards Premier Award
1996	Produces second cookbook, recipes cooked and tested by Diana Hubbard
	Berry Berry Nice wins Sial d'Or award at International Food Fair in Paris
1997	*NZ Business* chooses Hubbard as one of the 10 outstanding entrepreneurs of the decade
1998	Queen's Birthday Weekend: company picnic in Samoa.
	Delivers more than 100 speeches to audiences throughout New Zealand
	Initiates and launches Businesses for Social Responsibility
	Wellington Chamber Of Commerce debate with Roger Kerr, NZBR
	Sales for the calendar year top $20,000,000.
	Significant export developments including Australian sales
	Introduction of *Australian Clipboard* and Hubbards website: www.hubbards.co.nz
	Nominated one of the 10 most respected NZ companies in a Colmar Brunton survey
1999	Appointed to Board of New Zealand Business Council for Sustainable Development
	Receives Honorary Doctorate in Science from Massey University
2000	Secures contract to supply TESCOs and begins exporting to UK
	Implements profit sharing scheme for staff based on length of service
2001 -	Board Member, Outward Bound Trust
2001 -	Chairman N Z Grocery Marketers Association (now N Z Food-Grocery Council)
2002 -	Chairperson of the New Zealand National Parks and Conservation Foundation
2003 -	Council member, Massey University

HUBBARDS
YOUR PROUDLY INDEPENDENT NEW ZEALAND COMPANY

TRIPLE BOTTOM LINE REPORT
April 2000 - March 2001

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CEO STATEMENT

There is a new phrase appearing in business language or "business speak". It is the concept of Triple Bottom Line, a concept that recognises that there are three legs to the measurement of a company's performance – these being financial, social and environmental. Put in a more friendly way Triple Bottom Line is about "People, Planet and Profits." This concept recognises that a company cannot be judged by financial performance alone. Furthermore, it also recognises that the three legs are linked.

It is not sufficient however just to talk about Triple Bottom Line as a "nice, warm, fuzzy" concept. For those of us who see this concept as the way of the future it is also necessary to "walk the talk". So this is it - the Hubbard Foods Ltd Triple Bottom Line Report – a first attempt to translate this concept into the reality of running a business such as ours.

This report wasn't easy to write. New things are usually not easy to build first time up. Likewise this report is not perfect – radical new things rarely are. However you have to start somewhere. This report has also taken some soul searching on our behalf and also, I believe, some bravery. In business, we have traditionally been taught to only present the Company in the best possible light, particularly to that important group of stakeholders – the customer. It's hard to be honest and self critical in a public way. It's easy to highlight your successes but hard to highlight your failures and your areas for improvement. In the case of a private company it is also hard to publicly disclose our financial information.

We've done this report for essentially two reasons:
- One is an acceptance of the concept of stakeholder theory – an acceptance of the fact that we are responsible and accountable to all of our stakeholders in an open, honest and transparent way.
- Secondly, we consider ourselves innovative – prepared to go where no-one has gone before. This has helped our Company get to where we are today. In this case, however, our second reason for this report is even wider. This innovation is our attempt to signal not only where we should go, but also where New Zealand should go.

Welcome to Hubbard Foods first ever Triple Bottom Line Report.

Dick Hubbard
Managing Director
21 August 2001

COMPANY VISION

The vision of Hubbard Foods Ltd is to provide sustenance for the "mind, body and soul" of all those who have contact with the Company. We shall deliver this by –

     (i)   A commitment to manufacture breakfast cereals and, where appropriate, other food products that are innovative, nutritionally responsible and responsibly priced (the body).

     (ii)   A commitment to provide hope and inspiration to all stakeholders associated with the company (the soul).

     (iii)   A commitment to provide, through our activities, positive and moral leadership within the community (the mind).

Delivery of these three components of the Company's vision can only be carried out if the correct financial stewardship is in place. Accordingly, overlaying these three components is a commitment to provide responsible and rigorous financial governance and a commitment to run the affairs of the company with appropriate fiscal controls.

THE HUBBARD PHILOSOPHY

The central core to the Hubbard Foods Ltd business philosophy is a recognition of the concept of stakeholder theory. A precise definition of a stakeholder is "any identifiable group or individual who can affect the achievement of an organisations objectives, or is affected by the achievement of an organisations objectives". This definition recognises that a number of different stakeholders have a 'stake' in the success of the Company. These stakeholders are the shareholders, employees, customers, suppliers and last, but not least, community. Hubbard Foods Ltd recognises that the Company must look after the interests of all of these stakeholders and, where necessary, manage any competing claims.

Hubbard Foods Ltd, as a Company, is essentially a group of people. Our people are equipped with the resources such as buildings, stock, machinery and money to perform the jobs. Our people themselves are not resources, but are rather the users of the resources. Accordingly the Company's activities are based around the concept of 'a group of people'. As such, our people within the Company are to be treated with respect, dignity and an over-riding acknowledgement that, first and foremost, they are people.

The Company has secondary philosophies that are subservient to the central one of stakeholder recognition. Some examples of these are; to place emphasis on innovation, to have a culture that allows some failure, to move quickly when appropriate, to think laterally, to help the country and to help the immediate community. Some of these philosophies will move around in importance, some will be static and some will change. However, these remain secondary to, and feed off, the central concept of stakeholder acknowledgement which will not change.

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COMPANY PROFILE

Hubbard Foods Ltd is primarily a manufacturer of breakfast cereal products. The Company was established in 1988 and traded as Winner Foods Ltd. In 1990, the Company launched the Hubbard brand and changed its name to Hubbard Foods Ltd.

Hubbard Foods Ltd is based in a modern factory at Mangere, South Auckland. It produces a wide range of mueslis, wheat flakes, cornflakes, rice products, puffed wheat and specialty flakes. The Company has 23 products under the Hubbard brand. In addition, it also makes breakfast cereal products for the various supermarkets in New Zealand under their own labels. In the year ending 31 March 2001, 14.4% of all production from Hubbard Foods Ltd was exported to the following countries;

> United Kingdom
> Hong Kong
> Singapore
> Australia
> Kenya

The Hubbard brand represent 10.5% of all New Zealand breakfast cereal sales. The CEO, Dick Hubbard, has developed a personalised marketing approach and this has proved central to the success of the brand. This personal approach is backed by innovative product and package design, and considerable investment in technology.

As a company, Hubbard's is firmly committed to the principles of corporate social responsibility. It has established a strong profile as a Company contributing to the debate for socially responsible business practices in New Zealand.

GOVERNANCE

Earlier this year, the company shareholders, Dick and Diana Hubbard, appointed a new formal Board of Directors to look after the interests of all Hubbard Stakeholders. This was done in response to Company growth and the need to protect the increasing number of stakeholders livelihoods.

It was believed that the time had come whereby key Company decision-making was directly affecting so many people, there needed to be greater management decision-making accountability, via a Board.

The new Board of Directors is as follows:

Paul Brosnahan	(Chairman) – Business Consultant & Professional Company Director
David Irving	Former CEO of Heinz Watties Ltd
Dick Hubbard	CEO of Hubbard Foods Ltd
Diana Hubbard	
John Ashman	Operations Manager of Hubbard Foods Ltd
Julia van de Coolwijk	Marketing - Hubbard Foods Ltd

1. ECONOMIC PERFORMANCE

Hubbard Foods places great importance on running the company in a fiscally appropriate and responsible manner. The company was founded in 1988 with shareholders funds of approximately $150 000. Growth has come as a result of the creation and the retention of profits. Retained profits and bank funding have been the only sources funding this growth. These two sources of funding are intrinsically linked, as without profits there can be no bank funding. No outside shareholders have been bought in to provide funding and only minimal dividends have been paid out.

This method of growth from 1988 to today has required financial discipline and sound profitability. Hubbard Foods believes this to be important and puts considerable emphasis on appropriate management practices to ensure an appropriate degree of profitability. The company recognises that an appropriate degree of profitability must be maintained if all stakeholder interests are to be looked after.

As part of producing this report Hubbard Foods re-affirms its commitment to continuing down this path.

i) FIGURES FROM HUBBARD FOODS ANNUAL ACCOUNTS
The following figures are extracted from Hubbard Foods Annual Accounts

	April 1998 – March 1999	April 1999– March 2000	April 2000 – March 2001
Sales	$21 297 245	S22 686 163	$24 321 789
Sales increase on previous year	23.05%	6.5%	7.2%
Export sales as % of total sales	7.7%	9.6%	14.4%
Net Profit Before Tax	S608 829	S1 029 210	$978 052
Return on Shareholders Funds - after tax	10.26%	20.32%	17.12%
Staff Profit Share Paid	N/A	N A	$94 172
Company Tax Paid	S240 114	S316 021	$249 373
Hubbard Foods Market Share	17.4%	18.1%	18.5%

ii) INLAND REVENUE
The Government and its principal revenue generating arm, the Inland Revenue Department [IRD], are recognised as Hubbard's stakeholders. The company has set a policy of paying tax according to both the spirit and intent of the law. This policy requires Hubbard Foods Ltd to err on the side of caution in relation to any interpretations on tax law.

Our target: has been to receive acknowledgement of full compliance under tax law from Audit NZ when they audit Hubbard Foods.

This year Hubbard Foods Ltd was audited by Audit NZ and received an unqualified report of full compliance.

iii) BANK

Hubbard Foods Ltd regards its bank as a key stakeholder and accords it the same treatment as a shareholder. The bank is given full access to all Company plans, projections and problems and is kept up to date with all significant developments

iv) EXTERNAL AUDIT

Hubbard Foods Ltd does not currently use an outside auditor.

2. SOCIAL PERFORMANCE

This section reports on Hubbard Foods Ltd philosophy, impact and performance with respect to each of our stakeholder groups. The stakeholder groups in this report are:

Employees, Customers – (consumers and trade), Suppliers and the Local Community.

In October 2000, Hubbard Foods Ltd commissioned a comprehensive stakeholders perceptions report.   Professor Brian Murphy of Massey University undertook this report. The purpose of the report was to survey the Hubbard Stakeholders and identify the key areas which where important to them and their perception of how Hubbard Foods Ltd performed within these areas. Some of the key findings of this report are included in this section.

A. HUBBARD FOODS AS AN EMPLOYER

i) Employees

Hubbard Foods employees, and people working for companies dependent upon Hubbard's activities, are very important stakeholders.

The Company has a philosophy that the employment relationship is much more than simple financial reward for services rendered. Aside from services, staff provides the valuable intellectual capital which is essential to the performance of the Company.

Hubbard Foods Ltd believes an employer's role demands a committed approach to employee welfare.

The following are some of the initiatives Hubbard Foods Ltd has put in place to enhance employer/employee relationship.
i)   Establishment of the Board of Directors – part of whose job is to protect employee interests.
ii)   All the staff meet over KFC lunch with Dick Hubbard, approximately every three months.
iii)   All the staff meet with the Operations Manager regularly.
iv)   Information sharing – access to management and financial information on a regular basis.
v)   Formal recognition that employees are a key part of the Company's risk planning.
vi)   The commencement of an employee profit share scheme.
         The profit share scheme distributes 10% of Hubbard Foods pre-tax profit as a "dividend" to employees on a six monthly basis. It is distributed according to a formula based solely on length of service and no recognition of seniority or existing salary/wage rates is made.

Hubbard Foods Ltd encourages employees to view these payments as dividends and a contribution to their retirement funds.

EMPLOYEE INFORMATION

	April 2000 – March 2001
No of Souls on Board (Employees)	116
Remuneration	$3 969 603
Average Remuneration	$31 820
Profit share paid out	$94 172
Staff employed from WINZ or Employment Courses	17 of the 30 new employees ie 57% of new employees
Production personnel per million $'s turnover	4.65staff/$million turnover

STAFF TRIPS

Year	Place	Who went
1997	Day trip to Rotorua	Staff and their families
1998	Picnic in Samoa	Staff
1999	Day trip to Rotorua	Staff and their families
2000	Waingaro Hot Springs	Staff and their families

At the request of staff Hubbard Foods has moved to include families in all staff trips.

Health and Safety

Hubbard Foods is committed to zero workplace accidents. To achieve this goal, and to contribute to the general wellbeing of employees the company has:

- Free pre–employment medical checks
- Optional free flu vaccinations for staff
- A Health and Safety committee
- A Health and Safety program run by an external safety consultant.

From April 2000 – March 2001 there were 28 workplace accidents of which 9 resulted in lost time of work – a total of 438 lost work hours. Over half these hours related to just one accident in which an employee sustained a broken finger.

Workplace Accidents
April 2000 - March 2001
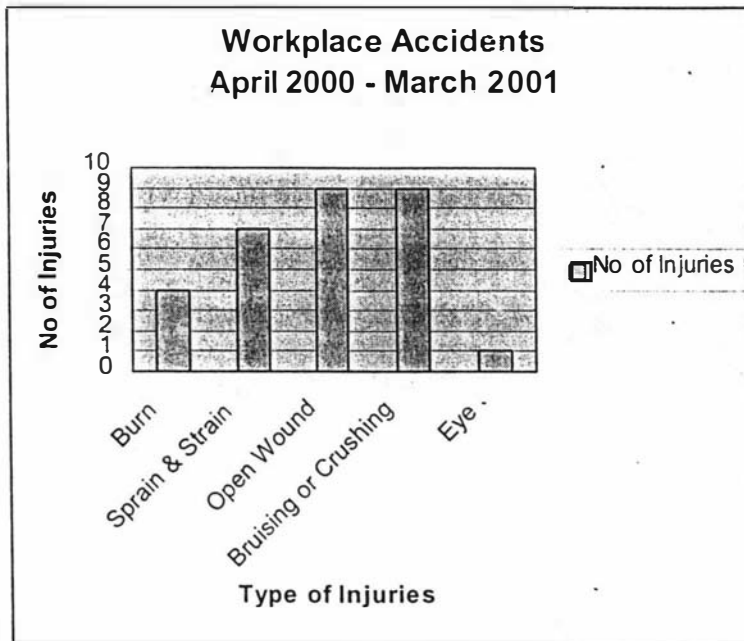
There were 28 workplace accidents of which two of these accidents involved two types of injuries.

Employee Attitudes

 Employee attitudes were canvassed in an in-house survey conducted in March this year (2001)..
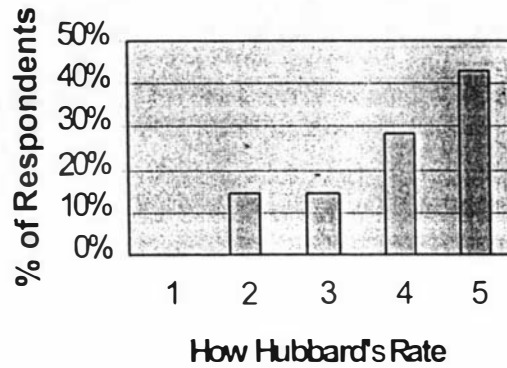
The survey asked employees to identify the most important things to them in their working relationship with Hubbard Foods. The results were:
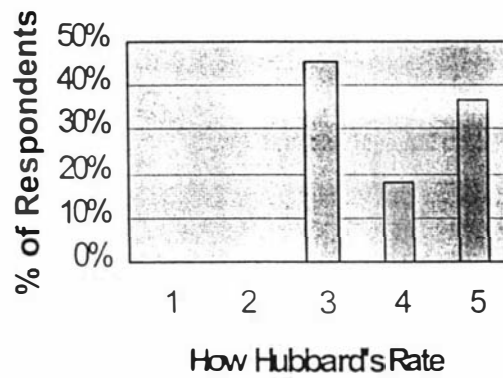
Most Important Things About My Job
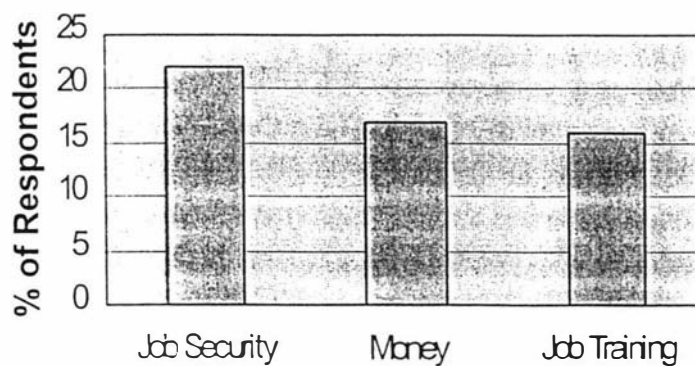
Employees were then asked to rank how well Hubbard Foods performed in these areas of most concern to them. The results were as follows:
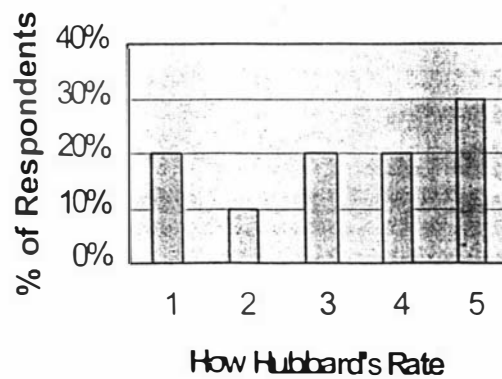
Job Security

Remuneration

Job Training

9

Staff feeling towards Company policies were as follows:
- Providing as many jobs as possible for long term unemployed – "71% felt this was important."
- All staff should feel respected and treated with dignity – "90% felt respected."
- Regular CEO and Operations Manager meetings with all staff – "90% felt they were important."

The key areas of improvement which were identified were:
i)   job training
ii)   improved people management systems and skills
iii) internal communication.

As a result of the survey the following targets have been set:
- To establish a formal company-wide job training programme by March 2002.
- To commission an independent personnel report and implement its recommendations on areas requiring improvement within staff management and systems.

