

# Cadbury's Ethics and the Spirit of Corporate Social Responsibility



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Exploring the relationship between ethical values and economic behaviour has remained popular ever since Max Weber posited the existence of a link between successful capitalism and the asceticism of the Protestant tradition. *The Protestant Ethic and the Spirit of Capitalism* (Weber 1905) has proved an enduring source of academic controversy, not least because continued revisions over two decades make it difficult to define with any precision what was Weber's claim at any point. Having observed some correlation between Protestantism and commerce, Weber's essay attempts to identify a causal link by arguing that his 'spirit of capitalism' holds within it the notion that the pursuit of profit is, *in itself*, virtuous. Weber suggests that Protestantism's 'ascetic character' may provide one source for this belief, through an association of the requirement to 'do God's work on earth' with the successful conduct of earthly work, adducing the psychological desire of predestined Calvinists to demonstrate their salvation through an accumulation of worldly blessings. Weber broadens his idea to cover other groups, including Pietists, Methodists, Baptists and Quakers, claiming all (if to a lesser degree) considered material success a necessary worldly indication of salvation. Over time, he concludes, the general utility of capitalism removed the need for the ethical justification. Weber was subsequently careful to stress that his motives of the 'ascetic character' are not to be identified with the spirit of capitalism, but rather 'as *one* constitutive element *amongst others* of this 'spirit' (Chalcraft, 71).

A contemporary of Weber, George Cadbury may yet remain the pre-eminent example of a commercial Quaker faith in action. Cadbury's success—social, spiritual, and economic—was acknowledged by all those with whom he engaged, whether employees, business associates or members of the wider community (Gardiner 1923). His pioneering works at Bournville created:

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a model village, which is national property . . . a factory under truly ideal conditions, from which numerous illustrations of industrial betterment will be drawn, as it represents the high-water mark of this movement in England and his ‘immense success’ prompted ‘the rival firm of Rowntree of York to adopt the same course’ (Meakin, 68).

As a notable Protestant, with evident commercial success and an extensive record of worldly achievements, George Cadbury may appear to be an example in support of Weber’s argument. Such a resemblance is superficial. The Religious Society of Friends, the discipline of which shaped the ethical values of several generations of the Cadbury family, at no point subscribed to a soteriology as simplistic as Weber suggests. For them, as a sect dismissing the authority of dogma, and seeking to avoid doctrine, the responsibility for salvation remained at all times within the individual.

And it is as such an individual that George Cadbury should be considered. Even *The Spectator* (with which he had a lengthy controversy on the matter of betting tips in national newspapers) delivered an obituary marked by due respect for his singular approach:

He was a devout Quaker and followed the Inner Light as though a vision of spiritual things were always before him. Yet he was intensely practical in detail. He did not pour out money for other people to carry out charitable ideas. Having invented the ideas he himself attended to their fulfilment (Spectator 1923).

This paper examines the extent to which Cadbury deserves his reputation for singularity in business and attempts to assess the evidence that he was the originator of what is now termed Corporate Social Responsibility. Perhaps of equal importance, it raises the question as to whether the man himself would have wished for such a label.

The argument below first reviews the historiography of organisational culture and illustrates some key themes in academic views of ethics for business. The second section examines the commercial activities of Cadbury, with particular reference to the works at Bournville, and instances some views on the contemporary context for such activities within the emerging business practices of the late nineteenth century. A final section sets the actions of George Cadbury in the context of nineteenth-century Quaker philanthropy and looks past the relationship between organisational culture and ethics to the emergence of the ‘triple bottom line’ of ‘People, Planet and Profit’. In conclusion the significance of personal motivation as a determinate of action is accorded a central role in the analysis of the relationship between the Quaker view of business ethics and our contemporary theories on corporate social responsibility.