LUNCHROOM PROJECT
The lunchroom for factory staff was small, dark and depressing so this year extra space was made available to create a large bright lunchroom for all staff. The carpeted lunchroom has been created as a haven for staff, with couches, Polynesian artwork, photos of staff, books and magazines, pool table and the normal lunch room things. It has become an important place for all staff to relax and catch up. Two computers have been installed in the lunchroom specifically to assist staff to become computer literate for their own personal benefit.

The following is a story from one staff member that came out of the interviews which reflects how many of the staff feel:

"Arnotts moved to Australia and I felt betrayed as I thought they owed it to the NZ public to stay because they had been around so long.

I came to Hubbard's as a Storeman starting rate $9 an hour – I thought pardon not another one!
As I was picking orders I came across orders saying NO CHARGE. This surprised me because I have been a Storeman a long time and never come across NO CHARGE – always money wanted.

One day Dick was in the storeroom so I approached Dick and I said, "Some of the orders say NO CHARGE."
He says. "Yes"
"How do you make money?" I said
"He said "Son" and touched my arm and told me he believed that a company needs to make a profit but he also believes in giving some - you will reap plenty. He really believes in giving and sharing. It really touched me. All my life as a worker I just came to make money. That point was a turning point,

before Dick talked to me I felt cheated because I felt I should earn more. Now I am motivated to work hard. I learned to succeed you have to go the extra mile".

Now I am Deputy Supervisor."

ii)   THE SERVICE AND FOOD WORKERS UNION

The Service and Food Workers Union [SFWU] has stated it has a number of outstanding issues with Hubbard's employee relations practices. The SFWU claims there is limited commitment by Hubbard's to regard it as a legitimate social partner and key company stakeholder.

The SFWU acknowledges that a report such as this Triple Bottom Line report is a step in the right direction. It represents a platform to establish a more productive relationship between itself and Hubbard Foods Ltd.

Hubbard's acknowledges the concerns expressed by the SFWU and looks forward to taking further steps to resolve outstanding issues. The company does regard the SFWU as an important stakeholder, and a body equally committed as Hubbard Foods Ltd, to the welfare of Hubbard's employees.

The SFWU represents approximately 70% of Hubbard's employees.

iii)   EXTENDED FAMILY

There are four other companies for whom Hubbard Foods represents at least 40% of their annual turnover. An example is Twin Agencies Ltd, which provides sales and merchandising services to Hubbard Foods Ltd. It relies of Hubbard Foods Ltd for 45% of its turnover and works very closely with the Hubbard team. Twin Agencies employs 44 people, both full and part time.

Hubbard Foods Ltd is mindful that the job security of the people employed by these support companies is significantly dependent upon the sustained growth of Hubbard Foods Ltd and totally dependent on the existence of the company.

B. CUSTOMERS

Hubbard Foods customers can be divided into two specific groups –
i)   Consumers – those who ultimately consume our product.
ii)   Trade Customers – these are mostly the Supermarkets that buy our products and retail them. However trade customers also include our export customers and non retail customers such as airlines, other manufacturers we sell to etc.

Both of these relationships are of importance to us. Details of how we manage these relationships are as follows.

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i)   Consumers

Hubbard Foods has a very strong commitment to its existing and potential customer base. The Clipboard Newsletter is an essential communication tool in establishing ongoing dialogue with our customers. As part of Hubbard Foods commitment to our customers the company has set the following advertising charter:

♦ Our advertising will be aimed to inform and not to create unrealistic or irrelevant images.
♦ Our advertising will not play on anyone's conscience, fear, weakness or worries.
♦ We will not advertise directly to children and we will not invoke "pester-power".
♦ Our advertising will not use "continual repetition", or "irritation" as a technique.
♦ Our advertising will not promote the concept of "instant gratification" or "instant fix".
♦ Our advertising will not denigrate our opposition and we will not undertake "comparative advertising" as seen in the USA and now in Australia.
♦ Our advertising will respect your values and we recognise that they could be different to ours.
♦ We will spend consumers money wisely and responsibly.

This charter has been published in "Clipboard" newsletter.

The stakeholders perceptions report, referred to earlier, surveyed existing customers and the following is a summary of the reports findings.

i) High Quality Customer Service - "extremely good".

A sample letter is as follows:
"Thank you for your letter explaining what I sent to you (found in my cereal).
I appreciate your prompt reply and also the two replacement products sent.
Keep up the good work on your excellent product range."

ii)   Value for Money Product – "very good".

iii)   Takes Nutrition Seriously - "extremely good".

At Hubbard Foods Ltd we believe we take nutrition seriously. Some of the ways we do this are:

i)   All our products are GM free.
ii)   Artificial flavouring and colouring are not used in Hubbard Cereals.
i)   Three new products ("Forever Feijoa", "Good as Gold" and "Thank Goodness") have qualified for the National Heart Foundation

endorsement (Pick the Tick program). To get this, a product must be low in sugar, fat and salt and high in dietary fibre.

iv)   "Thank Goodness" has been approved as suitable for inclusion in a diabetic diet and has a moderate glycaemic index rating. This product is wheat and gluten free and the Company has received a number of appreciative letters from those on gluten-free diets.

Targets specifically set as a result of this stakeholders perceptions report are as follows:

- All correspondence (complaints and compliments) to be replied to and appropriate action taken within 3 days of receipt of communication. This will be measured and reported in the next report.
- Develop specific products to assist those on low or stretched incomes.
- Add three more products to the Hubbard range, which have received the National Heart Foundation endorsement.

ii)   TRADE CUSTOMERS

As a New Zealand owned, independent and medium sized manufacturing company, Hubbard Foods is well placed to have an extremely close relationship with, in particular, the supermarket trade in New Zealand. Examples of the emphasis placed on this relationship are:

- The production of private label, ie supermarket branded breakfast cereal products. Hubbard Foods was the first company in New Zealand to make private label breakfast cereals. The company fully recognises the importance of and the need for private label product.
- Involvement with industry organisations such as the New Zealand Grocery Marketers Association. Dick Hubbard is currently Vice Chairman of this organisation and heads up the legislation sub-committee.
- Hubbard Foods has an active policy of helping the supermarket industry to have an adequate level of profitability in the breakfast cereal category.

Trade customers were surveyed in 2000 as part of the previously mentioned stakeholders perceptions report. The following is a summary of the reports findings:

i)   Providing High Quality Customer Service – "fairly good".

ii)   Having Skilled and Helpful Staff – "fairly good".

Hubbard Foods identifies "fairly good" as not good enough. Accordingly the company has set some specific targets this year to correct any perceived weaknesses and to turn a "fairly good" rating into an "excellent" rating. Specific targets for the company are -
- Develop a greater understanding of the requirements of trade customers.
- Strengthen appropriate customer support systems.
- Monitor supply performance.
- Provide a greater degree of feedback to trade customers.
These targets are currently being implemented.

C. SUPPLIERS

Reliable suppliers are essential to Hubbard Foods Ltd to meet its growing commitments. Hubbard Foods Ltd has to maintain regular supplies of high quality ingredients. The Company must, therefore, assist suppliers by streamlining orders wherever possible. In some instances last year, the Company was failing to make payments within previously agreed trading terms. This has now been rectified. The following is a summary of the suppliers section of the stakeholders perceptions report.

i) Taking Quality Seriously – "very good".

ii) Paying Fairly and Promptly – "good"

iii) Valuing our Relationship with Suppliers – "very good"

Targets set as a result of the survey are as follows:
- 100% of payments to be made within the agreed trading terms.
- Increased emphasis on supplier relationships
- Further streamlining of ordering procedures.

D. LOCAL COMMUNITY

Hubbard Foods Ltd has an ongoing and demonstrable commitment to its local community. We subscribe to the principle that a company should behave as a good corporate citizen.

Hubbard Foods Ltd's support of the local community is discussed in Section 4. But in addition, the Company supplies cereal to dozens of local community organisations on a regular basis, and for others, on a one-off fundraising basis

Hubbard Foods Ltd intends to become involved in corporate volunteering initiatives, whereby employees will carry out community volunteering work in Company time and possibly, but not necessarily, their own time.

The following is a summary of the Local Communities section of the stakeholders perception report:

i) High Ethical and Moral Standards – "extremely good"

ii) Provides Support for Community Groups – "very good"

iii) Uses Funds to Benefit Society Economically, Socially and Environmentally – "very good".

iv) Understands and Adapts to the Changing Needs of Its Stakeholders – "very good".

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3. ENVIRONMENT

Environmental Audit

Rachel Brown of the Auckland Environmental Business Network (AEBN). conducted an Environmental Report on Hubbard Foods Ltd. This report built on an earlier post graduate report by Kathryn Connor. The summary of this report is as follows:

"From the assessment it is clear that Hubbard Food's is an efficient and clean operation with a number of best practice "Cleaner Production" techniques in place. For Hubbard Foods to be an outstanding leader in sustainable practice however there are a number of key areas of improvement. These are summarised as follows:

★ Expand existing monitoring activities, associated with the HACCP Food Safety Programme, to incorporate environmental protection activities, e.g. stormwater drain inspection and machine calibration.

★ A number of opportunities exist for the Company to take advantage from the reuse of waste particularly around energy recovery e.g. heat loss from ovens, or for the collection of rainwater off the Hubbard office roof for use in washing of machines etc.

★ Implement a life cycle approach to production by expanding the current sphere of work to include work with suppliers and distributors, which would put Hubbard Foods at the forefront of sustainable business practice.

By formally adopting a Sustainability Framework and incorporating the aspects of environmental protection, and by involving all staff, Hubbard Foods will increase worker morale, profit and increased competitiveness."

Hubbard Foods Impact on the Environment

Production Waste

One of the end products of a production process is waste. The following is a breakdown of the waste Hubbard Foods produces.

- Non-recyclable Waste - Hubbard Foods produced 150 tonnes, in the year ending March 2001, of non-recyclable waste which went to Landfill.
- Food Waste - Hubbard Foods produced 94,305kgs, in the year ending March 2001, of food waste which was sold as pig food. The net cost to Hubbard Foods of this waste was $114,000
- Recycled Waste - Hubbard Foods recycles:
  Paper and Cardboard
  Pallet Shrink Wrap which comes on inward pallets
  Aluminum and plastic containers
 Raw material containers
  Toner cartridges

Emissions Waste - Hubbard Foods contracted Landcare Research Ltd to measure carbon dioxide emissions from the company's total activities. Here is a summary of its findings:

Carbon Footprint

	ENERGY TYPE	TOTAL tonnes CO_2 (equivalent)
	-Electricity* **Total amount = 1,114,707 kWh**	**156t**
	Air travel - International **Total amount = 112,000 km**	**12t**
	Air travel - Domestic **Total amount = 36,000 km**	**7t**
	Petrol **Total amount = 6,200l**	**14t**
	Gas ***Total amount = 4,657,503 kWh***	***885t***

Total tonnes of CO_2 **1109 tonnes**

Total Energy Use Summary

Total CO2 emissions from energy sources

Electricity 14% Gas - LPG 3% Petrol 1%

Other 2%

Air travel - international 1%

Air travel - domestic 1%

Gas 80%
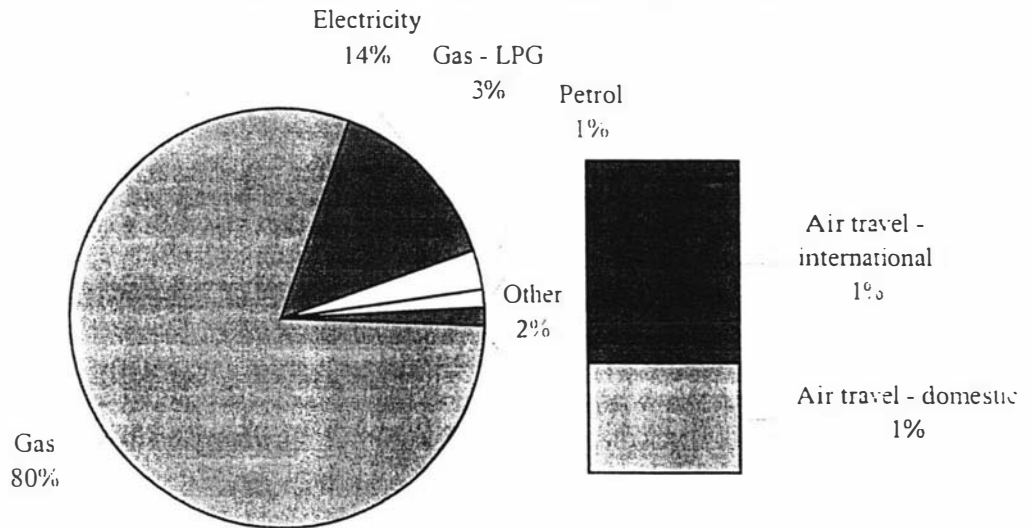
To offset their carbon emissions from these five sources of energy, Hubbard Foods Ltd would need to plant and maintain approximately 151 ha of native forest to absorb this quantity of carbon.

Summary of Recommendations

Reticulated (Maui) gas is the main source of carbon dioxide emissions from Hubbard's consumption of energy. Hubbard's should also consider what sort of offsetting program they would like to implement. Emphasis should first be placed on reducing emissions, after which native forest can be regenerated to sequester the remaining carbon. This might be done over time rather than a lump sum hit; for example, the total amount of necessary forest might be purchased over a period of 3 years (50 ha per year).

The Finished Product Waste

- Cereal Packaging - Hubbard Foods Ltd endeavours to use recycled packaging where possible
  Boxes which products are packed in for distribution are made from 100% recycled board
  Product packaging
  Cardboard packs are made from 30% recycled cardboard. The consumer can recycle these.
  Foil packaging which contains the product within the cardboard pack is not made from recycled products and is not able to be recycled by the consumer.
  Printed plastic cereal packaging - is not made from recycled products and is not able to be recycled by the consumer.

- Office Production - All Hubbard stationery and the Clipboard Newsletters are printed on 100% recycled paper and are printed with vegetable inks. Citrus cleaners are used.

Environmental Projects completed this year

i)   A Water Chiller was installed to recycle water from one of the manufacturing processes.
ii)   Skylights were installed in the new warehouse to provide natural light and reduce electricity consumption.
iii) Re-cycling 'shrink wrap' and greater re-cycling of paper and cardboard.

Environmental Projects for next year

- Set up an Environmental team to address
- Setting of environmental targets for Hubbard Foods Ltd
- Key areas for improvement in the Environmental Audit
- Improvement of energy efficiency
- Reducing waste produced
- Finding recyclable packaging options.

4. HUBBARD FOODS INFLUENCING PERFORMANCE

Hubbard Foods Ltd has a fundamental belief in the concept that the actions of the Company are felt well beyond the Company's immediate sphere of influence. Therefore, if Hubbard Foods operates with a well developed and identified moral and ethical code this will be detected readily by the wider community and ultimately could have a positive effect on the moral and ethical standards of the wider community.

A standard triple bottom line reports on three areas: financial, social and environmental. However, Hubbard Foods Ltd felt it necessary to report on an additional area: Influencing. This reflects the commitment Hubbard Foods puts into being a good role model and actively advancing the practices of Socially Responsible Business.

i). CLIPBOARD

The "Clipboard" newsletter has been included in Hubbard's cereal boxes since 1990 and was born out of a desire to dialogue with our customers. Dick Hubbard writes it introducing philosophical ideas, Company dilemmas and product information. The "Clipboard" is now an essential ingredient to Hubbard cereal packs with 3.4 million being printed this year. An adult "clipboard" is published bi-monthly and the 'Kidzboard', quarterly. Specific "Clipboards" are produced for export markets eg Australia and the UK.

This is an example of the letters we receive from customers concerning the "Clipboard" newsletter.

"My husband, who is a man of few emotional words, was so impressed, especially by the 'Life's Little Instruments', that he actually told me to make sure I wrote to you and let you know how much it meant to us. We both had a very enjoyable breakfast that day and it made our outlook on the day ahead so much more pleasant".

ii) NEW ZEALAND BUSINESSES FOR SOCIAL RESPONSIBILITY

In 1998, Hubbard Foods Ltd was instrumental in setting up the Businesses for Social Responsibility organisation in New Zealand (NZBSR). The aim of NZBSR is to assist companies develop socially responsible business practices and to advance the debate in New Zealand. Triple Bottom Line is an essential part of NZBSR philosophy. There are 180 member companies in New Zealand and this number is steadily increasing.

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Dick Hubbard was the founding Chairman and remains Chairman. Hubbard Foods Ltd has supplied considerable financial assistance to launch NZBSR. In 1998/99, this represented $40,000 worth of assistance to the organisation. In 1999/2000, this dropped to $20,000 and in 2000/2001, this has been reduced to $5,000. The NZBSR national office currently operates out of the premises of Hubbard Foods Ltd and is provided with free office facilities and office support as part of the Company's commitment to encouraging socially responsible business practices in New Zealand.

iii) NEW ZEALAND BUSINESSES COUNCIL FOR SUSTAINABLE DEVELOPMENT

The Company is a member of the New Zealand Business Council for Sustainable Development (NZBCSD). Dick Hubbard is on its executive board. NZBCSD is a branch of the World Business Council for Sustainable Development and exists to promote the concept of sustainable development within New Zealand. It currently has a membership of 45 companies, by invitation only.

iv) MENTORING

Hubbard Foods Ltd is well placed to assist fledging and struggling companies. As a successful Company which has enjoyed steady growth for over a decade, it has considerable business experience to share.

Recently Hubbard Foods Ltd provided mentoring services to two companies, Heron's Flight Vineyard and Saibar Apparel Ltd. This mentoring experience was part of a TV1 documentary called, "Trouble Shooters", screened earlier this year.
"Trouble Shooters" were interesting, well made documentaries. Dick Hubbard was very pleased to be part of them, and acknowledges they had positive PR spin offs for the Company.

Currently Hubbard executives are providing mentoring services to other local companies, on an informal basis.

v) SPEAKING ENGAGEMENTS

Dick Hubbard speaks to a wide range of educational institutions, organisations and community groups. He has developed a national profile in the debate about socially responsible business, and business philosophy generally. These are the subjects he tends to focus upon in his speeches. Speaking fees are given directly to charity, usually to Outward Bound.

	Year 2000	Year 2001 (Jan – June)
Talks	>68	>39
Radio Interviews	>10	>2
TV Interviews	> 8	>3

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vi) ADDITIONAL COMMUNITY AND INDUSTRY POSITIONS HELD BY DICK HUBBARD

- Food Sector Chairman – Competitive Auckland
- Trustee – National Parks Conservation Foundation
- Board Member – Outward Bound New Zealand
- Trustee – Southern Cross Foundation
- Member of The Joint Task Force of the Institute of Management and New Zealand Qualification Association.

vii) EDUCATIONAL INFLUENCE

a) OUTWARD BOUND

Hubbard Foods Ltd has supported Outward Bound for over a decade. 50 cents from every pack of Hubbard's "Outward Bound Cereal" sold, is donated to Outward Bound New Zealand. This amounted to $110,000 in the last financial year.

Hubbard Foods Ltd donates breakfast cereals to the Outward Bound School and has provided part sponsorship for 15 people to attend Outward Bound courses this year. Two Hubbard employees have been sponsored on Outward Bound this year.

b) ASSISTANCE TO SCHOOLS

Hubbard Foods Ltd is the sole sponsor of nation-wide World Vision, "Kids for Kids" Concerts. These concerts feature primary school students singing a programme put together by singer, Suzanne Prentice. Suzanne takes the MC and soloist roles in each concert. They are very popular events, which promote family values.
Sponsorship this year $21,000.

Hubbard Foods Ltd supports Mangere College and Onehunga High School with cash scholarships and motivational prizes. totalling $5,000.

For two years Hubbard Foods Ltd has supported school breakfast clubs. We believe it is important for children to get a healthy start to the day and are committed to supporting breakfast clubs in schools. Currently Hubbard Foods Ltd supports eight schools.

This year we provided cereal for fundraising and school camps to a further 12 schools and kindergartens

Hubbard Foods Ltd sponsored a woman through the First Foundation. The First Foundation Project is a non-profit organisation that helps talented, but financially disadvantaged students fund their way through tertiary study. Contribution - $1 500 and provision of holiday work

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E. DILEMMAS FACED BY HUBBARD FOODS LTD

When running a Company under the triple bottom line philosophy you run into dilemmas daily. What may be good for one aspect (e.g. social) may be detrimental to another (e.g. environment). Many times there is no definite answer but to hide such dilemmas away because we don't have the answers would prevent eventual solutions evolving.

The following are examples of such dilemmas –

ENVIRONMENT VERSUS SOCIAL

We export our Hubbard's breakfast cereals to the U.K. Exports earn much needed foreign exchange and create jobs and this is considered desirable by government. However, shipping our cereal halfway around the world to a country that already produces cereal products is environmentally inefficient and the shipping adds to the levels of carbon dioxide in the air. So do the economic benefits to New Zealand of exporting cereals outweigh the environmental disadvantages of shipping cereals halfway around the world? Should Hubbard Foods Ltd consider "environmental factors" when deciding if it could manufacture in the United Kingdom?

INTERNAL VERSUS EXTERNAL

Hubbard Foods Ltd has always prided itself on providing jobs for long-term unemployed people and it obtains considerable community and staff support for this. To achieve this goal the Company can only afford to pay medium rates of pay. In early 2000, the Union indicated that they were not happy with the balance being struck by the Company and they pressed very strongly with threatened strike action if the Company did not increase wage rates and conditions.

As a result of this Company's policy, the Company has considerably higher manning rates than other comparable cereal companies. The dilemma is to what extent the Company considers only the internal employees in the Company and to what extent the Company considers external factors such as unemployed people requiring jobs. The Union's mandate is to only consider the interests of staff working within the Company and sees the balance point as being at a different point to the Company. Over the next few years it is expected that manning rates will tend to drop as a percentage of turnover and this will give the Company more scope to increase the base rate of remuneration.

GENETIC MODIFICATION

Hubbard Foods Ltd is aware of the considerable community feeling regarding the presence of genetically modified ingredients in food. In response to this concern, Hubbard Foods Ltd has taken steps to ensure that all of its breakfast cereals do not contain any genetically modified ingredients. These steps included the substitution of Soya Bean oil with European derived Canola oil even though the vegetable oil does not contain any genetically modified material (DNA). Because the vegetable oil from genetically modified crops does not contain any DNA, any objection to its use is essentially one of principle. The dilemma is that if this use of vegetable oil from non-genetically

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modified plants is more expensive, is this a valid thing to do? If it is a valid thing to do, should the Company or the customers bear the increased cost?

PRODUCT DILEMMA

From a financial perspective a company should maximise its revenue by providing products for each market segment of the industry they are in. The consumer is then offered a full range of options to choose from.

Some consumers choose to buy children's cereals which have higher sugar levels than the traditional children cereals, e.g. rice bubbles.   Often this is because the children will not eat the staples and the parents want them to eat something – anything!! Many children take rice bubbles and sprinkle them with sugar further clouding the discussion.

Should Hubbard Foods Ltd provide sweetened children cereals when some would argue that children should only eat unsweetened cereals?

In Summary

Critics of the stakeholder approach to business, argue that these dilemmas can only be resolved if the Company solely concentrates on the profit motive and the maximisation of shareholder wealth. Their argument effectively puts the shareholders above all other stakeholders with first call on the rights arising to any conflicting situation. We accept that these dilemmas will occur with our approach of trying to balance the interests of various stakeholder groups. However, we argue that the correct approach is for pragmatic solutions with the acceptance that the correct solution may vary as circumstances alter.

Where to from here?

Hubbard Foods:
i)   Needs to implement procedures to achieve the targets set in the report.
ii)   Establish procedures to start measuring the companies performance in the key areas of importance to stakeholders.
i)   Start measuring the key areas that reflect the companies Environmental Performance.
ii)   Produce a second report.

CONTACT DETAILS

Hubbard Foods Ltd
PO Box 24-395
Royal Oak
Auckland

Contact Person: Annette Lusk

Ph (09) 634 2510
Fax (09) 634 6070
Email: tbl@hubbards.co.nz

The Full Report is on Hubbard's Web Page www.hubbards.co.nz
Please tell us what you think by answering the questionnaire on the Web
Page.

For more information on Triple Bottom Line Reporting
New Zealand Business Council for Sustainable Development -
www.nzbcsd.org.nz
Businesses for Social Responsibility in the USA - www.bsr.org

or New Zealand Businesses for Social Responsibility
        Ph   (09) 634 2510
   Email enquiry@bsr.org.nz

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Appendix
Procedures followed in writing this report.

1   Hubbard Foods commissioned a stakeholders perceptions report.
2   Identified purpose of report.
3   Set scope of report
     -    What is the reporting identity
     -    Which parts of the TBL are being measured (social, environmental, economic)
     -    What is the stakeholder/internal management balance (how much information will come from stakeholders and how much management)
     -    Indirect environmental impact – do we include the environmental impact of our suppliers?
     -    Indirect social impact – do we include the social impact of our suppliers
4   Identified main subject headings – we looked at each of the following heading to determine the content of the 'performance' section of the report.

KEY PERFORMANCE AREAS	
Corporate Values	Stakeholders
Global Issues	Influencing Potential
Strategic Elephants	Risk Management
Internal Issues	Other Frameworks

5   Decided on how each Key Performance Area would be reported on, the options for reporting were:
     •   Acknowledge as an issue
     •   Acknowledge it may be an issue
     •   Acknowledge and measure
     •   Acknowledge and tell story
     •   Other eg comments from external sources
6   Set Key Performance Indicator measures and targets
7   Set targets, goals and accountabilities.
8   Write the report
9   Verification and credibility issues

This procedure is based on Landcare Research's KEY-PAD system for Triple Bottom Line Reporting – we have missed one step and had already completed a stakeholders perceptions report before starting the formalised report process.
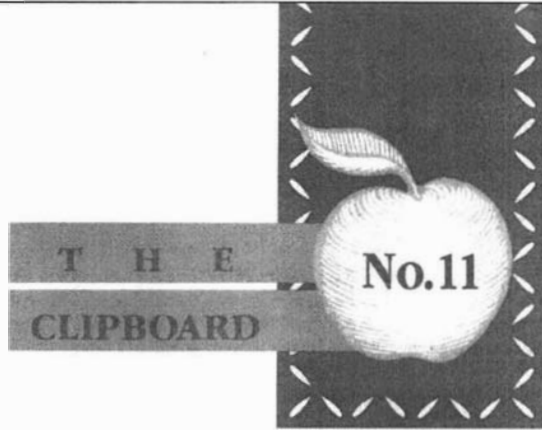
VITAMIN "O" - NEW NUTRIENT DISCOVERED

A recent report on TV showed the results of some American research on longevity. The study was carried out on people aged over 100 and the object was to discover what made them tick (or carry on ticking!). Did these people have some common factors that contributed to their long and healthy life?

They did! But the factors were surprising and weren't quite as expected. The strongest and most unexpected one was that all those surveyed were highly optimistic in their attitude to life. To a man (or a woman) they were all self-proclaimed optimists.

The clear message then is that optimism is an essential nutrient for good health and a long life. We need regular doses of it. We can't overdose on it. To parallel this optimism factor with other essential nutrients for life I have called it "Vitamin O".

We have just had a serious deficiency of "Vitamin O" in New Zealand over the last few years. The deficiency disease of pessimism has been rife and rampant. But things are starting to change and I think we are now starting to correct the "Vitamin O" deficiency. Our media are now starting to be enriched with daily doses of optimism. We are absorbing it and it seems to be starting to work. And I believe we need to take in as much of this as we can as quickly as we can. We need to shock-dose ourselves on it.

I am an optimist and I believe in daily megadoses in "Vitamin O". And I'm sure that if we New Zealanders could all dose ourselves regularly on it, we could take on the world (again!).

I can't add this "Vitamin O" to my cereal recipes but I can add it to Clipboard. So I can add it to your daily diet — and I will. So look forward to plenty of optimism in Clipboard, and I hope it helps your health.

THE BIGGEST SELLING ITEMS
IN AUSTRALIAN SUPERMARKETS

The following items in descending order are the biggest selling items in Australian supermarkets. This list was published by the Australian grocery magazine, "Retail World". It's an interesting reflection on Australian grocery purchases. I believe that the situation wouldn't be too different here although some of our brand names are different.

1. Coca-Cola, 375 ml
2. Coca-Cola, 1 litre
3. Coca-Cola, 3 litre
4. Diet Coke, 375 ml
5. Cherry Ripe
6. Nestle's condensed milk
7. Tally Ho cigarette papers
8. Mars bar
9. Kit-Kat
10. Crunchie Bar
11. Eta 5-star margarine — salt reduced
12. Heinz baked beans
13. Double-Circle tinned beetroot
14. Diet Coke, 1 litre
15. Bushell's tea
16. Cadbury Dairy Milk chocolate
17. Pepsi Cola, 375 ml
18. Coca-Cola, 1.5 litres
19. Kellogg's corn flakes
20. Maggi two-minute chicken noodles
21. Generic brand lemon drink
22. Panadol tablets, 24-pack
23. Meadow Lea margarine
24. Generic brand lemonade
25. Mrs MacGregor's margarine

Congratulations to Kelloggs for getting one breakfast cereal into the top list.

ON WHAT'S HAPPENING AT HUBBARD FOODS

THOSE HARD DRIED APRICOTS

Several of our customers have written in saying that the apricot pieces in our Fruitful Breakfast are too hard. And yes, we have had the odd broken tooth! We have changed the variety of apricot — and it helped. We have changed our processing method, and this has also helped. But our apricots are still a little hard.

However, all is now solved. An inventive Tauranga company (another proudly independent New Zealand company) has come up with a process that involves mincing the apricots, drying them into a fruit leather, and then dicing them into cubes. The result is nice pieces of tangy apricot that stay soft and don't dry out. We will shortly be starting to use these. You will notice the difference. It is also good to support another innovative company.

P.S: This Tauranga company won an award for this product at a recent annual new food product competition sponsored by Printpac-UEB Ltd.

P.P.S: We are using this new apricot product already in our Very Fruitful Flakes.

OUR OWN AWARD

We won an award too at the same competition. Our Fruitful Porridge (Fruit Medley) won the first prize for the best new product in the cereal category.

YOGHURT COVERED CURRANTS

Noticed what they have become lately? Actually, they are no longer currants — they are raisins. Currants have become very scarce lately and have been hard to come by. I think the raisins are better as they are larger and juicier. Our packaging will change soon so this will also say "Yoghurt Covered Raisins".

GOING TO TAIWAN, ANYONE?

Well we are — at least our cereal is. By the container load, in fact. We are now shipping Hubbard cereals to Taiwan, so if you are supermarket shopping in Taiwan look out for us and let us know how our cereal is selling.

What amazed me with this exercise is that it costs the same to send our cereal from Auckland to Taipai as it does from Auckland to Christchurch and it's considerably cheaper than freighting it from Auckland to Dunedin. There must be a message in that!

ANOTHER VERSE

We are not running a poetry competition but we thought this effort by 11-year-old Laura Bartlett was something pretty special. Thankyou Laura.

"Oh Hubbards you have a satisfying taste
Never! A spoonful is put to waste
As my tastebuds jump out with glee
To greet the Hubbards gratefully
Papaya, peach 'n' pear, all the fruits you've ever heard
Are in Hubbards Fruitful Breakfast — take my word
Oh Hubbards you are scrumptious, oh Hubbards you are great
How I love to see you on my breakfast plate."

Move over Sam Hunt!

QUOTABLE QUOTE

(On our optimism theme)
Did you tackle that trouble that came your way
With a resolute heart and cheerful?
Or hide your face from the light of day
With a craven soul and fearful
Oh, trouble's a ton, or trouble's an ounce
Or a trouble is what you make it
And it isn't the fact that you hurt that counts
but only — how did you take it?

You are beaten to earth, well, well, what's that?
Come up with a smiling face
It's nothing against you to fall down flat
But to lie there — that's a disgrace
The harder you're thrown, why the harder you should bounce
Be proud of your blackened eye
It isn't the fact that you're licked that counts
It's how did you fight — and why?

Edward Vance Cook

"Have a happy day"

Dick Hubbard
Managing Director —
Hubbard Foods Limited
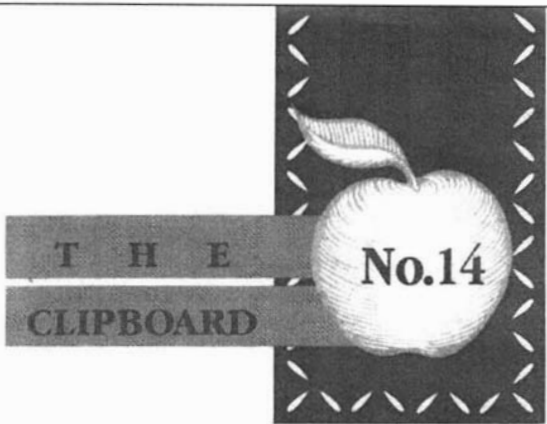
SPECIAL TREAT TIME

As a special treat for the next two months (the same time that this Clipboard lasts for!) we are **doubling** the quantity of yoghurt coated raisins in our "Fruitful Breakfast" cereal.

You see we get lots of nice comments about these yoghurt coated raisins, but we get a few complaints too — because sometimes there are not enough in the packet! "Are you adding less of these now than you used to, Mr. Hubbard?"

The answer to the above question is "definitely not". If you remember back to the early days (all of two years ago!) we used to add yoghurt coated currants instead of raisins. Raisins are bigger than currants and a yoghurt coated raisin is twice the size of a yoghurt coated currant. So — and here is the catch — if we add (as we are) the same **weight** of yoghurt coated raisins to each carton as we did with yoghurt coated currants, then you only get half the number of these little goodies in a packet. That is what I've been telling customers who tell me they haven't received enough in their packet.

Is enough enough or should I ask is enough really enough? My job is to provide what you, my customers want, and if, as I believe, you would like more of these little goodies in your cereal, then who am I to argue?

So for the next two months, starting from now, we will add twice the amount of these yoghurt coated raisins to each carton of "Fruitful Breakfast". What about after the two months have ended? You tell me.
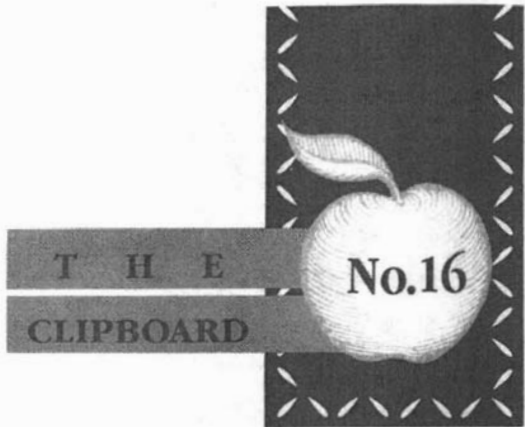
PROUD TO BE A KIWI

I've got the very definite feeling over the last few months that New Zealand is entering a new era and that we are entering it with a feeling more of excitement than trepidation. Now that election '93 is behind us, now that we have a more "mellow" government. now that the economy is picking up, the feeling seems to be that as a nation we are on the way up. The Kiwi head is now being lifted, the beak is off the ground and the term "Kiwi Pride" is now starting to come back into our vocabulary.

We have been through a psychological depression as well as an economic depression over the past five years. We lost faith in ourselves, we lost our way. Yes, as everyone knows, we have gone through a lot of change. We went, not only through the washing machine, but the wringer as well.

But now we are starting to look forward, not back. One of the advantages of being a small country is that we can change fast. Just as we went into the depression faster and further than most countries. then we also have the ability to swing faster and further the other way.