## 1 Organisational Culture and Ethical Business

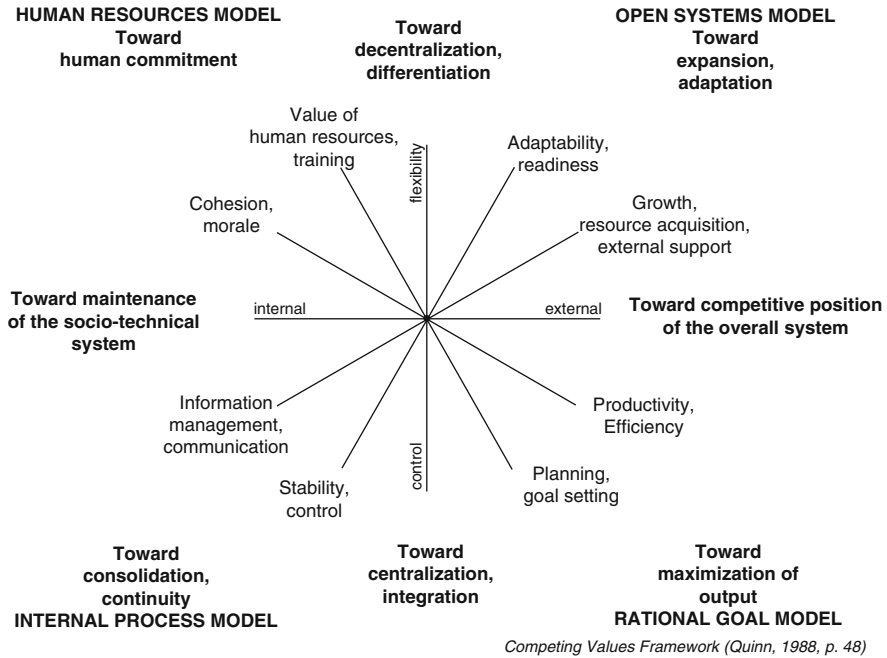
The historiography of thinking on organisational culture extends over as many pages as it does years (Shafritz et al. 2011), with Aristotle’s ‘Politics’ originating the notion that the nature of powers and functions within states are a product of culture

(360 BC). The debate continues through Machiavelli's *Prince* (1532), past Adam Smith's division of labour in the pin factory (*Wealth of Nations*, 1776), and Robert Owen's *New View of Society* of 1813, (with his nod to the Quaker entrepreneur John Bellers), until by the nineteenth century it matures into the search for a science of administration and the *Scientific Management* of Frederick W. Taylor (1911). This work heavily influenced the development of divergent streams of thought in the twentieth century, characterised by William Scott in 1961 into two main dynamics: one from social theory, and another from organisational theory. Scott saw a transition from the 'anatomising' of classical theories, via a neo-classical 'behaviourist' hybrid, into more 'modern' theories based on empirical analysis. It is in his neoclassical phase that a recognisably cultural model first appears, taking the form of 'informal' organisations amongst staff and arising from shared location, interests, occupation, and 'special' issues. These factors are considered to generate a culture which is expressed in terms of 'norms of conduct', independent of the formal 'blueprint' of the organisation (Scott 1961).

A growing acceptance of the impact of 'informal' organisations led to consideration of the organisation as a 'social system' of (more or less) interdependent interrelationships. For Scott in the 1960s, the future of organisation theory required that organisations were considered as 'systems of mutually dependent variables'. Noting there was 'in no way a unified body of thought', he also emphasised the value of definitions, of which four were key: the *strategic parts* of the system; the *main processes*; the nature of the *mutual dependency*; and the *goals* of the system (Scott, 13).

A lack of consensus on any general model continued to encourage divergent areas of research and ever more potential influences were assembled. Ambiguities associated with the vocabulary of social systems were not lessened when 'culture' was examined, a problem which was exacerbated by the wide scope of studies which grew to include the climate and practices around management people and the values and statements of organisational beliefs or identity. The academic literature appropriated, adopted, or adapted terms without strict definition—often all three. A full list of such terms would be excessive, but must include: legends, rituals, beliefs, meanings, values, symbols, ceremonies, stories, slogans, behaviours, dress, and settings—all employed to assist in the definition of cultural characteristics. At the core of this fog of words can be discerned a core of construct which might allow a definition of organisational culture as a 'set of commonly accepted daily working practices'. These are similar to Scott's 'norms' and shape the established behaviour patterns in those parts of the organisation where they exist and reinforcing the understanding of those working within it. Edgar Schein suggests organisation culture is analogous to an individual's personality—guiding or constraining the behaviour of members of a group (Scott, 16).

Facets of culture may, therefore, be more or less visible, and a multi-faceted approach seems necessary. One such, by Denise Rousseau, categorises cultural elements in terms of an 'accessibility continuum' of icons arranged in concentric



**Fig. 1** Competing values model

rings of increasing intangibility (Rousseau 1990).<sup>1</sup> Robert Quinn popularised a ‘two by two’ matrix (Internal vs. External; Control vs. Flexibility) known as the Competing Values Model, which was later expanded to include a further dimension of ‘end vs. means’ (see Fig. 1).