I'm looking forward to being in New Zealand over the next five years. Sure, we will have our problems, but I think with confidence, pride and the right mind set. we as a country can go a long way. Further and higher. I think, than most people realise.

Anyway enough of the "heavy stuff"! Have a good breakfast

THE CLIPBOARD No. 18
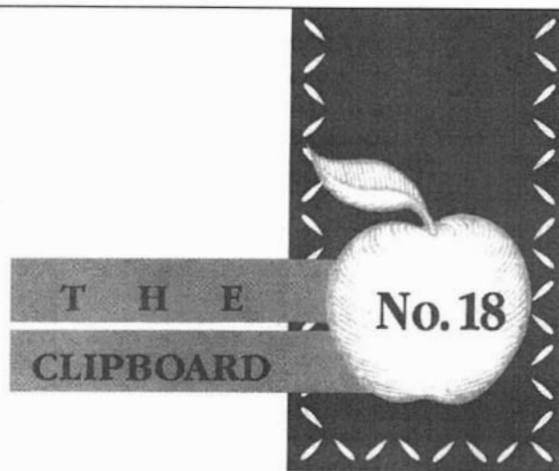
MORE THAN A "FAIR GO"

Like many New Zealanders I enjoy watching the T.V. programme "Fair Go" and the way it both reveals and resolves injustices. As a manufacturer it helps reaffirm one's determination to treat all customers with courtesy and compassion and to avoid ending up on the show defending an untenable position.
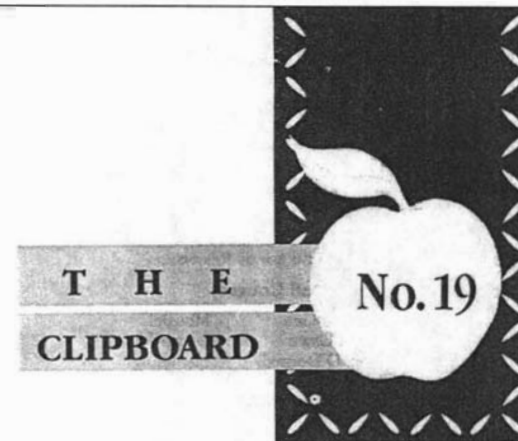
However lately I have realised that the programme could perhaps be more aptly called "Not A Fair Go" as it only reports on incidents when somebody doesn't get a fair go. No mention is ever made of occasions when a person gets "more than a fair go", i.e. service well over and above what could be reasonably expected. In other words, no coverage is ever made of outstanding service. Yet these occasions do occur – we have all experienced them.

So the other day I penned a letter to the producers of "Fair Go". In it I made the above points and suggested that in their programme, perhaps they could run some snippets about examples of outstandingly good service, i.e. examples of "more than a fair go". In the words of that well known song, perhaps they could help "accentuate the positive" as well as "eliminate the negative".

I went one step further. I said that sometimes you have to be prepared to put your money where your mouth is and our Company would be prepared to offer a prize for the best example of "more than a fair go".

The reply came back quickly. Can't do, said the producers of "Fair Go". The sole purpose of the programme is "consumer advocacy" which I think is a term for only righting wrongs. No scope, sorry, for your suggestion.

Oh well, one can only try. In the meantime we re-affirm our dedication to "more than a fair go"!
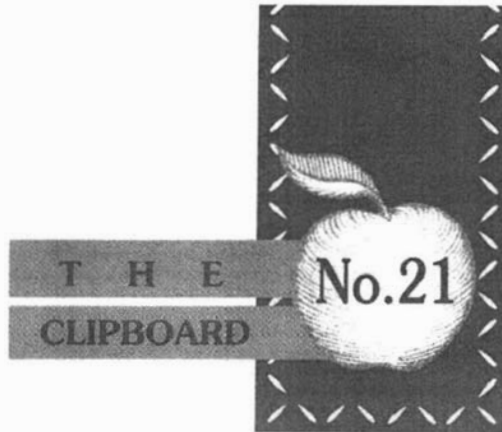
THE CLIPBOARD No. 19

CAN A COMPANY HAVE A SOUL?

"Of course not – that is for people" would probably be the quick (and technically correct) reply. But a company can have a collective set of beliefs and more importantly a collective set of values – as can any other organisation or group of people. And it is becoming increasingly important that companies do so.

The traditional purpose of a company has always been to do everything possible (within the law) to maximise profits. But I think that we have now got to look beyond that narrow definition of purpose and accept that a company does have a social responsibility – jobs, the environment, products that are safe and value for money, and of course last, but not least, the payment of due taxes. A company is therefore an integral part of the social structure of a community or country and ultimately its rationale for existence must be for the betterment of society.

In America there is a relatively new organisation called "Companies with a Social Responsibility" – a diverse group of companies who share a common belief in the social importance of a company to the community. The ways they go about practising these beliefs are diverse. Some maximise jobs at all costs (and throw out machines to do so). Some only employ the underprivileged. Some adopt a particular environmental issue. Others tackle social problems such as assistance with the homeless or the hungry. Yet the most interesting thing is that they purposely don't make a loud song and dance about what they do. They don't exploit their deeds to increase their sales.

This approach is starting to happen in New Zealand. But there is a long way to go to fully develop this concept. However one thing is sure – we'll be part of it.

T H E CLIPBOARD No.21

COMPANIES WITH A SOUL - CHAPTER 2

Several Clipboards ago, I talked about "Can a Company have a soul?" and the need for Companies to have a sense of social responsibility. I received a good number of interesting letters about this and as a result of your encouragement we will be taking our own involvement in this concept further. Watch this space for further details!

Over the Christmas break I read a very interesting article in Time Magazine about an American called Tom Chappell who owned and ran a Company called "Tom's of Maine". This Company made organic soaps and toothpastes (no — not muesli!). Tom was quoted as follows:-

"In my darkest days. I was working for aims that were too narrow for me. We were working for the market share, sales growth and profits. It was a sense of emptiness. I felt like an actor because what I was doing was not authentic. I was a phoney to myself because I wasn't living up to what I cared about. It's not winning at all costs. It's challenging yourself to win according to who you are. so now I'm trying to engender more kindness. I'm trying to link what I'm doing more to the environment and community. We do this by making products that meet the expectations and aspirations of customers who share the same values".

Tom came to the conclusion that there were basically two ways to look at work — the utilitarian and the formalist. In the utilitarian way everything is aimed at maximising profits. The relationship between you and your customer is "I – they". In other words customers are objects to be controlled, sold, manipulated etc.

By contrast, the formalist approach looks at the world as a series of "I – thou" relationships. If you do business as a formalist you treat customers as you would like to be treated and you look for "peoples consent" for what you do. The phrase "peoples consent" has a nice ring to it.

I guess this puts into words rather nicely what I believe businesses (and people) should stand for. Thank you Tom Chappell for providing this insight.

T H E CLIPBOARD No. 23
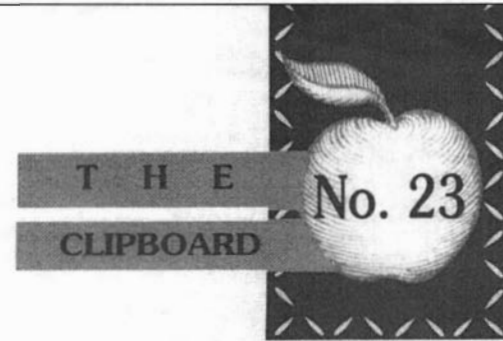
10 FREE SPONSORSHIPS TO OUTWARD BOUND

You may recall that last year we offered seven free sponsorship to Outward Bound. In view of the very pleasing and encouraging response to this we are offering these again this year - only this time we have upped the number of free sponsorships to 10 (and that number will grow in the future as we grow!).

We are therefore offering the following free scholarships to an Outward Bound course:

7 sponsorships for young people   (each valued at $1750)

3 sponsorships for adult courses   (each valued at $950)

Total value of sponsorships $15, 100

The young peoples sponsorship is for the full 22 day course (the "classic" course) and is restricted to the ages of 18-26 (at the time of taking the course). The adult courses are 9 day courses and are for any age over 26 (they tell me the oldest participant has been 70 - so far!).

The sponsorships can be taken for any particular course at any preferred time of the year. The young persons course covers all expenses including travel to and from home to Outward Bound. The adult course covers all expenses excluding travel. You can sponsor either yourself or someone you know. Interested? Prepared to try again? The application form is on the back of this edition of Clipboard. Applications close on 18 December 1995 and will be drawn on 20 December 1995. The winners will be notified in late December and names will be published in the following Clipboard.

P.S.
To save postage you can accumulate entries if you wish and send them in one envelope. All envelopes are opened and entries are put separately into the draw barrel before the big draw.
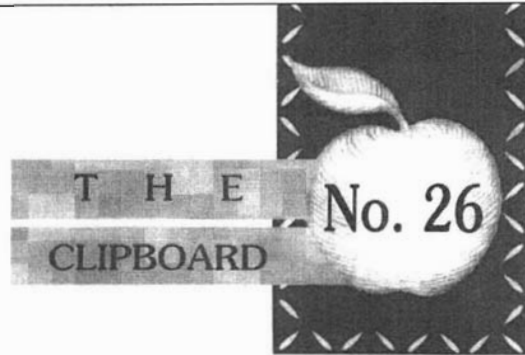
THE CLIPBOARD No. 26

COMPANIES AND ETHICS

Several Clipboards ago I talked about "Companies with a Soul" (Clipboard No. 19). We received a tremendous amount of feedback about this theme and amongst other things I've ended up giving talks that expand on this subject to various organisations. This obvious interest has got me thinking.

I believe that over the next few years there is going to be an increasing interest in the "social contract" side of business and just as Companies are being asked to publicly justify their approach to environmental issues, then they will be also asked to justify their attitude and approach to ethics and social issues. Just as environmental excesses or lapses now cause public outrage (like the Mururoa tests or leaking oil tankers), it may be that, in the future, ethical or moral excesses or lapses by Companies will cause similar outrage. I believe quite strongly that an increasingly discerning public will start to judge Companies on their approach to social and ethical issues and this will (and should) influence decisions on whether people buy the goods or use the services of those Companies. Companies with a "spotty" record in the area of social responsibility or with questionable and shonky ethics will, I believe, have an increasing difficulty in justifying their actions. In extreme cases they may even be actively boycotted by consumers.

I also believe that it is important for a Company such as ours, and indeed all Companies, to define its ethical base and values. And that's what we are doing right now. We are in the process of developing "the Hubbard way" that will tightly define our attitude to business, our staff, our customers and last, but not least, the community. This statement won't be pretty words on our office or foyer walls — it will be a philosophy right though our Company. It will be one that is built to last. The "Hubbard way" may possibly include speaking out publicly on some issues that are of concern to us — Watch this space!

THE CLIPBOARD No. 27
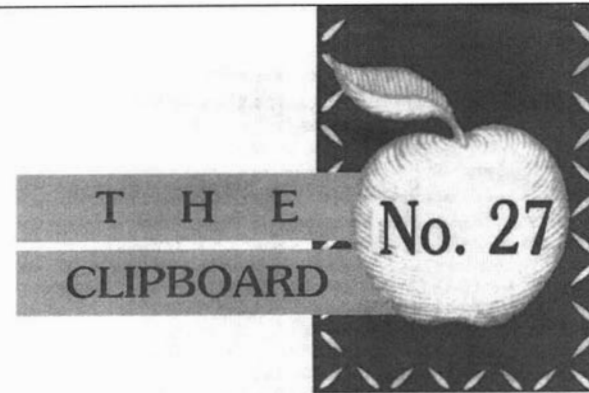
DICK HUBBARD'S SECOND COOKBOOK

Do you remember our first cookbook? For those of you who don't remember this or for those of you who have started buying our cereals over the last year, we published our first cookbook (called Dick Hubbards Cookbook) in late 1994. We made these available as a free gift as a means of saying a tangible thank you to all our customers for buying our breakfast cereal products. The positive response to this cookbook was nothing short of amazing and it took us all here at Hubbard Foods by surprise.

In light of this response to our first cookbook and in light of our philosophy of saying thank you to you, our customer (and surprising you!), we have now just published the "Dick Hubbard's Second Cookbook". This is a nineteen page colour cookbook. In it are a number of recipes from our recipe competitions in the Clipboard newsletters and some recipes that can only be described as family favourites (and favourites of mine!)...

Just to tease you slightly and to make these recipe books as widely available as possible, like last time, we are going to put a recipe book in every 10th cereal box over the next two months (starting from now). They will be spread over all our cereal products with the exception of the porridge packs (we can't bend the recipe books!). Therefore, there is a one in ten chance of getting a cookbook every time you buy one of our breakfast cereals over the next two months. Good luck!

We will also hold some spare ones back here and if you miss out don't worry as we will have them on offer in the next Clipboard to allow you to get one direct. Watch for the next Clipboard.

P.S.

There might also be another surprise in our cereal boxes over the next two months. See the next page.

THE No. 28
CLIPBOARD

NEVER, NEVER, NEVER GIVE UP!

As I've mentioned in previous Clipboards one of the joys of what we're doing at Hubbard Foods is receiving interesting and thought provoking letters from customers. I consider myself privileged to receive these letters as they give me a unique insight into current issues and areas of concern for us New Zealanders. They also help shape my own thinking.

If I'm called on to give advice (and I sometimes give it whether called on or not!) then I've noticed that the most frequent advice I give is that of the need for perseverance or just plain "not giving up". And what's more, it's the advice I get most thanked for by people (and Companies - which are people anyway) who have been through a sticky patch.

I believe very strongly in the maxim of never, never giving up. History shows the importance of this and many famous things have been done,not by particularly gifted people,but by people who have never known when to give up. People like Walt Disney, Thomas Edison, Winston Churchill have made their mark by their refusal to give up when it all has gone against them.

Closer to home I know this lesson of the need for perseverance from first hand experience and one of those experiences was the setting up Hubbard Foods Ltd. We almost lost it! If there was a saving factor it was a stubborn determination to never, never give up!

Let me leave you with the following quote from Harriet Stowe -

"When you get into a tight place and everything goes against you - till it seems as though you could not hang on a minute longer, never give up then, for that is just the place and time that the tide will turn".

And the tide always turns - doesn't it?

THE No. 30
CLIPBOARD

COMPANIES WITH A SOUL - PART 3
Our Employment Policy

Last year an Auckland based manufacturing Company announced, with considerable apparent pride, that it was making a forthcoming major investment in new equipment. As a result of this 'investment' it would be able to trim its work force by 40 to 50 staff. All great stuff, unless, of course, you were one of the poor staff to be laid off! However I take issue with this 'hard-nosed' approach to employment and the self evident pride shown by this Company in dispensing with jobs. I strongly disagree with the strong and strident approach of Business Round Table that labour is merely an 'ingredient' or an 'input' in business, the cost of which must be minimised as much as possible to maximise profits.

I believe strongly that in our type of society in New Zealand access to work is a basic and fundamental human requirement. Work is not just money — it is also about self worth, self esteem and social development. Access to employment is essential to a person's whole reason for being.

Our philosophy on employment at Hubbard Foods Ltd. is simple. We are proud of creating jobs and we want to create more! We see job creation as part and parcel of our 'social contract'. We are proud of our 80 strong work force.

Don't get me wrong here — we also run what we believe to be an efficient ship. Everyone here At Hubbard Foods works hard, very hard. We believe in the old fashioned work ethic and we don't have a 'padded' work force. We don't believe in wishy-washy soft job creation. We do have, and have to have, labour saving equipment.

However, at the end of the day one of the things that gives me the most pleasure about our business is the meaningful jobs that we have created over the last 8 years. We will never, ever, announce with pride and fanfare a reduction in our work force!

THE CLIPBOARD

No. 31

4,000 BREAKFAST BOWLS NEED A HOME (AND A NAME!)

Every so often I like to surprise you, dear customer, by making a special gift available to you. This is the special Hubbard way of saying thank you for buying our breakfast cereals.

Well, here is an "especially special" gift! We have commissioned the well known Temuka Pottery (of Temuka of course!) to make us 4,000 special breakfast bowls. Each bowl will be individually hand-painted. That's a lot of painting! But that's not all, for each bowl will also have the name of the lucky recipient handpainted on the rim. Your own individually named bowl!

Only 4,000 bowls Mr Hubbard? Surely you have many, many more customers than that? Yes, we certainly do, but unfortunately we would go broke many times over if we made one of these bowls available as a gift to every one of our customers. Plus there wouldn't be enough artists in Temuka! As it is, this exercise will need a team of 15-20 hand painters.

Having settled on 4,000 bowls how do we make these available fairly? We quickly ruled out putting one bowl in every tenth cereal box as a surprise as the bowls wouldn't fit into a cereal box! One wag suggested we could overcome this problem by putting the bowls in our cereal boxes in kitset form - with glue and instructions. We rejected that option!

So the answer is to have a draw with a total of 4,000 recipients. That will keep us very busy.

Inside this Clipboard is an insert with a colour picture of the bowl. On the back of the insert is an entry form. Entries close on the 15th of August. All 4,000 lucky names will be published in the newspapers and the bowls will be sent directly to you from Temuka. Good luck!

The Clipboard

no. 34

BUSINESSES FOR SOCIAL RESPONSIBILITY

I'M ON A HIGH! I've just returned from Los Angeles where, for the last three days, I've attended the Annual Conference of the American "B.S.R." (Businesses for Social Responsibility). What an experience! 600 highly enthusiastic business people representing all sorts of businesses - from the giant American companies such as Levi Strauss, Reebok, etc. down to the representatives of tiny family companies. All gathered to hear speakers and attend workshops on all aspects of social responsibility and ethics in business. There were talks on attitudes to employment, environmental issues, community issues, staff profit sharing, business philanthropy, ethical business practices, etc.

It was all powerful stuff and there were some powerful messages from some powerful (and credible!) speakers. Refreshing messages. It was all about successful businesses looking at the bigger picture as to the reason for their existence, and reaching out and helping the wider communities they operate in. It was about staff being treated as real people rather than "inputs" or "outputs" in a business. Some of the stories, some of the philosophies, some of the actions, some of the results, some of the successes (and some of the failures!) of the various companies were fascinating to hear.

The overall message? Well, there were two for me. Firstly, very definitely, socially responsible business will increasingly be the way of the future. And what's more, socially responsible business will, long term, be good business and will be in business owners' interests also.

The second message — that the Roundtable-type view, of separating profit distribution from social responsibility — is outdated. Of course a business needs to make a profit — it would go broke otherwise and cost people their jobs. It would also have no money to reinvest (for example, in new machinery) and keep it healthy for the future.

The point that I found reinforced was that profit can be shared amongst stakeholders (employees, communities etc.), as well as formal shareholders, and should not be the prerogative of the privileged few, who can afford to invest financially. This means a share of the company's profit should go towards helping in the community, making it a better place to live.

The winds of change, however, are blowing! And to help this process I'm going to, over the next few months, aim to set up a "New Zealand Businesses for Social Responsibility" organisation. It won't be American, it won't be extreme. It will be a New Zealand organisation for New Zealand companies. Its aim — to foster and encourage social responsibility by businesses and to counter some of the opposing arguments.

Well - it was good to get all that off my chest. Now let's all get back to breakfast!

The *Clip* board

"NZBSR"

NICE SOUNDING NAME? Yes, this stands for New Zealand Businesses for Social Responsibility. In the last Clipboard I talked about setting this organisation up - now I can report it is up and going. It's aim, - to pro-actively encourage and foster the concept of social responsibility in businesses, or to put it another way, to help encourage businesses to look at the "bigger picture" as to the reason for their existence. An organisation which will "accentuate the positive".

But let's go back a little! Let me remind you that the formation of this organisation has come directly as a result of your feedback to comments in previous Clipboards and, in particular, the last one. You've provided the mandate. Over the last two months I've had a wealth of letters from individuals and companies, with all bar none, endorsing this concept. However, the most interesting thing has been not the amount of correspondence but the quality of it! There have been some very in-depth and carefully thought out comments about the role of, and perception of, business in New Zealand.

But the fledgling NZBSR is not to be an extension of Hubbard Foods Ltd. It is a fully independent organisation in its own right. I've just facilitated it. Therefore, this will be the last front page comment on the Businesses for Social Responsibility although there will still be page 2 or page 3 snippets from time to time. So, thank you for your endorsement of this concept. It's been a pleasure to be the catalyst for this, and I look forward to the contribution this organisation will make to nurturing socially responsible business in New Zealand.

FROM BSR TO BOWLS

Back to our own business! Both Temuka Pottery and ourselves have been literally overwhelmed with the response to the Breakfast Bowl offer we ran last year. As well as the 4,000 free ones in the competition last year we received requests for another 4,500 bowls. That's a total of 8,500 individually named bowls! As a result, we ended up getting behind and, unfortunately, not everyone who was promised a bowl by Christmas got theirs in time. Some were destined for Christmas presents and in some cases we didn't make it. Both Colin Tarrant, General Manager of Temuka Pottery, and I, apologise for not getting some of the bowls through in time. And last, but not least, the breakfast bowl offer has now officially ended. But what will we do next? Well, you just wait and see!

HUBBARDS

"Clipboard"

Hubbard Foods Ltd., Box 24-395, Royal Oak, Auckland, New Zealand

OH FOR A GOOD FAILURE

One of the things I am personally "hot"on is the value of "risk" and I am unashamedly and proud to be a calculated risk-taker (see page 2 for proof of this!). I believe strongly in the value of calculated risk and I believe that achievement and progress, either as individual people or as a nation, can only come from the deliberate taking of calculated risks.

But as sure as night follows day we have to accept that with risk will come some mistakes and some failure. In the "calculating" of calculated risk sometimes we will get our sums wrong! And one of the things that concerns me is that increasingly we often deem errors of judgement or failure to be totally unacceptable - either in the case of ourselves or others. We often seem to go for or demand absolute safety or absolute absence of risk and we often lambast, ridicule or punish those who do stick their necks out, make errors of judgement or fail. In my opinion we are the poorer for this type of approach.

I am, therefore, a passionate believer in the concept of calculated risk-taking and I accept that some failure must come as part of the price of success. But the rewards of calculated risk-taking are not just those of progress. Through risks and errors and mistakes we also become better people in ourselves.

I believe, therefore, that we must avoid sanitising ourselves as a people and a nation and we must allow ourselves to have the "colour" that goes with risk and failure. We should celebrate and salute failure as part of the price of success and we should celebrate failure in its own right The British got it right with Captain Scott of Antarctic fame! We should not criticise those who trip by taking a more difficult than usual step. We should have a climate that allows us and our leaders to be able to front up and say "I've stuffed up!". We shouldn't have to find excuses for failure and we shouldn't have to deny it when it happens.

"So failure, I acknowledge thee and I salute thee. Continue to be part of me and continue to enrich my life.".

Dick Hubbard
Managing Director.

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HUBBARDS

"Clipboard"

THE JOURNEY SOUTH

Earlier this month I packed my mountain pack and rucksack and I travelled South. Originally the aim had been to climb Mt Cook but a call came through from mountain guide, Charlie Hobbs, just before I left that the climb on Mt Cook was "off" because of dangerous conditions. As Charlie, a well known and respected veteran Mt Cook guide and a man of the mountains, said to me "when a mountain speaks a wise man listens". No problem with that!

However I travelled south to Mt Cook anyway and with Charlie and his lovely wife Mary. We flew, by helicopter, right up to the head of the Tasman glacier to stay at a mountain hut called the Kelman hut which was perched high and precariously on a little rocky outcrop above the Tasman glacier. Five metres from the back door was a huge 2,000ft drop to the next glacier. A spectacular location in a spectacular setting.

For four days we stayed in this hut and during that time I re-discovered the magic of the mountains, how to treat them, how to climb them, how to respect them and the environment they stand for. However, the learning wasn't all just outside the hut. Inside I learned a little about what drives the men and women who climb mountains and who find their personal "spirituality" in the mountains.

In that isolated hut high on a snowy mountain ridge I found that one's mind rapidly cleared and that complex issues and problems seemed a little simpler and a little less immediate when surrounded by the timelessness of the mountains and the glacier below. One realises in the mountains that things such as "money" are only artificial creations to help life be lived and are not the reasons for or the centre of life itself. Now I hope that's not too heady for the breakfast table!

I learned a lot from my re-discovery of the mountains and from the men and women of the mountains. My time there was more than a "battery re-charge" for a tired old Auckland breakfast cereal maker! The mountains are not just about physical panoramic beauty or the adventure of a climb. The magic of the mountains, or of the wilderness or lonely places in general, is not what they do to us, it's what they do for us. Think about it.

All power to the mountains!

Dick Hubbard

Dick Hubbard

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HUBBARDS

"Clipboard"

TO BUILD A CATHEDRAL

In the days of yore, many centuries ago, in Europe and England, cathedral building was, as you might say, "fashionable". Big, lofty, soaring cathedrals were built whose beauty, size and magnitude, even today, leave us somewhat in awe.

Yet when we look at pictures of these magnificent old cathedrals that dot the landscape of England and Europe, the thing that strikes one the most is not actually their physical size or beauty, but rather the long-term vision and foresight that went into these "building exercises". In most cases the building of these cathedrals went on for several generations and even hundreds of years. In many instances those who conceived the plans for those cathedrals, those who built the foundations, and even those who built the walls, would have done so with the expectation and realisation that they would never have the good fortune to see the completed masterpiece they were working on. Yet this "beyond our generation" approach obviously did not limit the building process, the willingness to participate, or the vision.

Contrast this long-term "cathedral building" approach to the situation we have today! Not only do we demand that all "structures" we build, whether physical or otherwise, be completed in our lifetime but we also want all structures that we are associated with to be built as fast as possible, if not immediately! Often we are not prepared to invest our time, money or expertise to build something unless we can personally benefit, as quickly as possible, from the completed structure. Can you really imagine our Government of 1999, or ourselves, embarking on a project where the pain or cost will be borne now and the benefits will be realised in 150 years time!

And this is where we lose! We have lost the ability of those cathedral builders of yesteryear to look beyond their immediate generation. We tend to be not willing to lay a foundation for a structure which we may never see. Our vision for the future has often been pared down from hundreds of years to hundreds of days!

If we are to create "beauty" for future generations to enjoy, and if we are to create structures that enrich the minds and souls as well as the bodies of future generations, then we should draw a lesson from those cathedral builders of yesterday. Like those cathedral builders we should accept the challenge and discipline of building something that we may never see completed.

I have been thinking about this for a while and waiting for a chance to get this one off my chest! Have a good breakfast!

Dick Hubbard

Dick Hubbard

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HUBBARDS

"Clipboard"

MORE ON "MORE, MORE THAN A FAIR GO"

In the last Clipboard Newsletter (No. 12) we started a little competition called "More, More Than A Fair Go". The idea of this competition was to help "accentuate the positive" (and by default, eliminate the negative!) by giving a $100 prize each month for the best story about receiving service "above and beyond the call of duty". This competition, which will have a monthly draw, is to run between now and December (1999!).

Well, dear customers, I am pleased to be able to tell you that as I pen this Clipboard Newsletter the letters are flowing in from a good number of you out there in customer land. In the last few weeks I have been privileged, yes privileged, to read delightfully uplifting and upbeat stories about people who have been on the receiving end of some quite outstanding service. The stories I have read really do reaffirm one's faith in human nature and warm the cockles of one's heart.

I have read stories of check-out operators who have put the last 50cents in the till from their own pocket to help customers "caught short". I have read stories of taxi drivers who turn off the meter when taking people to the Doctor (there were quite a few nice taxi driver stories). I have heard stories of outstanding service from bigger companies, small companies and self-employed people. Some stories have been

about help in times of stress, sometimes they have just occurred in normal day to day circumstances.

I would dearly like to be able to print most of these stories in the Clipboard Newsletter but the resultant Clipboard wouldn't fit into the cereal boxes (unless we had a special jumbo box!). So I am trying to see if there is another way of sharing these delightful stories with you. However, I have done a rapid rearrangement of this Clipboard to share the prize-winning story for August with you.

First prize for August goes to the story about a very special bus driver, a special bus despatcher and, obviously behind both of these a special bus company. Congratulations to two very special employees of the Christchurch Bus Company and congratulations to Kyla Marshall-Jones for the first of the prizes. And, of course, a prize will also go to the bus company staff if we can track them down.

And the final note goes to Peter Zwart of Panda International Ltd. Peter wrote in and has sent me a cheque for $200 to add another two months to the competition to keep the momentum going. The competition now goes until February 2000. Thank you very much Peter.

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HUBBARDS

"Clipboard"

120 S.O.B. (Souls on Board)

When I was learning to fly several years ago, I was taught that when I was approaching an airfield I had to call up the control tower (if there was one) on the radio. Amongst other things I had to tell the control tower was the number of passengers I had. There is nothing odd about that but the particular expression we had to use intrigued me. You see, the number of passengers I had on board had to be referred to as 'S.O.B.'! That doesn't mean perhaps what you think it does as it means "Souls on Board". This expression is a standard aeronautical term – you may have noticed that the recent Egypt Air fatality off the East Coast of the U.S. referred to the passengers lost as "souls on board". And in yesteryear the ships that foundered always quoted fatalities as "souls on board".

I like this particular expression! I love it! It is more than just quaint or old fashioned. It implies that people aren't just passengers, a head count, numbers, objects, statistics, inputs, units or any other such jargon. It neatly sums up what people really are. As a term it says it all!

However, in the world of business we take an opposite approach. You see in business we use a modern term for staff called "human resources". Now

isn't that the exact opposite of "Souls on Board". I've always disliked the particular term "human resources" and if I had my way this particular term would be abolished from business terminology. No disrespect for people who specialise in this area – it's just the term I don't like. You see, people are not resources – never have been and never should be. Resources are things that get "used" by a business such as buildings, raw materials, power, air – even money is a resource. But humans, no! People surely aren't just another type of resource.

So we don't have human resources at Hubbard Foods Ltd. Never will! We may in the future have a personnel function but it will never be referred to as human resources.

Where does all this lead to? Well, I think that the quaint old fashioned aeronautical term says it all. So at Hubbard Foods Ltd we report in as not having 120 employees or 120 human resources. Quite simply, we have "120 Souls on Board"! Think about it!

Dick Hubbard

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HUBBARDS

"Clipboard"

Businesses for Social Responsibility

Almost exactly two years ago, I wrote a Clipboard Newsletter (No. 34) about attending a Businesses for Social Responsibility (BSR) conference in Los Angeles. As I said at the time I was on a high and I'd come back all fired up and determined to advance the debate here in New Zealand. Well, a "heck of a lot" has happened in the last two years and it occurred to me it would be appropriate to give you an update.

Where to start? Well, firstly, worldwide! There is absolutely no doubt that worldwide there is a rapidly growing realization and acceptance that business must both have a sense of social responsibility and exhibit moral leadership. This message is coming loud and clear from prominent business people, prominent business organizations, prominent academics, prominent politicians and prominent authors. It's groundswell stuff! Dr Rodger Spiller who is on our BSR Board here in New Zealand summed it up for me recently just after he had returned from several overseas conferences on the subject. "Dick", he said, "the debate overseas is now tangibly shifting from the "why?" of social responsibility to the "how?". The ideological debate

on the why is now largely won!

And here in New Zealand? Well things have moved very quickly here too. We now have our NZBSR organization up and going with 170 member Companies and rising. Membership varies from large public Companies to little one person Companies. I've given talks and talks and talks up and down the country on BSR and related matters (approximately 200 talks in the last two years!). The debate has been aired in the Press and other media. Books have been published on the subject (not mine). Related organizations such as the Business Council for Sustainable Development, The Natural Step and the Environmental Business Network have started up or increased in strength. Concepts such as triple bottom line (measuring a Company's success financially, socially and environmentally) and quality of profit as opposed to just quantity of profit are coming into business vocabulary.

So, as we begin a new millennium, I feel the understanding of the role of business is changing... for the good and for the benefit of everyone involved. What a great foundation for the 2000's.

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HUBBARDS

"Clipboard"

11.25a.m., FRIDAY 7TH JANUARY, YEAR 2000

What were you doing at that precise moment in time? I know with crystal clarity what I was doing. That was the exact time that I, Dick Hubbard, 53 year old breakfast cereal maker (tied firmly to Charlie Hobbs - mountain guide) stood at the summit of 12,300ft Mt Aoraki or Mt Cook. After 20 months of planning I'd made it!

Well, what a journey, what an adventure. Let me tell! First, the background. Twenty months ago Charlie challenged me to climb Mt Cook with him. "You're not too old", said Charlie. "I'll consider it a challenge to get you there." A quick handshake in my office and the deal was on.

Now to the adventure itself. Day 1 and a last minute change of plans. "We won't fly in up the Tasman Glacier", said Charlie, "we'll go in the expedition way, walking in right from the Hermitage Hotel up the Hooker Glacier (the route of the early explorers who didn't have ski-planes!). So it was on with very heavy packs for two days of walking, climbing, crawling and heaving (at least for me) up the Hooker Glacier to the Empress Hut perched on the side of the Sheila Glacier at 8,500ft. Lesson No. 1 - don't give up - I almost did on day one!

Day 3 was a rest day (thank goodness!) and then day 4 - the big day. The alarm went off at half past

midnight! A quick breakfast of Hubbards cereal (of course!), gear on, boots, crampons, headlamps and ropes on and at 1.30am we were on our way. 3a.m. and I find myself dangling in mid-air as we go carefully over the side of a cliff. Lesson No. 2 - trust Charlie!. 5a.m. and the sky starts to lighten. Unfortunately this means it's now possible to look down. Lesson No 3 - don't look down! 9.30a.m. and it's the final haul up the steep Porter Colouir.

11.25a.m. and we're standing on the summit of Mt Cook! What did it feel like? Well, a funny feeling really, a mixture of awe, fear, achievement and tiredness all rolled into one.

Ten minutes later and we're on the way down. Lesson No. 4 - I'm dependent on Charlie but he's also dependent on me! If I slip we could both "peel off".

At 8.30p.m. we are back at the hut. I'm "buggered". Nineteen hours on the mountain with only 10 minutes on the summit.

However, the trip is not over. Eight hours' sleep and it's packs on again for a 14 hour walk back down the Glacier. 9.30p.m. - a tired figure limps into the carpark at Mt Cook village. I break into tears. Dick Hubbard has climbed Mt Cook!

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HUBBARDS

"Clipboard"

Hubbard Foods Ltd., Box 24-395, Royal Oak, Auckland, New Zealand.

DID THE WHEELS COME OFF AT HUBBARD FOODS LTD?

In the last Clipboard, I mentioned that I will always remember January 7th 2000 - that was the day that I got to the top of Mt Cook! Almost two months later I have another date to remember - Monday March 7th 2000! That was the day we had a very public "disagreement" with our local Union. It sure happened fast! Our credibility was very publicly on the line.

Why? Did our wheels really come off? Well, two months after the event, and after some quiet reflection, I don't believe that they did. Let me explain.

Firstly, however, let me reassure you that everything is back to normal again. In four short days, as intense as it was, it was all over. We are one big happy family again (at the risk of sounding paternalistic!). Like all families, our relationships may even be a little better as a result of the crisis.

And, let me assure you, we are still not anti-union. I never have been and never will be. Unions must exist and have an essential job to do. Whilst one might disagree with a particular Union's viewpoint one cannot disagree with the need for their existence.