Post Quinn (1988) empirical deployment of such models has demonstrated how multiple cultures may exist within an organisation and that identification of a corporate culture against typographies of any description will often be fluid (Ardichvili et al. 2009).

The importance of organisational culture lies in its relationship to business ethics. As a starting point, it might well be observed that since the nature of the first still lacks much definition, then any view of the nature of organisational ethics must start with that handicap: Sir Arthur Eddington observed that, having understood everything about the number one, the field of physics had leapt to unjustifiable conclusions about the number two by failing to examine fully the nature of ‘and’ in the expression ‘one *and* one’ (Eddington 1958). In a similar way, attempts to integrate ideas about the mechanism or extent of ethical aspects of organisations undoubtedly suffer from

<sup>1</sup>A late acquaintance of the author described how they used cultural icons to assist audit work during the 1980s: “Company flag flying, Bentley in the car park, fish tank in reception = nothing in the bank. . .”.

**Fig. 2** Characteristics of ethical business cultures.  
Source: Ardichvili et al. (2009)



difficulties in establishing both the systems and the metrics for understanding the mechanisms and characteristics of organisational cultures.

One useful rationale for the existence of business ethics is provided by Domingo García-Marzá, who views it as mechanism by which the moral resource of ‘trust’—essential to enterprise success—can be managed. He goes further, to claim ethics may be auditable (García-Marzá 2005). Such an audit would require a framework, a theme which has been moved forward by the authors of ‘Characteristics of Ethical Business Cultures’ in the identification of five ‘clusters’ of ethical characteristics: Mission- and Values-Driven; Stakeholder Balance; Leadership Effectiveness; Process Integrity; and Long-term Perspective (see Fig. 2). The presence of these characteristics, it is suggested, operating within an organisational environment with a shared set of values and beliefs, are indicators of an ethical organisation (Ardichvili et al. 2009).

The authors also claim that ‘organizations possessing ethical cultures create and maintain a shared pattern of values, customs, practices, and expectations which dominate normative behaviours’.<sup>2</sup> Setting aside the question of causality, it seems the safest interpretation of this last observation is that there exists a strong symbiotic relationship between ethics and shared values. The authors also claim that in ‘ethical’ organisations, such considerations are manifested in the decision-making processes (Ardichvili et al., 446). This follows the pioneering work of James Rest, who prefers to identify ethics as an attribute of decision making rather than a

<sup>2</sup>A review of the qualitative data provided in the study also suggests that experience of being ‘driven’ by a ‘vision’ clearly overlaps with the concept of ‘Leadership Effectiveness’ (see Appendix).

Stakeholder Attributes			Mitchell et al. (1997) Stakeholder Type	Mitchell et al. (1997) Stakeholder Saliency	Stakeholder Culture Type		
Power	Legitimacy	Urgency			Corporate Egoist	Instrumentalist	Moralist
Yes	Yes	Yes	Definitive	High	High	High	High
Yes	Yes	No	Dominant	Moderate	Moderate	Moderate	Moderate
No	Yes	Yes	Dependent	Moderate	None	Moderate	High
Yes	No	Yes	Dangerous	Moderate	High	High	Moderate
Yes	No	No	Dormant	Low	Moderate	Moderate	Low
No	Yes	No	Discretionary	Low	None	Low	Moderate
No	No	Yes	Demanding	Low	None	None	None
No	No	No	Nonstakeholder	None	None	None	None

Fig. 3 Saliency of Stakeholders. Source: Jones et al. (2007)

characteristic of culture: his 1986 framework, which remains useful, suggested such ‘moral’ decisions contained four components: awareness of the moral aspect; judgment; intent; and action (Rest 1986).

When seeking parallels with the Cadbury practice, a key question remains: ‘what, if any, are the effects of being an organisation with an ethical culture?’ Some steps towards an answer have been collated by Thomas Jones, Will Felps and Gregory Bigley in their work on the saliency of stakeholders.<sup>3</sup> This seeks to show differences in attitude of three types of culture (Corporate Egoist, Instrumentalist, Moralistic) against a range of other stakeholders, defined in terms of three attributes (Power, Legitimacy, Urgency/Immediacy) (Fig. 3).