Well what then did we learn from this? The first lesson is about misleading messages. Let me give you an example! Earlier this year we got some of our products listed with Tesco's - the biggest UK supermarket chain. We thought this was a major coup. We still think so. However, to get our product to Tesco's we have to freight our product half way round the world and then pay 20% duty when we get there. How do we do it?

By being lean, cost efficient and watching our costs very carefully. One false step and we blow it. So Tesco's business might appear to be highly profitable but it isn't so and can't be. Did I communicate this properly to our staff? Probably not. Did I hear their interpretation? Probably not. Consider this fixed!

Secondly, at Hubbard Foods we are passionate about creating jobs. Lots of them! As a result, our manning rates are quite high. We employ 90 people on our factory floor alone - similar sized cereal processing Companies here and overseas would only employ 25 to 30 people. That does not worry me at all. However, to achieve this, we can only afford to pay mid rates of pay. Of course, we could pay higher rates of pay if we dropped our manning rates. However, that is contrary to what we are trying to achieve. I will fight very very hard for the ability to create as many jobs as possible. Please, Mr Union, don't turn me into just another labour minimising Company!

Finally, I asked myself, had we really slipped backwards in the wage area as was claimed? No, is the answer. Over the last six years our increases have been significantly more than the inflation rate. That's surely going forwards, not backwards.

So, in the final analysis did our wheels come off? I think that the answer is a definite no! It will take more than one slightly misguided Union official to stop me from creating as many jobs as I can and making a socially responsible contribution to New Zealand.

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HUBBARDS

"Clipboard"

Hubbard Foods Ltd., Box 24-395, Royal Oak, Auckland, New Zealand.

GIVE ME OPTIMISM ANY DAY THANKS!

You have probably heard the old story about the thirsty person who casts his eye over a partly filled glass of water. Well, the optimist in him tells him how lucky he is that there's a half full glass of water and the pessimist in him tells him how unfortunate he is that the glass is half empty! Optimists always tend to see themselves as lucky - pessimists tend to see themselves as unlucky.

I am an unashamed optimist! I strongly believe in the old saying that optimists tend to make things happen whilst pessimists tend to allow things to happen. Furthermore, I believe that both optimism and pessimism are self fuelling and become, in themselves, self fulfilling prophecies. As I write this, several surveys have just been released showing that New Zealanders are currently pessimistic about the future. Well, if people think that things will get worse, then sure as the sun rises, they surely will! However, if people believe that things will get better then the rays of sunshine from that optimistic thought process will surely have things get better. You know, we are what we think we are and we become what we want to become.

But it is not just how we perceive external events around us. A recent American research study showed quite clearly that optimists tend to significantly outlive pessimists. In fact, the same survey showed that most people aged over 100 years are, in fact, incurable optimists.

As a nation, we are not big on optimism. Because we are a small country we often have an inferiority complex and that in itself makes us pessimistic. I don't think that as a country we are as optimistic as our trans-tasman cousins. You've probably heard Australians refer to themselves as the "lucky country".

However, don't forget that optimism is both contagious and infectious. Like a disease, it can spread quickly especially when people are in close contact. So if our trans-tasman neighbours have cornered the description the "lucky country" let's see ourselves as the "very lucky country". We have plenty to back that claim up. Let's be continually thankful for how far we have come, not worried about how far we have to go. Just remember that no-one can ever go blind from looking at the bright side of life. Finally, and more personally, living to 100 does have a certain appeal - doesn't it?

P.S. I don't think a pessimist could ever climb Mt Cook!

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HUBBARDS

"Clipboard"

TOMORROW'S CHILD

One of the new words coming into "business-speak" is the big "S" word "sustainability". What does it mean? Is it a new fad word or a buzz word? Well, put quite simply, it's about running a business along the lines of sustainable business practice. Any the wiser? Let's try again! It's about the running of a business in such a way that it does not do any harm to either the physical environment or to the social environment. And I think it's definitely not a fad.

Sustainability in business is really about future-proofing or protecting the future. Ray Anderson, who is the Chief Executive of a big carpet Company in the U.S.A. summed it up recently when he said that sustainability is about "the making of decisions today in such a way that they won't hinder the decisions our children will want to make tomorrow". In other words, it's about the protection of "Tomorrow's Child". I like that definition!

I think that you are going to hear a lot more about this. There is growing world-wide evidence that a lot of present business practices are just not sustainable long term. On the environmental side the use of limited world resources, greenhouse gas production, the dumping of hazardous or even non-hazardous waste just can't carry on at its present rate. It's been estimated that we now need the

equivalent of three "earths" to long term support our present population with the current rates of resource use. Of course, we only have one earth to live on!

However, sustainability is not just about the physical environment. It is also about the social environment. You see business can harm this as well. Long-term unemployment can scar generations. "Anti-social" business practice can ruin the values base of a society. Businesses based solely on greed - the desire to "want more, earn more, have more spend more" can produce societies with the same values base.

But, the good news is that the change is coming! Worldwide businesses are now seeing that they do have an obligation to look after the future as well as the present. Sustainable business practices are now being developed by a number of overseas companies. You'll see more of this. And just as we at Hubbard Foods Ltd have tried to stimulate interest in social responsibility, we will also be trying to stimulate interest in sustainable business. The two are linked! Along with other companies in New Zealand we will be there. Here's to "Tomorrow's Child".

Dick Hubbard

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HUBBARDS

"Clipboard"

'TRUST ME - TRUST ME NOT'

Several weeks ago I returned from a business trip to Singapore and Hong Kong. As we flew back to New Zealand I paid particular attention to the customs and agriculture declaration as I had lots of food samples (yes, you guessed it-breakfast cereals!) Because of the recent publicity about foot and mouth disease I was more particular than ever about the declaration form.

As we did our bleary eyed shuffle through the very thorough agriculture checks I was carefully questioned by the quarantine staff about the nature of my 'purchases'. Then, the penny dropped with the agriculture staff. Hubbard and breakfast cereal samples! "That will be all," said the bright and breezy quarantine officer. "You're Dick Hubbard, we trust you!"

Those words rang in my ears as I left the customs hall. It was a very nice feeling to be trusted! But, as I thought about it, it occurred to me that the reason it was a nice feeling was that the trust hadn't just been blindly dished out, I liked to think that it had been earned. More importantly I realised that it had the effect of making me extremely determined to see that this trust would not be betrayed, either now, or in the future.

Without being too 'heavy' or philosophical at your breakfast time, it did occur to me that we often overlook the positive power of trust. Of course it has to be earned, it can't be handed out blindly. But, so often, when it is earned we still ignore it. This happens not only between people, but also in the business world. Perhaps this explains the ever-increasing demand for lawyers.

Often we don't acknowledge trust when it is due and then we wonder why people don't trust themselves. In other words a lack of expressed trust when trust is due can be self-fulfilling and have a negative effect on one's behaviour. However on the other hand the receiving of trust can be motivating and have a positive effect on behaviour. Make sense?

From the letters I receive from you I feel a sense of trust in our Company. You don't always agree with everything that we do but that is a separate issue. Suffice to say that we at Hubbard Foods acknowledge your trust in us and rest assured we will do our utmost to respect it. We like the feeling. Thank you for giving it to us!

Dick Hubbard

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HUBBARDS

Hubbard Foods Ltd., Box 24-395, Royal Oak, Auckland, New Zealand.

"Clipboard"

ADVERTISING

Many years ago, (Clipboard No. 22 - remember it?) I mentioned that I was often asked when Hubbard's would be advertising on T.V., "just like the other cereal companies do!" The reply was then, and it still is, twofold. Firstly, we still are "not just another cereal company!" Secondly, and more importantly, when we advertise I believe we are really spending your money as ultimately all costs in a business have to be recovered in our selling prices to you, our customer. We therefore have a "moral" duty to spend "your money wisely".

Many people interpreted this stance of ours as being anti-advertising. However, we are not anti-advertising. You will see us advertise in a number of ways and like any company I believe it is legitimate to persuade you to buy our products.

The key word here is "persuade" and how far should this persuasion go? I have thought about this a lot and have drawn up the following set of rules or charter for ourselves. These are as follows -

* Our advertising will be aimed to inform and not to create unrealistic or irrelevant images.
* Our advertising will not play on anyone's conscience, fear, weakness or worries.
* We will not advertise directly to children and we will not invoke "pester-power".
* Our advertising will not use "continual repetition", or "irritation" as a technique.
* Our advertising will not promote the concept of "instant gratification" or "instant fix".
* Our advertising will not denigrate our opposition and we will not undertake "comparative advertising" as seen in the U.S.A, and now in Australia.
* Our advertising will respect your values and we recognise that they could be different to ours.
* We will spend your money wisely and responsibly.

All of these are simple and perhaps self evident. Singularly they do vary in importance. However, together they are our charter, our rules and our commitment to you. Ultimately, our advertising will be aimed to tell you of the option to buy our products. On that note, I rest my case!

Dick Hubbard

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HUBBARDS

Hubbard Foods Ltd., Box 24-395, Royal Oak, Auckland, New Zealand.

"Clipboard"

TELL ME, WHAT'S ALL THIS FUSS ABOUT THIS THING CALLED "TBL"?

Recently, and without wanting to appear too melodramatic, we experienced what I believe is one of the most historic occasions in the history of Hubbard Foods. This was the occasion of the compiling and publishing of our first Triple Bottom Line or "TBL" report. You may have seen our summary of this report in the newspaper and, as per what we put in the newspapers, we have been encouraging as many people as possible to look at our full report on our website (www.hubbards.co.nz)

A lot of people have been talking about triple bottom lines recently! The Prime Minister knows about this concept; politicians from all political parties know about it; business people know about it; and there has been an increasing number of general articles written about it. I've talked about it up and down the country! It's an exciting idea and, to use that well-known phrase, it's an idea whose time has come. What exactly is it? Well, to put it simply, the "bottom line" in business has always been another word for profit and, in business, we have all been taught that the bigger the bottom line the bigger the success of the company. The Triple Bottom Line approach to business merely says that instead of just one bottom line to measure, there should in fact be three. Which are the other two? Well, they are the "social" bottom line and the "environmental" bottom line. There are other names for these three bottom lines. One description is that of the "three legged stool". Remove one leg and the stool can't stand properly. Another description is the three P's of "People, Planet and Profits". I like that one and I like the deliberate order of the three P's.

OK, is all of this just "fuzzy wuzzy" talk or is it for real? Is it just another passing fad or will it stick forever? Well, firstly, it is for real and, secondly, I believe that this concept is in for the long haul. There is some excellent international research to back this up. To give this little "snowball" a nudge we have gone out, found out how to measure our Triple Bottom Line and have produced our first TBL report. It's not perfect. New things seldom are. But I think it's one of the best investments we have ever made in our Company. And, yes, it is exciting too.

Dick Hubbard

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HUBBARDS

Hubbard Foods Ltd., Box 24-395, Royal Oak, Auckland, New Zealand.

"Clipboard"

NEW ZEALAND, I THINK YOUR TIME IN THE SUN IS COMING

I'm feeling incredibly optimistic at the moment for reasons that are a little hard to define. However. I'm getting the distinct feeling that New Zealand's time in the sun is about to come. I've got a feeling that the rest of the world is about to "discover" New Zealand and that as a country we are poised to go places.

One of the privileges that I've had recently is to travel the length and breadth of New Zealand giving talks in isolated towns, regional towns, small cities and big cities. I feel a bit like a politician in that I've been fortunate to have the opportunity, particularly over the last 6 months, to put my finger on the pulse of the nation. I like what I see and feel! It seems to me that at the moment there is a groundswell of things happening in New Zealand, hugely good and beneficial things, things that I think will command considerable attention offshore. There's a real energy coming through at the moment that I haven't detected before. It's not directly linked to politics, it's not linked to economics, rather it's a feeling that, as a nation, we are taking a lot more responsibility for our own destinies. It's almost as if we, as a country, have taken a good hard look at ourselves, have decided we didn't like what we've seen and now, most importantly, have decided to do something about it. Our creative juices as a nation seem to be really flowing. We are like the donkey in the half filled well that features in the story on page 3.

Yes, of course we have problems. Who and which country doesn't? But I feel that at the moment we in New Zealand are currently solving the problems at a faster rate than we are creating them. We are on a roll. And like the proverbial snowball we are gaining momentum.

Will it all last? Yes, I believe so. And I'm going to do my best to ensure that it does. We are rolling now as a country and once the momentum gets up we'll be unstoppable! On a world wide basis I think it is now time to say "go, little Kiwi, go!

Dick Hubbard

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HUBBARDS

Hubbard Foods Ltd., Box 24-395, Royal Oak, Auckland, New Zealand.

"Clipboard"

"THE NEED FOR ADVENTURE"

I am a passionate believer in the need for adventure. All of us have a desire for adventure, in fact, more than that, all of us have a need for adventure. Adventure nurtures our soul, it inspires us, it motivates us, it teaches us about ourselves and it helps us to develop as human beings. Most of us will probably easily agree with this.

There is one problem with adventure, however. It comes with a thing called "risk". With zero risk there cannot be true adventure and one of the problems we now face is that as we become an almost obsessively risk averse society, we run the risk of stifling adventure and therefore stifling ourselves.

What we so often don't realise is that there are different types of risk. So often we lump all types of risk together and we don't understand the distinction. But consider this.

First there is reasonable risk as opposed to unreasonable risk. Yes, risk should always be minimised to move it from the unreasonable to the reasonable category. But the minimisation of risk is totally different from the elimination of risk. How often we confuse the two!

Then there is the difference between perceived risk and actual risk. It's also important we understand this difference. Perceived risk is what the mind tells us and so often our mind lets us down. For instance, imagine abseiling down a cliff. The perceived risk is high but in actual fact you are safer than driving on an Auckland motorway. Bungy jumping is another classic example.

The perceived risk of setting up Hubbard Foods was high. "You must be mad taking on the big boys", people said. The actual risk was many times lower. The establishment of Hubbard Foods was an adventure and continues to be so.

Just as we need great statesmen and women and great sports people to inspire us, so also do we need great adventurers. Sir Peter Blake was first and foremost an adventurer. Through his adventures he truly inspired us. It is therefore entirely appropriate that the quotable quote at the end of this Clipboard Newsletter should be none other than the final words of Sir Peter. Thank you, Sir Peter, for reinforcing the need for adventure and for teaching us about risk. You weren't killed because of your love of adventure or exposure to risk, you were killed in spite of them.

Dick Hubbard

AIESEC CORPORATE SOCIAL RESPONSIBILITY SEMINAR

THE MEANING OF CORPORATE SOCIAL RESPONSIBILITY

ROGER KERR   AUCKLAND
EXECUTIVE DIRECTOR   3 DECEMBER 1996
NEW ZEALAND BUSINESS ROUNDTABLE

CORPORATE SOCIAL RESPONSIBILITY

Introduction

I would like to begin this talk on the theme of corporate social responsibility by asking a question. Why is there more interest in, and debate about, the social responsibility of *business* than about the social responsibility of other institutions? It is, of course, perfectly legitimate to raise the issue of the social responsibility of business. But we hear rather less about the social responsibility of, say, the churches, the media, trade unions, the professions, universities, or even the government. This point is worth making, I think, because it tells us something about current attitudes, at least in New Zealand, towards business and other social institutions. But when people collectively organise themselves in business organisations of one kind or another, do those impersonal legal entities really acquire social responsibilities which differ from those of other collective entities?

Everyone here will know that the New Zealand Business Roundtable supports the system of private enterprise in a market economy. We argue that the activities of private business are socially beneficial so long as they are conducted under the rule of law and within a framework of open competition. When subjected to those disciplines, business by and large promotes its interests in a way that promotes the interests of the whole community, and, moreover, promotes the community interest more efficiently and reliably than any other economic arrangement.

I believe that this argument is now accepted pretty well everywhere. The big story of the last 10 years has been the collapse of socialist economies, the basic alternative to market economies. It has now been demonstrated conclusively that central planning does not work, and that prosperity depends on a private sector in which business people are free to back their own commercial judgments but are also expected to bear the consequences of their mistakes. Only in this way can an economy be guided towards producing goods and services that the public actually wants to consume. As well, only such an economy can be relied on to produce the resources that governments must have if they are to provide services like defence, law and order, education, health care and social welfare.

And yet, although the indispensability of free enterprise has been accepted, its moral foundations remain under a cloud. As the Catholic theologian Michael Novak has remarked:

> ... religious leaders speak inadequately about business - more so than about almost anything else they preach on. ... Some of them, of course, have been misled by the kind of leftist sentiments uttered by the great Harvard theologian, Paul Tillich, who wrote, long before the collapse of socialism in 1989: "Any serious Christian must be a socialist."[1]

Many people are uneasy about the profit motive, suspecting that profits emerge only from exploitation. They fear that free enterprise encourages greed and selfishness. They are reluctant to accept the logic of Adam Smith's famous metaphor of the invisible hand, which holds that business people promote the general interest more effectively by pursuing their own interests than by directly trying to 'do good'. People are offended by the idea that behaviour which may be morally neutral can have good consequences. Conversely, it's assumed that the people who work for non-business institutions are motivated by concern for the general interest - by the 'non-profit' motive, we could say - and that their activities must therefore deserve greater esteem.

I suggest that this is why we hear little about the social responsibilities of the churches, charities, and so on. Business, in contrast, is assumed to have a problem about its social responsibilities because it is driven by motives that militate against concern for the common good. So it is sometimes argued that if business is to be allowed to get on with the production of wealth, it must be made, by a combination of law and public pressure, to discharge responsibilities that are additional to the maximisation of profit.

I would like to challenge this set of assumptions, in two ways. First, moral doubts about the profit motive have been around for a long time, at least since socialists and conservatives began opposing capitalism in the nineteenth century. But the thinkers who first started to analyse the workings of what we call today a free and open society argued that commerce was a civilising force. Their arguments are worth recalling and considering.

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[1]   Novak, Michael, *Business as a Calling: Work and the Examined Life*, The Free Press, New York, 1996, p.5.

The eighteenth-century French philosopher Montesquieu noted that the spread of commerce into Northern Europe had moderated the warlike tendencies of the inhabitants by bringing to them a peaceful alternative form of self-enrichment. The thinkers of the Scottish Enlightenment in the late eighteenth century built on Montesquieu's work. David Hume showed how sustained interaction between strangers eventually produced the conventions of morality, like stability of possession and the obligation to keep promises, from which we are all the beneficiaries. Adam Smith's exploration of what he called 'the system of natural liberty' showed that free trade would promote world harmony by engaging everyone in a system of peaceful exchange and division of labour. So far from competition being immoral, it was the efforts of business people to reduce competition by cartels and state protection that did public harm. And as the sociologist Max Weber wrote in *The Protestant Ethic and the Spirit of Capitalism*, the assertion that capitalism promotes greed belongs in the kindergarten of sociological opinions.

The second way I would like to challenge modern attitudes towards business is by questioning whether other institutions that are officially driven by the non-profit motive should be let off so lightly. Whereas business by and large does get on with doing business, non-business institutions nowadays often engage in activities that are not central to their official functions, and, conversely, often neglect the tasks that they officially exist to serve. Some representatives of the churches, especially the established ones, seem to have lost interest in helping to save souls; indeed, they sometimes seem to have lost their own faith, and can be quite contemptuous of the old-fashioned morality that it used to be their job to sustain. In extreme cases their members have even defended forms of dishonesty such as theft. Instead, they devote themselves to 'progressive' social causes and promote a sort of generalised compassion for the disadvantaged, even though many people share that compassion without needing a religious basis for doing so.

For their part, charities sometimes devote resources donated by their supporters to lobbying governments to spend more on social welfare and foreign aid, even though their donors have by their actions indicated support for voluntary rather than compulsory transfers. Some within the universities seem more preoccupied with issues like 'gender balance' and 'diversity,' and exposing and punishing sexual harassment and smoking,

than with teaching and research. I would add that governments have often lost sight of their proper functions and allowed themselves to be dragged by special interests and public pressure into activities that should be left to citizens' private initiative. This is, I believe, a major factor behind the low esteem in which politicians are often held. Politicians take on tasks that they cannot properly perform, but in so doing they leave less space and fewer resources for groups within civil society - in both the for-profit and non-profit sectors - that could carry them out much more effectively.

These general points lead me to a preliminary answer to the question of the social responsibility of business. We get there by way of answering the question of the social responsibility of any lawful institution, which is that it should perform its proper function to the best of its ability. As commerce students, you will recognise here the principle of comparative advantage: that the general welfare is most reliably promoted when countries and firms do only what they do best. If they stray from that rule, not only do they produce less of what they should be producing, but they consume resources that could be used more productively by other institutions or firms. In some broad sense, all institutions are entrusted by the community with their special functions. It follows that 'the business of business is business'. Using scarce economic resources efficiently, providing the enormous range of goods and services needed by consumers in a modern economy, and being enterprising and innovative in the search for ever-better ways of meeting people's needs is the immensely important vocation of business. As Pope John Paul II has put it, "When a firm makes a profit this means that productive factors have been properly employed and corresponding human needs have been duly satisfied." Yet it is precisely this idea that is questioned by those who think that business is failing to discharge its social responsibilities.

In what follows, I want to defend the following claims.

First, Milton Friedman was right when he said, in a famous article published in 1970 in the *New York Times Magazine*, that "the social responsibility of business is to increase its profits", subject to the constraint of "conforming to the basic rules of the society, both those embodied in law and those embodied in ethical custom." I believe that Friedman's answer is the correct one, so long as 'profit' is interpreted in a suitably general way. If you think earning a profit is a morally neutral rather than a morally good

way to acquit a responsibility, would you hold that deliberately making losses is ethical - particularly if it's with someone else's money?

Second, businesses that are devoted to the pursuit of profit will often become engaged in social activities that are conventionally described as the 'social responsibilities' of business, such as training for the young, schemes to preserve the environment, promotion of good causes related to the communities that businesses become associated with, and philanthropic donations to charities and the arts. Such activities are not typically 'social responsibilities', but remain discretionary activities for which managers should be held responsible only to the shareholders who employ them. The more competitive the environment in which a business operates, the less scope it has to indulge in social activities that are not strictly instrumental in enhancing its profitability or implicitly supported by shareholders willing to accept lower returns on their investments.

Third, such social responsibilities as do exist attach to us all as private individuals, not as members of business corporations or other institutions. Business firms are merely a vehicle for pursuing a vital activity: the production and distribution of goods and services of value to consumers. A company is as impersonal a vehicle as a motor car. It is surely only those who put the vehicle to use, i.e. the owners in their individual or collective capacity, who can bear any responsibility for their actions, not the institution. To question whether business has any social responsibility beyond that of maximising returns to its owners is not to doubt whether additional social responsibilities exist. Rather, it allocates those responsibilities where they belong. I believe that recent changes in the way business is conducted are tending to clarify this point and serving to push the burden of social responsibility back towards individuals.

The Social Responsibility of Business Is to Increase its Profits

Friedman's claim is a way of making business stick to its knitting, so that it concentrates on its function of generating wealth. Friedman himself doesn't quite argue that way, although what he does say is consistent with that point. Rather, Friedman stresses the nature of the relationship between shareholders and management, which is that of principal and agent. Managers act on behalf of shareholders, the value of whose investments they have a fiduciary duty to maximise. If they are burdened with

additional 'social' responsibilities, they may be deflected from this obligation.

Friedman's caveat that business must act within a framework of law and "ethical custom" may cover some so-called social responsibilities. Businesses may be legally obliged to hire a number of disabled persons, to install affirmative action programmes, to enforce no-smoking or anti-harassment rules in the workplace, to observe occupational health and safety regulations, or to provide severance pay for employees made redundant. Such regulations may be criticised or defended on various grounds. So might some of the "ethical customs" that Friedman mentions but does not expand upon. But insofar as all domestic firms in the same industry are subject to such legal or ethical obligations, none is placed at a competitive disadvantage with respect to the others (though they might all be placed at a disadvantage relative to other industries or their international competitors). The debate is therefore about social activities that remain discretionary.

Friedman's answer does not provide any guidance on how a firm should go about measuring its profits. That makes sense, because it is up to shareholders to decide how to evaluate the activities of management. Modern business is sometimes criticised for 'short-termism', a search for quick profits that allegedly does less general good than investments whose returns are slow to mature. Not only is that claim dubious, but it remains the prerogative of shareholders to decide the term over which they want to see their returns maximised. A firm whose shareholders are looking for long-term secure returns could well allow its managers wide discretion to engage in social activities that they judge will add value to the firm. Contrary to the popular view, maximisation of shareholder wealth is normally a long-run enterprise, and expected wealth creation by a firm is recognised in present-day share values. But it is wealth maximisation that legitimises value-adding social activities, not the putative extraneous benefits that they generate.

'Profit' may even be defined in terms of social activity. Some firms are actually set up with social activities in mind. One example is the Body Shop, which aims to be an environmentally sustainable business. As well as advertising its products or retail outlets, it sponsors causes such as the campaign against battery hen farming. Another example is 'ethical'

investment funds, which avoid investing in certain areas of business like arms manufacture or what are believed to be environmentally harmful activities, or in countries whose governments pursue immoral policies. In such cases, social or ethical activities are not traded off against profits, nor are they investments in future profit; rather, they constitute part of the actual profit of the business. The management is responsible to the shareholders for ensuring that the charters of such businesses are complied with. Friedman's answer to the question of the social responsibility of business can thus be interpreted broadly to mean that managers are responsible for carrying out the aims of the shareholders. Obviously a sole owner-manager can more easily use a company to pursue multiple objectives than a company with many owners because of their likely differences of opinion about the trade-offs between objectives.

Stakeholder Theory

The soundness of Friedman's argument is thrown into sharp relief when contrasted with its polar opposite: stakeholder theory. This is not really a new idea but it has recently been revived by Tony Blair, the leader of Britain's Labour Party, and writers of the 'communitarian' school of thought.

Applied to business, stakeholder theory teaches that corporations are communities of diverse constituencies, each of which has a stake in the corporation and therefore a legitimate voice in its governance and destiny. The shareholders form just one constituency among several: hence the preference for the term 'stakeholder'. Other constituencies include the corporation's employees, customers, suppliers, and even the localities in which the corporation operates. Some advocates of stakeholder theory argue that the corporation acquires such obligations from an implicit contract between the corporation and the wider society: in return for various legal privileges such as limited liability, the corporation must accept accountability to society at large. The policy implications of this approach are clear: corporate boards must represent not only the shareholders, but also the employees and the consumers.

To my mind, stakeholder theory suffers from a range of problems. The most serious is the one of making shareholders bear the cost of other so-called stakeholders' decisions. For that is what would happen: non-

shareholder representatives on boards would in effect be able to exercise power over corporate decisions without having to bear the cost of any mistakes. In such cases, the shareholders would be the exploited, not the exploiters. It's worth observing that in Germany, where employee representation on the boards of large corporations is mandatory, and in Japan, where large corporations have traditionally offered lifetime employment, sharemarkets are relatively undeveloped and much investment has been funded by bank loans, although these patterns appear to be breaking down.

A second problem with stakeholder theory is that it offers no principled solution to the inevitable conflicts between those who have contributed the capital that enables the firm to operate and other stakeholders. It's easy to imagine instances in which shareholders' interests would conflict with those of employees: for example, a firm that needs to maintain its value may have to close some operations and make staff redundant. Again, shareholders may run into disputes with consumer representatives if the latter want to keep raising the quality of the firm's products beyond a viable level. And in cases where a particular locality is heavily dependent on a single firm for employment, pressure may be applied to prevent the firm from closing. This is not to say that agreement among these constituencies is impossible to reach. The point is that the decisions are likely to reflect political rather than economic pressures and priorities, thus risking a reduction in the profitability of the firm and the benefits it bestows on the nation as a whole.

Conflict could even occur between the different stakeholder roles of the same individuals. For example, pension and superannuation funds are emerging as major shareholders of corporations, with the ability and the incentives to monitor closely the activities of their managements and boards. Such funds are responsible to a great number of working people who have invested their savings with them and thereby become indirect shareholders of a wide range of corporations. So a conflict between shareholders and employees could result in many people having a stake in both sides. Such a conflict was very evident in Yugoslavia, which, before it disintegrated, conducted a famous experiment in workers' control of industry. The experiment was a failure because the workers tended to vote themselves wage increases at the expense of profits and future investment,

thereby eventually impoverishing their industries. As employees they undermined their own interests as shareholders.

In New Zealand we have also had plenty of experience of conflict between stakeholder constituencies in the case of state sector enterprises before they were corporatised in the 1980s. These enterprises became political footballs, expected to perform a range of mutually incompatible goals: soaking up unemployment; providing subsidised training; yielding a return on taxpayers' investments; and delivering services at artificially low prices to favoured groups of consumers. The result was that state enterprises performed none of these goals satisfactorily and most simply added to the nation's debt. Since then, state enterprises have been reformed along lines that Friedman would approve of: they have been made to concentrate on profitability, and in some cases have been privatised, while their social activities involving non-shareholder constituencies have either been hived off or financed transparently through special budgetary arrangements. I suggest we are the better off for it. Interestingly, once subjected to rigorous scrutiny, the justifiable non-commercial or 'social' activities of these enterprises have turned out to be few and far between.

My final objection to stakeholder theory is that, once corporate responsibility is extended beyond shareholders, there is no good reason to limit it to identifiable groups of stakeholders. It's true that employees, consumers and localities may be intimately affected by the corporate decisions of shareholders. But the general public is affected as well, often in ways that impinge powerfully on particular individuals even though we cannot identify them. For example, a corporation may be prevailed upon to keep open an unprofitable operation in a remote locality that depends heavily on it. But if that results in less investment elsewhere, as it probably would, then unknown individuals are deprived of employment. It seems to me that such unknown and unemployed individuals are as much entitled to be called 'stakeholders' of that corporation as are its employees. But, being unidentifiable and unorganised, they have no way of bringing their interests to bear on the corporation's decision.

In fact, the logical conclusion of stakeholder theory is socialism: the collective ownership and central planning of all enterprise so that the entire community's stake can be recognised and safeguarded. The trouble is, of course, that collective ownership and central planning don't work. Milton

Friedman's approach, on the other hand, does work, by and large. If business remains focused on profitability, and if public policy enforces the rule of law and promotes a competitive environment, the general benefit that business confers on the community is maximised. If we are concerned about particular groups of individuals who may be harmed by corporate decisions, we have the option of taking collective responsibility for them by assisting them through private forms of voluntary welfare or the state welfare system.

The Social Activities of Business

As I've already mentioned, many corporations become involved in social activities. We are all familiar with the logos that appear on brochures, advertising corporate support for artistic or environmental or similar endeavours. Some corporations make donations to private sector public policy research institutes. Corporations may provide benefits and facilities for their employees that go beyond normal remuneration. Long-established customers may receive special treatment from corporations that is not generally available to new customers. And so on.

It is hardly a secret that corporations generally engage in such social activity in order to promote their images, their reputations, and so their profitability. But, according to an item in a consumer magazine on environmental sponsorships, managers sometimes cite additional reasons:

> As Mainland's general manager of marketing Alan McConnon, told us, the company is involved with the hoiho "primarily . . . for commercial reasons. We seek to add to the wealth of our shareholders by selling more product". ... But McConnon adds that there are other reasons, also strongly held, for taking up green issues. He says Mainland also wanted to "give something back to the community at large". Other companies expressed similar views.[2]

One wonders about these "other reasons". Do managers think that their corporations are *obliged* to "give something back to the community" in addition to their product? If they do so think, is there not a danger that they could do so sometimes *at the expense* of the corporation and its shareholders? Would it not be better to avoid the charge of insincerity and

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[2]   *Consumer 349*, June 1996.

hypocrisy by insisting that social activities are designed solely to promote the corporation's image, reputation and shareholder value?

A body of academic literature has arisen around this subject. Some of it supports corporate social activity, viewing it not as an expense of business but as a form of investment in the long-term value of corporations. The following statement is reasonably representative of this approach:

> There is nothing in company law to prevent directors having regard to other interests if they judge reasonably and in good faith that to do so is conducive to the health of the company. Indeed, for directors *not* to give appropriate weight to *all* the company's key relationships may well be a breach of their fiduciary duty. That duty is to arrive at a balanced judgment about maximising the company's value on a sustainable basis, and not necessarily to take a short-term view of maximising returns for current shareholders.[3]

Certainly it is the duty of management to "give appropriate weight to all the company's key relationships". But the contrast drawn between "maximising the company's value on a sustainable basis" and "a short-term view of maximising returns for current shareholders" is basically muddled. If a company is behaving in a manner that is maximising shareholder value, and is ensuring that capital markets are informed of its strategy so that investors can make informed judgments, then the postulated trade-off is non-existent. The present value of the company, as indicated by its share price, will reflect all expected future cash flows given the risks associated with them. The interests of present and future shareholders are equally well served.

Decisions about social activity, like other corporate decisions, can be expected to be benign if two conditions are met: the shareholders are able to exert an appropriate level of discipline over management, and the corporation operates lawfully in a competitive environment. But neither condition can be taken for granted. Managers may be able to capture a corporation to some extent if they are insufficiently exposed to the possibility of takeover, or if shareholders have difficulty exercising their rights; and businesses may enjoy a certain amount of monopoly power if they are state-owned or

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3 Royal Society for the Arts, Manufactures and Commerce, *Tomorrow's Company: The Role of Business in a Changing World*, London Royal Society for the Arts, Manufactures and Commerce, 1995.

benefit from regulations that reduce domestic or international competition. These defects create opportunities for management to indulge in social activities that may not really promote the corporation's profitability, or do so less reliably than strictly commercial activity would.

To summarise this point: well-governed corporations should be free to decide whether, and how much, and in what forms, to invest in social activity. It may well make sense for them to fund activities which are outside their business but which add to its long-term value. Managers are responsible solely to shareholders for such decisions, as they are for purely commercial decisions. Any dilution of that discipline is likely to lead to an inefficient expansion of social activity, serving the private agenda of management itself or of constituencies of so-called 'stakeholders', and reducing the benefits that profitable economic activity brings to the nation as a whole. Current pro-competitive trends in public policy and in business practice are probably increasing the focus on strictly commercial activity.

Only Individuals Have Social Responsibilities

The last of the three claims I want to defend is that social responsibilities belong to us as individuals, not as members of corporations or any other types of organisation.

I believe that we do have a duty to care for amenities such as the environment and endangered species, to make voluntary efforts to alleviate poverty and other social problems, and to support worthy projects from which we could all benefit at no personal cost if we so chose, such as artistic endeavour. We could argue about the nature of such responsibilities. Are they strict moral obligations, or are they general duties that we may observe in our own ways? This is not the occasion on which to address such issues. My point is rather that those who argue that corporations have social responsibilities beyond enhancing shareholder value are mistaken, not about those responsibilities themselves, but about who has them.

Rather than directly making this case, let me do so indirectly by outlining two different arguments. First, the artificial nature of the corporation is becoming increasingly exposed by current changes in business structures. These changes are tending to push the burden of social responsibility away from corporations and on to individuals. Second, the belief that

corporations have social responsibilities reflects certain modern attitudes to moral responsibility that are misplaced at best and hypocritical at worst.

It's worth looking more closely at the basis of the corporation, the existence of which we have so far been taking for granted. A theory of the firm associated with the economist Ronald Coase holds that firms exist because of the high transactions costs of negotiating contracts. In an ideal competitive economy, all goods and services would be delivered by contractual agreements between producers and consumers, with the terms and conditions of such agreements being renegotiated from moment to moment to reflect changing conditions of supply and demand. In practice, the costs of continuous contracting (which economists call 'transactions costs') can be high, and it is in order to economise on these that individuals come together in long-term arrangements and form firms. The law recognises such entities under various legal forms; the corporation is one such form, whose shareholders enjoy limited liability.