For the purpose of this study of George Cadbury, one final aspect to be considered is the uniqueness or otherwise of cultures within family-owned organisations. Manuel Vallejo (2008) has attempted to isolate certain ethical traits in the culture of family-owned organisations by adapting earlier research into attributes of ‘strong families’ by Nick Stinnett (1983, 1986). His work seeks to identify aspects of culture which are statistically rated as more important by those in family firms to those in other types of enterprise. With the usual caveats as to the lack of shared definitions, it is worth noting that these include: involvement, identification, loyalty, working atmosphere, trust, participation, reinvestment, leadership, and cohesion.

In conclusion, there is a core set of theories supporting the analysis of organisational culture and associated ethics, which are interrelated, somewhat mutually dependent, which differ in areas of focus, and which suffer from the absence of precise, agreed definitions. Notwithstanding, there are sufficient ‘anchor points’ across existing theory to provide the basis for an assessment of Cadbury’s policy and practice.

<sup>3</sup>Thomas M. Jones, Will Felps and Gregory A. Bigley (2007) Ethical Theory and Stakeholder-Related Decisions: The Role of Stakeholder Culture, *The Academy of Management Review*, Vol. 32, No. 1 (Jan., 2007) 137–155.

## 2 George Cadbury: Faith and Practice

George Cadbury was born in 1839, a product of several generations of Quakers, originating with his great-grandfather John's marriage with Hannah Exeter. Their grandson, Richard, took the family to Birmingham in 1794; his son John was prominent in both civic life and the Society of Friends, and left a languishing business to George and his brother Richard. Uniquely in the family, George was educated at home and at a Quaker day school and entered the world of business with no university training (Gardiner 1923). With an upbringing imbued in the values of the sect, it is perhaps less surprising that he became an archetypal 'Quaker in Commerce'. In this he was merely reflecting that heritage which drew on the association between the Religious Society of Friends and ethical business practices, which can be traced to its inception in the middle of the seventeenth century when most Friends were engaged in making and selling goods (Vann and Eversley 1992). Deeply concerned that the reputation of the Society should not be tarnished by accusations of dishonesty or malpractice which were typically thrown at the trading class, the integrity of Friends was especially prized because of the emphasis placed upon a 'single standard of truth': all Quaker utterances, the Society maintained, were made in accordance with 'the Light Within'. Friends who engaged in business were required to display a level of integrity in commercial transactions which would justify their wider claim that their unsupported word had the same worth as those of others made under oath. An epistle of Fox (probably from around 1661) is addressed specifically to 'all Friends and people whatsoever, who are merchants, tradesmen, husbandmen, or seamen, who deal in merchandise, trade in buying and selling by sea or land, or deal in husbandry'. Fox demands:

... that ye all do that which is just, equal, and righteous in the sight of God and man, one to another, and to all men. And that ye use just weights and just measures, and speak and do that which is true, just, and right in all things (Fox 1661).

From the outset, Quaker books of discipline included specific advices on matters of business ethics, including: management of finances; keeping the spirit (never the letter) of agreements; paying what was due when due; warnings against fraud; ensuring customs, duties and state taxes were met; and forbidding bankruptcy as a redress. Additionally, Quaker disciplines set out to ensure all children of members had sufficient education for some useful occupation, while Quaker finances provided for apprenticeships and even seed capital for emerging businesses. The Book of Extracts, which collected the disciplines of the Society of Friends, contained advices which required those in business to be honest, and attentive 'to the limitations of truth in their trade,' and to other outward concerns (Extracts, 148). Friends were advised to take on no more business than a man can 'manage honourably and with reputation' in order to protect the Society, rather than to promote business success (Extracts, 195–200). The Quaker 'trade-mark' of refusing to bargain and insisting on a fixed ('fair') price was similarly the consequence of this single standard of truth. With the rise of industrialisation, Quaker manufacturers worked to ensure that their business success was not at the expense of those who worked for them. Arthur

Raistrick, in his catalogue of *Quakers in Science and Industry*, describes how even in the eighteenth century ‘close attention was paid to the welfare of the workpeople, and from the beginning efforts . . . made to secure the health and freedom from fear of sickness that are necessary for acceptable working conditions’ (Raistrick 1950, 149–151). Such practices would later gain wider support outside the Society, forming the credo that drove the nascent utopian socialist movement epitomised by figures such as Robert Owen, Joseph Rowntree, and Titus Salt who saw in their Christianity a duty for social reform.

Before considering the evidence of the practices deployed by the firm under George Cadbury’s leadership, it is worth sketching its origins: the firm began under his father, who started trading tea and coffee in Birmingham in 1824, increasing the scale of production in 1831, including drinking chocolate, before moving to larger premises at Bridge Street in 1847. George’s elder brother, Richard, joined the firm (in 1851), as did George after a short period of grocery work with Rowntree. Despite winning a royal warrant from Queen Victoria in 1854, by the time the sons took charge in 1861 the business was failing, with losses continuing despite halving the staff of twenty (Dellheim, 17). Their approach was to deal exclusively in chocolate and cocoa, an investment financed by an inheritance from their deceased mother which has been variously reported as £4000 or £5000 apiece (Carrington, 17).<sup>4</sup> With this legacy dwindling, and reluctant to borrow in case of failure, the modest profit established by 1864 enabled the purchase shortly after of an innovative Dutch invention which would secure the company fortunes. This was a ‘Van Houten hydraulic press extraction machine’, a trade secret from the Netherlands, and which finally produced pure cocoa fit for drinking: prior to that, 80% had been made up from potato starch, sago, flour, and treacle—best described by the proprietor as a ‘comforting gruel’ (Gardiner, 28). The new press, however, enabled a quality product which gave Cadbury’s a competitive edge over all other domestic manufacturers (Cadbury, 56).

It was most timely. This innovation occurred just as the adulteration of food became a highly popular concern. Research by the Analytical Sanitary Commission of *The Lancet* conducted between 1851 and 1854 had included several investigations of branded chocolate, which had identified a wide variety of added ingredients (including: ‘Maranta, East India, Tacca or Tahiti Arrow-roots; Tous les Mois; the Flours of Wheat, Indian Corn, Sago, Potato, and Tapioca, and various Mixtures of these; Sugar; Chicory’). A specific test of ‘Cadbury Brothers Homoeopathic Cocoa’ found colouring described as ‘unquestionably either red ochre, (which is a compound of oxide of iron with silica, and sometimes alumina, or clay,) or some earthy substance analagous (sic) in composition’ (Hassall, 264–5). Cadbury’s were only one amongst many names shown by analysis (accompanied by engravings of microscopic evidence) to have contained ingredients not on the label. The *Lancet*’s reports encouraged a Parliamentary Select Committee in 1855. However, it was

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<sup>4</sup>The contemporary value of this amount, some £8000 to £10,000, is between £840,000 (Real Prices) to £6.5 million (Labour Value). It remains a significant sum, by either count.



probably the widely reported Bradford Sweets Poisoning of 1858, in which 21 died after eating humbugs in which arsenic had been mistakenly used as a sugar substitute (Wilson, 138) that prompted the succession of legislative measures over the next two decades.<sup>5</sup> Thus Cadbury's new marketing slogan, 'Absolutely Pure, therefore best', while it had echoes of a Quaker testimony of simplicity, could not have been more contemporary in its appeal.

With the success of the business thus secured by 1865, Cadbury was enabled to drive the business operations forward according to his own ideals. The researcher, aiming to identify these and place them in the context of contemporary business best practice, has at least two relatively timely works by company historians (A. G. Gardiner, '*Life of George Cadbury*', 1923, and Iola A. Williams, '*The Firm of Cadbury 1831-1931*', 1931), as well as a wealth of information in the *Bournville Works Magazine*. The magazine was 'almost from the outset' devoted to recording company history, and anniversary editions of 1909 were created to celebrate 30 years at Bournville (Heller and Rowlinson 2005). Its editor, T.B. Rogers, produced the '*Century of Progress*' review, 180,000 copies of which were made available to workers, suppliers, and customers worldwide. In such works, largely originating from those closely associated with the factory, the historical facts are projected through conspicuously rose-tinted lenses; once having accepted this, the data presents few challenges to the analyst. In wild contrast can be noted a Marxist-apologist reconstruction, in favour amongst sociologists in the last decades of the twentieth century, which claims that the company 'invented its corporate culture by attributing significance to the Quaker beliefs of the Cadbury family retrospectively' in a factually inaccurate (and possibly ill-advised) attempt to extend the 'invented tradition' of the then fashionable communist Eric Hobsbawm (Rowlinson and Hassard 1993).<sup>6</sup>