In the 1990s, however, we are witnessing what may be the beginning of the unravelling of the rationale of the corporation. Technological and other changes are transforming many economic relationships that used to be internal to the firm into fully open and contractual relationships. Corporations are focusing increasingly on their core activities and buying in inputs that they once produced themselves. Outsourcing, franchising and contracting out are increasingly common in both the public and the private sectors. As well, contracts are replacing traditional employer-employee relationships, which are based on the concept of a master-servant relationship in which employers exercise a 'right of control' over employees. New Zealand has, of course, enacted a contract-based employment system, although our courts still hark back to master-servant ideas. But similar changes are occurring in other Western countries, spurred on by the corporate downsizing that has led many former employees to set themselves up as micro-businesses. Such changes are undermining implicit and ultimately unsustainable contracts, such as those that bind suppliers and employees to corporations in a relationship of loyalty, and forcing their terms into open and negotiable conditions. One commentator has described the process thus:

> The challenge is to think of each individual as a business, with assets, skills, and, above all, the freedom to negotiate an infinite

> variety of contracts with other businesses. Such one-person businesses need be loyal only to their own professionalism and reputation ... Technological, legal and organisational changes are at last bringing down the high transaction costs that have in the past propped up socialistic command-and-control mechanisms in the workplace in place of market ones.[4]

The more work relationships are based on contracts, the less substance remains of the corporation and the more obviously artificial it becomes; and any putative 'responsibilities' beyond those associated with its core function have to be either incorporated into explicit contracts or simply dropped and left to individual initiative. The whole idea of 'corporate social responsibility' is really as much a reflection of the feudal, pre-contractual origin of the corporation as is the master-servant employment relationship with its implicit exchange of loyalty and paternalism.

This brings me - and this is my final point - to the second argument that indirectly supports individual, as opposed to corporate, social responsibility. This is the tendency in modern moral debate to assume that individuals are not responsible for their own actions because their behaviour is decisively influenced by forces beyond their control. These forces are usually described as social or psychological; more recently they have also been seen as genetic. In practice, we don't really believe this because, when things go wrong, we are all too ready to blame people who presumably are *not* influenced by forces beyond their control: if not white male Anglo-Saxons, then certainly 'society', the 'government' and, of course, 'big business'. The demand that corporations discharge multifarious 'social responsibilities' is, I suggest, a way of avoiding our individual responsibilities. More than that, it makes possible that most modern form of hypocrisy: to appear caring and compassionate while avoiding the cost. In the end, accepting our individual responsibilities to society is a mark of honesty and maturity.

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4   Phillips, Ken, 'Beyond Loyalty: Alternatives to Employment', *Agenda*, Volume 3, Number 3, 1996, pages 393-396.

BUSINESS AS A VOCATION

EMBARGOED UNTIL 8.00 A.M. WEDNESDAY 20 MAY 1998

AUCKLAND INSTITUTE OF TECHNOLOGY COMMERCE STUDENTS BREAKFAST CLUB

BUSINESS AS A VOCATION

ROGER KERR
EXECUTIVE DIRECTOR
NEW ZEALAND BUSINESS ROUNDTABLE

AUCKLAND
20 MAY 1998

BUSINESS AS A VOCATION

A common demand is for businesses or their owners to 'give something back' to the community in which they operate. Youth Affairs minister Deborah Morris, for example, said in a speech last week:

> Business gains from the community, and I feel that it is only right that it gives something meaningful back.

Such a statement sounds unexceptionable to many people. Even business people themselves, when engaging in acts of philanthropy, can sometimes be heard using precisely this language.

I would be the first to applaud acts of philanthropy by people in business, the professions and indeed all walks of life. But I believe it says a great deal about the widespread anti-business culture in our society that in justifying philanthropy some people should choose to employ – or feel obliged to employ – this language of giving back.

For the shared assumption in such statements is that businesses have taken from the community. If you take something, you have an obligation to repay. And there are many people who think that if you make money in business, it is automatically made at the expense of someone or something else – 'the poor', 'the community', 'the environment', 'the developing world'. There are many candidates for victim groups in the demonology of those who see business and private enterprise as exploitation.

Yet any such view is seriously mistaken. Markets are not characterised by exploitation and coercion, but by cooperation for mutual gain. In a market economy based on voluntary exchange within a clear legal framework you can only consistently make money in business by benefiting others. Given that reality, the whole idea of business needing to return something to the community constitutes either muddled thinking or intellectual dishonesty. As American George Leef, writing in the March 1998 issue of *The Freeman*, bluntly but correctly observed:

> Profitable businesses no more have an obligation to 'give something back' to 'the community' than 'the community' has an obligation to give something back to them – or to unprofitable businesses, for that matter.
>
> Successful companies and individuals have already served 'the community', or to shed this useless abstraction, *people* in the community with whom they have voluntarily dealt.

Leef is right. The wealth earned by profitable businesses is earned by selling goods and services for which people are willing to pay. In an economy based on free exchange, both parties to any transaction expect to benefit. Whether it be buyer and seller, borrower and lender, or employer and employee, each party is making a trade, at a price that he or she calculates will leave them better off overall.

Profitable businesses are those that are successful in this ongoing process of cooperation and exchange. A typical business firm employs resources, such as labour and capital, and transforms them into goods and services desired by consumers. Firms that are particularly successful at benefiting consumers – whose goods are cheaper than those of their competitors, or of higher quality, or better adapted to consumers' requirements – make high profits and expand. Firms that are less good at meeting consumers' needs make low profits, lose customers, or go out of business altogether. Provided there is open competition, nothing compels anyone to buy the products of one firm rather than another: that decision will be made on the basis of which product provides the greatest benefit. In effect, firms are competing with each other over how best to serve the community. Competition and the profit motive are a spur to innovation: a market economy rewards and encourages innovation far more effectively than alternative economic systems. As wealth creation mechanisms, markets are unrivalled.

Thus if Bill Gates, for instance, spent part of his large personal fortune on philanthropic projects, it would make no sense to say he was giving something back to the community. The firm he created, Microsoft, has already improved the lives of millions around the world through its innovations in computer software. Mr Gates's personal wealth is one indication of the extent to which he has benefited others. Any philanthropy he might engage in cannot possibly match in its impact the social contribution he has already made. And it will reflect his personal moral commitment, not a perceived obligation to 'give back'.

What I have just said about the creation of value through voluntary exchange and the benefits of competition is standard, orthodox, textbook economics. And it is borne out by observation: economies where market forces are given free rein easily outperform, over any reasonable period of time, economies where markets have been suppressed or marginalised as 'exploitative'. Yet the intellectual case for markets is still poorly understood by large numbers outside the business sector, and even by many within it.

One of the chief aims of the organisation I represent is to make the case for a competitive market economy in a well-researched, public and unashamed manner. The members of the Business Roundtable are chief executives from around 60 of New Zealand's largest companies. It does not apologise for consisting of a group of people who have responsibilities to tens if not hundreds of thousands of shareholders, policyholders, customers, suppliers and employees. Nor does it apologise for promoting open and competitive markets: it sees such markets as overwhelmingly in the interest of New Zealanders in general. Productive market economies especially favour the poor, who have the most to lose if a country has low incomes and high unemployment.

The charter of the Business Roundtable commits it to supporting policies that are in the overall national interest. Despite this, it is often criticised for acting in the narrow self-interest of its member companies. The accusation is seldom backed up by an examination of any policy we have promoted. We have supported what we believe sound economics suggests is necessary to achieve a growing, dynamic economy – first and foremost because that is in the interests of New Zealanders. At the same time, only such an environment will be good for business at large in the long run. Moreover, we have a demonstrated record of supporting many policies – like tariff reductions, deregulation of industries, and moves towards proper pricing of government services – which have been contrary to the immediate self-interest of many of our member firms.

The law on company takeovers is another example. Senior executives the world over typically favour restrictive takeover laws, since company managers' and directors' jobs may be put at risk by a takeover. Yet when the government proposed a restrictive takeover code, the Business Roundtable argued against it on the basis that it was not good for shareholders and the wider economy. Recently even the Business Editor of the *Herald* got it exactly backwards when he wrote that Douglas Myers had fought fiercely against a code "aimed at protecting small investors' rights." It is the interests of small investors, not those of incumbent boards and managements, that are best protected by an open market for corporate control. They cannot influence a company's direction, but the threat or reality of a takeover by larger investors certainly can. Shareholders in New Zealand companies have the option of voting for more restrictive takeover rules, but only in the case of a handful of companies have they decided that restrictions would be in their interests.

This puts policies promoted by the Business Roundtable in sharp contrast to those

proposed by many business groups abroad. The constant temptation of people in business is to lobby governments for special treatment for their own industry, for example through a subsidy or the restriction of competition. There is always an argument to be made that such assistance will create jobs, save foreign exchange, benefit a region, or promote a new technology. But assistance to one industry is inevitably at the expense of others. And of course more than one industry can play this game, so the public policy debate all too quickly degenerates into an unedifying struggle over who can secure the most government privileges. The businessman playing this game can hardly be said to be benefiting the community. By actively promoting bad policies and becoming a supplicant for corporate welfare, he becomes the miserable figure Ronald Reagan once described as the fellow who hoped the crocodile would eat him last.

That is actually quite a good description of much of the activity of New Zealand business organisations during the Muldoon era. It was greatly to the credit of Sir Ronald Trotter, the Business Roundtable's first chairman, that he recognised that business people needed to put aside their obsession with sectional interests and instead promote policies that were in the general public interest. This meant supporting the broad thrust of the country's economic reforms, and urging that they be extended into areas of the economy not yet liberalised.

During this time the Business Roundtable and big business generally have come in for plenty of criticism – some of it virulent, much of it ill-informed or based on emotion rather than logic. One criticism is that we ignore the wider 'social responsibility' of business. It is claimed that public companies should do more than just maximise their long-term profits by serving consumers' interests well. Companies, it is said, should give away shareholders' money to worthy causes in the community. And they should balance the interests of various so-called stakeholders – such as customers, suppliers and employees – alongside those of shareholders. Both of these arguments are currently being promoted by businessman Dick Hubbard in his criticisms of the Business Roundtable.

On the first count, it is simply not true that it is the role of the directors and employees of a company to give shareholders' money to charity, if the donation is not in the company's own interests. The legal situation is quite clear. Directors are stewards of shareholders' financial interests. They are entrusted with shareholders' money, and it is not theirs to give away. As lawyer Geof Shirtcliffe has recently written, the fact that directors may consider the charity to be a 'good cause' makes no

difference to their fiduciary duty. Dr Elaine Sternberg, the author of *Just Business: Business Ethics in Action,* has put it this way:

> Managers who employ business funds for anything other than the legitimate business objective are simply embezzling: in using other people's money for their own purposes, they are depriving owners of their property as surely as if they had dipped their hands into the till.

A member of the public summed up the issue well in a letter to me when he wrote: "Mr Hubbard will have to learn to distinguish between charity (coming from the individual) and a chairman's tax on shareholders." Decisions about charitable giving are properly for individuals – shareholders or others – to make. And it is up to each of us to decide which causes and what civic associations we voluntarily support. After all, we live in a free society with a plurality of values and a wide range of legitimate interests.

The tendency to attribute to abstract entities – such as the corporation, 'the nation', 'the government' or 'society' – responsibilities that properly belong only to individuals is woolly thinking. It is a delusion which has spawned many wrong and oppressive policies, with the totalitarian regimes of our own century being just one example. Moreover, its effect on the fabric of civil society is almost always negative. It leads to a culture of diminished responsibility, and weakens our dignity and integrity as free, thinking and autonomous persons.

Thus the role of company directors and executives, who are the agents of shareholders, is to maximise the long-term value of the business – in ways that are within the law and consistent with ethical standards. Their role is not to second-guess the causes on which you or I might like to spend our money if, as shareholders, we have entrusted them with our funds. That can only be our decision.

Of course there are sometimes sound business reasons for a company to support a charity. If the company receives favourable publicity, the donation might legitimately be seen as advertising. An acid test is whether a company would make a contribution to charity anonymously – knowing it could not benefit the company. If so, it is a tax on shareholders. If not, it is a public relations exercise with a commercial goal.

In addition, directors need not have a prime goal of maximising profits if other objectives are part of the explicit purpose of the company. The Body Shop is an example of a company with a range of social objectives. It is an entirely legitimate

vehicle for those who support its purposes, but such companies should not be confused with others which have no such mandate.

The broader claims about stakeholding suffer from similar confusions. On one level those who promote 'stakeholder' models are saying something to which few would object. If they are simply asserting that business firms need to take the interests of various stakeholders into account, then the claim is obviously true. For instance a company exists for, and relies on, its customers. If it fails to see them as real people with real needs, and to treat them as such, it will not be successful for long. Similarly, a company relies heavily on the quality of its employees. To get the most out of its workers, it must treat them with respect and have strategies to encourage motivation and team spirit.

The Business Roundtable has been accused by Mr Hubbard of denying such elementary rules of good business practice. He has said: "I strongly disagree with the approach of the Business Roundtable that labour is merely an 'ingredient' or an 'input' to business, the cost of which must be minimised as much as possible to maximise profits."

I would invite you to consider how impressed you would be if, as a student, a firm on a recruitment drive said to you: "Come and work for my company and we'll treat you merely as an ingredient to our business. You'll be an input. Of course we'll want to keep your cost to an absolute minimum, so as to maximise our profits." Not, I suggest, a great recruitment strategy – or an idea that any sane person would entertain, let alone implement.

So we can all agree that good firms put a lot of effort into treating their various stakeholders well. They may well implement remuneration arrangements related to the performance of the business, or adopt other schemes for sharing risks and rewards. But a critic such as Mr Hubbard goes further and argues that post-tax profits should be distributed to groups such as employees and the community.

Such ideas have a long history. Stakeholder theory so defined is a version of socialism – though a rather fuzzy version. It is not dissimilar to the ideas behind the workers' cooperatives in Tito's Yugoslavia; it was trendy at one point to claim that they were models for peace, prosperity and mutual understanding. The reality is that such concepts are incoherent because they offer no principled guidance on how the competing demands of stakeholders can be met, let alone reconciled with the

demands of the company's owners. All sorts of actions affect the various stakeholders to varying and often opposite degrees.

Imagine for instance that a firm lowers the price of a good it is selling. That may be good for consumers but bad for the firms' employees and suppliers if the firm becomes less profitable. Or suppose a firm decides to continue running an unprofitable operation employing outdated capital equipment because it wants to maintain the jobs of people working in that plant. That may be good for the employees immediately involved, and for the particular region. But it may be bad for consumers and for communities elsewhere: the alternative may have been new investment in a plant that produced cheaper or better quality goods, and provided more numerous or more highly paid jobs. If we throw the profit motive and the price mechanism overboard, there will simply be no reliable compass to guide us in making such decisions.

Indeed the whole concept of 'stakeholder' is so slippery of definition that it is almost infinitely expandable. For instance, the firm that decides to keep its uneconomic plant operating will earn less profit. Are not you and I, as taxpayers, affected by this decision and thus stakeholders in it? The firm will pay less tax. This means more tax from the rest of us. Or marginally higher interest rates for borrowers, if the deficit is met by government borrowing. Or savers being punished through the inflation 'tax', if the shortfall is met by printing money. Some group of people, somewhere, will be harmed by the firm's action. Are not they entitled to be called stakeholders too, and have a say in the firm's decision? The fact is that in a modern market economy virtually everybody is affected – if only marginally and indirectly – by the significant economic actions of others.

Once we are at this point we may be encouraged to press on to full-scale socialism. Or, more rationally and less disastrously, we may realise that we have been chasing a will-o'-the-wisp, and that a model of a public corporation based on the notion of balancing 'stakeholder' interests simply makes no sense.

It is worth noting that New Zealand's state trading organisations prior to their corporatisation amounted to a version of the stakeholder model. Profits were often subordinated to other objectives such as providing make-work employment and keeping prices to households at artificially low levels. As usual when there are multiple and conflicting objectives, there was no real accountability. Not surprisingly, the organisations were notoriously inefficient. Hardly any mainstream

commentators these days claim that this was a sensible arrangement for the state sector, or urge that we return to it. Why then should we take the idea any more seriously when applied to the private sector?

There is an even more fundamental problem with any serious attempt to pursue stakeholder theory – the moral corrosion and deterioration in social cohesion that is likely to result. The whole language of stakeholding is of entitlement: various groups are encouraged to see themselves as entitled to share in the rewards of the firm, or of society generally. But as we have just seen, there is no rational way of deciding upon various competing claims, and the demands of various groups on the basis of their perceived 'needs' are unlikely to be compatible with one another. Thus the in-built dynamics of a stakeholding society are likely to lead to increasing faction and intrigue. As the theologian Michael Novak has written in his latest book, *The Fire of Invention*:

> Schemes of social belonging usually end up with populations far too accustomed to receiving and demanding. Those most skilled at mobilising demands fare best. While social democracy speaks the language of community and compassion and caring, the reality is original sin, that is, socialised self-interest. Social democratic societies are not notably happy or contented societies ... . [W]hile extolling the language of community and social sharing, social democracy necessarily excites envy, a social passion worse than hatred, and it inevitably divides citizens into factions that make on the state unceasing claims of favour, entitlement and privilege.

It is important that we distinguish claims made on the basis of compassion for the poor and disadvantaged from claims made on the basis of envy for the rich. Those who profess to care about the poor should defend and promote the market economy: well-functioning markets are powerful mechanisms for generating and spreading wealth, and in the process raising up the poor. The worst type of apologist for business is the one who fails to make the case for markets competently, and instead misconstrues the social responsibility of business. As Milton Friedman puts it, "Businessmen who talk this way are unwitting puppets of the intellectual forces that have been undermining the basis of a free society. They only spread ignorance, envy and confusion."