Seeking the realities of both fact and context, the researcher has cause to thank James Edward Budgett Meakin, co-founder of the British Institute of Social Service, and author of *Model Factories and Villages* coincidentally published in the same year as Weber's *Spirit of Capitalism* (1905). A frustrated explorer, Meakin was born in India to a tea planter and spent a decade in Morocco editing his father's newspaper (Fryer 2004). Perhaps more significantly, his maternal grandfather was Samuel Budgett, the subject of an 'extraordinarily popular biography, *The Successful Merchant* (Arthur 1852),<sup>7</sup> which portrayed him as a paragon who had combined devoutly held Christian ethics with a natural talent for business' (Wardley 2004). Returning to England in the late 1890, he organised the Shaftesbury Lectures aimed at eradicating city slums and improving the conditions of workers. Meakin styled himself a 'lecturer in Industrial Betterment'.

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<sup>5</sup>The detailed volume of reports by Hassall also includes some retractions by the Commission, as in the case of Fry's who challenge the analysis. A useful set of references for those interested in Food Law can be found online at [www.artisanfoodlaw.co.uk](http://www.artisanfoodlaw.co.uk)

<sup>6</sup>See Eric Hobsbawm & Terence Ranger, ed. (1983). *The Invention of Tradition*. Cambridge University Press. Curiously, the recently-appointed Professor Rowlinson has excluded this paper from his extensive publications list.

<sup>7</sup>The book reached its 42nd edition by 1878.

The scope of the book is comprehensive: Professor Ernest Dewsnap's contemporary review describes the work as 'painstaking' (Dewsnap 1906); more recently, Rowlinson (2005, 121) describes the book as 'one of the most extensive international surveys of welfare programs'. Much North American information is sourced from Professor N. P. Gilman's *Dividend to Labor* (1900), while the rest is the result of personal research and material provided by the companies involved. Meakin structures his findings into eight sections, indicating the broad spectrum of contemporary concerns, with chapters covering: Social Relations; Buildings; Workrooms; Work; Meals; Recreation; Education; and Administration. In each one the best practices of leading firms in America, German, France and England are put forward, and compared. Interestingly, many firms cited remain household names after well over a century: amongst others, B.A.S.F., Cadbury, Eastman Kodak, Heinz, Krupp, Lever Brothers, McCormick & Co, N.C.R., Marshall Field, Rowntree, Villeroy, and Boch and Zeiss all feature.<sup>8</sup>

Overall, in Meakin's opinion, the Bournville factory represented the 'high watermark' of industrial betterment in England (Meakin, 68). While clearly this was in part a result of the setting of both factory and associated village in a 'clean' environment, Meakin notes this was exceptional, but not unique, citing the relocation of factory and provision of villages by Levers (Port Sunlight), Clarks (Street), and Chivers (Cambridge), with further examples outside England. Particular examples where Cadbury excelled include the gardens (75), architecture (81)—although not to the sublime standard of Templeton's 'Venetian' factory at Glasgow—ventilation (109), cleanliness and dress (121), provision of drinking water (143), and provision for invalid staff, including facilities, health education, medical staff, and even free grapes from the Cadbury hot house! (149–50). This latter category shows a remarkable level of advancement for the time, with monthly medicals, sick pay and staff trained in first-aid (152). Early examples of employee benefits, included the Works Medical Department (from 1902) with a company doctor, dentist, and nurses. Nutritional supplements were provided in cases of employees who were underfed, and two free convalescent homes were run. Cadbury's provision of meals (179–82) is covered extensively by Meakin as a model of best practice in subsidy, efficiency and hygiene, as well as being unsurpassed for scale with a 2000-seat capacity, while the factory kitchen provided meals for retired employees with up to 100 being served daily. Interestingly, the not dissimilar Port Sunlight facility receives praise for the innovative deployment of finance—having been financed from the employee profit-share allocation.

In line with the Quaker ethos, Bournville's extensive facilities for post-work activity are described by Meakin as providing 'every inducement' for recreation (212–217). Cadbury's *Book of Discipline* contained the advice: 'It is part of our Christian duty to secure . . . a due measure of bodily exercise . . . without which neither our physical nor our mental faculties can be preserved in a healthy

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<sup>8</sup>It would worthwhile to research what proportion of these firms or brands are still operating: the impression from reading is a surprisingly high percentage.

condition', which was translated into 12 acres of gardens, supplemented by a gymnasium, swimming pool, and multiple sports clubs, many with dedicated coaching. In case of rain, a work's orchestra had been established in 1890.<sup>9</sup> Transportation was facilitated not only through special Midland Railway trains, at rates negotiated by the firm<sup>10</sup> but also by the provision of a 200-place cycle shed, with compressed air on tap (234). Self-sufficiency was also promoted, through the provision of allotments (annual rent one shilling) for men, boys, and girls, with instruction, free seeds, and annual prizes (246).

Cadbury's experience with Adult Schooling provided insight into conditions in the cities and was reflected in his creation of facilities both at the works and in Bournville village. Meakin notes schools for men, girls and youths (272–4), as well as library and reading room (293). The promotion of religious education, which Meakin demands 'should not imply the inculcation of specific doctrines, but the raising of the thoughts above the daily toil, the struggle for existence, and the cares of life' is a best practice inaugurated by his grandfather Samuel, and maintained, amongst others, by Cadbury (296).

Cadbury's were more highly respected by Meakin for their financial policies. In addition to paid holiday, sick pay, pension funds for men and women, a Women's Savings Trust, and Pensioners' Widows' Fund; and an early unemployment scheme, Meakin praises the piece-work rates. Cadbury's formula gained approval as 'best practice' by leaving out the most rapid workers and basing wages on the average output. Other factors, worth noting *in extensio*:

ensure the ordinary worker more than a bare "living wage," which in the case of girls is reckoned locally at from 12s. a week, while the basis on which the rates are calculated is 16s. The living wage for a young married man in the locality is reckoned as 24s. Finally, when a woman has been twenty years in the service of the firm, an additional monthly allowance is made, increased after twenty-five years' service, to compensate for a probable falling-off in her output, and to enable her, although a little slower in her work, to earn the same wages (316).

The Cadbury suggestion scheme could provide a further source of income, if not evenly distributed: a works committee selected the best, with 60 half-yearly awards for the men's departments, valued from 5s. to £10, and 56 awards for the girls' departments, ranging from 5s to £5 (322). In comparison, Rowntree pitched their rewards at a more frugal 2s/6d to £5 across the company—only Bausch and Lomb world wide were more generous, with an annual top prize of £20 (323).<sup>11</sup>

Meakin devotes a section of his review to Industrial Housing, in which Cadbury's work at Bournville is described in detail (433–43). In addition to the functional and practical aspects, Meakin values the commercial aspect of the village, which ensured

<sup>9</sup>The Bournville Musical Theatre company lives on today, although not in the original concert hall, now a corporate training facility.

<sup>10</sup>See correspondence between Cadbury Bros and Pearson dated 12Nov1878 and 7mo.31 1879, (Carrington 31, 34).

<sup>11</sup>N.C.R. showed commercial acumen by first inventing an internal 'suggestion' duplicating machine, then marketing it.

adequate financial return was built into the plan. Each house was of a superior standard, including plumbing, while costing less than £150, and was sold with a mortgage which ensured that the owner, over 13 years, would pay less than the equivalent rental cost. The Quadrangle—almshouse cottages built on Mary Vale Road in 1897—were similarly secured and run as a trust endowed by rents from 35 houses. Meakin suggests that Bournville was ‘an example which can be followed with advantage not only by the private investor satisfied with a reasonable interest, but by public bodies’ (433).

The purpose of Meakin’s work was clearly to promote ‘Industrial Betterment’, and while an evangelical tone occasionally overtakes that of the professional enthusiast, as a source for contemporary theory and practice and as a catalogue of those firms worldwide who were active in supporting the same ends, the review remains unique.

As such, while placing Cadbury Brothers much to the fore, the survey offers a wider field of view, and thus helps to show George Cadbury’s approach in context.

### 3 George Cadbury: A Soft or Hard Centre?

That there was something unusual in George Cadbury’s approach to commerce is suggested, if nowhere else, by the obituary which noted ‘Mr. Cadbury was the rare combination of a mystic and a man of affairs’ (Spectator 1923). Yet Meakin’s survey demonstrates that Cadbury was not unique in his concern for industrial betterment. Other works could similarly show how his concern for aspects of living conditions were echoed by others, more or less well-known in their circles, and in their day. Amongst these are Andrew Mearns, (1837–1925), a Congregational minister, who authored in 1883 ‘The Bitter Cry of Outcast London’ which led to the Royal Commission on the housing of the working classes (1884–5) (Wohl 2004); and Henry Solly, (1813–1903) the clergyman founder of Working Men’s Clubs, who promoted the Society for the Promotion of Industrial Villages which briefly flowered at the same time; with regard to religious duty, William Arthur’s biography of Samuel Budgett specifically promotes the Christian approach to Successful Merchandising.

Attempting to isolate and identifying a uniquely Cadbury contribution, Charles Dellheim in a detailed study (1987) identified three critical components: a profound Quaker heritage, lessons learned in turning around a failing firm, and experience of the reality of urban Birmingham life. Of these, he characterises the Quaker heritage as employing principles which abhorred bankruptcy, favouring personal hard work and abstinence, and promoting simplicity. While correct, it is also worth noting that Cadbury additionally conforms to the values identified by Vallejo’s study of family firms, which would question the ‘uniqueness’.

Using Quinn’s ‘Competing Values Model’, (Fig. 1) Cadbury’s positioning would best be described as a hybrid of the Internal Process and Human Resources models—with strong emphasis on Cohesion, Morale, Stability and Control. Yet

there is also clear evidence of the planning and efficiency which marks the Rational Goal model, while a degree of adaptability and not least growth are similarly characteristic of the George Cadbury years. Perhaps only in the area of *maximisation of output* would a question be raised: there is no suggestion in the biographies that Cadbury wished to measure his success in terms of exceeding his rivals in volume, growth rates, or profit. Under his leadership, potentially conflicting values appear balanced, placing the Cadbury management culture fairly in the centre of the field.

Turning to the definition of ethical business cultures, (Ardichvili et al., Fig. 2) Cadbury's can be said to satisfy not only the five 'clusters' of ethical characteristics, but more significantly, its leadership appears to have created and sustained the essential *shared set of values and beliefs within the organisational environment*. Avoiding the inherent bias of the works magazine, Dellheim favours the more independent *Birmingham News* holding the view that:

a family atmosphere founded on religion and the personal touch prevailed in the firm, where "Mr. George" and "Mr. Richard" called the employees by their Christian names [while] the traditions of the small industrial workshops of Birmingham bolstered a cooperative spirit, and labour relations far more harmonious than in the large factories of Manchester (Dellheim, 19).

If the religious values of the firm could be expected to have an influence on the ethics of its culture, one would expect this to be reflected in the model of Jones, Felps and Bigley in terms of increased salience of stakeholders of either discretionary influence or dependence (Fig. 3). Under George Cadbury, employees and their families and communities made up these groups, and the priority given to health, working and home environments indicated by Meakin, especially in a nineteenth century dominated by industrial exploitation, would suggest that Cadbury's has a central place in the 'Moral' category (Jones et al. 2007).

However, it is possible that both the *Birmingham News* and Professor Dellheim may yet have underestimated the *reason* why religion had such an impact—in particular the nature of the discipline under which George Cadbury was educated. A few years before his birth, the Society has authorised the circulation of the third revised edition of the Book of Discipline, reflecting the nineteenth century Quaker's externalised belief that there was 'God in everyone' which supplied the moral basis for the rights of all individuals, whether enslaved, imprisoned, or employed. This 1832 edition provided the foundation of the Quaker upbringing of George Cadbury, and in its continuity was accompanied by shifts in emphasis ('the rise and progress of our discipline') which echoed the concerns of the age (Extracts 1832). The chapter previously headed '*Liberality to the Poor*' became '*Liberality and Benevolence*', a change which was reflected in both the increased volume and the nature of the advices included.<sup>12</sup> The spirit of the Society can be read in the choice of the revised 'advices':

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<sup>12</sup>Of significance here are the additions: the chapter runs to 6 pages in the third edition compared with 2 in the second, with 12 advices rather than 6.

We think it incumbent upon us in this time of severity, particularly to impress it upon our brethren to open their hearts and hands freely for the relief of the poor and needy of all denominations: those in affluence especially ought ever to bear in mind, that none are entrusted with riches that they may indulge themselves in pleasures, or for the gratification of luxury, ambition, or vain glory; but to do good . . . and to communicate thereof, and thus to mitigate the afflictions of the distressed. (Extracts 1832, 79).

Significance may be attributed to the wording: the ‘time of severity’, the inclusion of ‘all denominations’, and the charge to mitigate the distressed are all indicative of the growing trend within Friends to take an ethical responsibility for wider, extra-social, issues, and to use their resources accordingly.

When deconstructing Cadbury’s approach in terms of the components of Corporate Social Responsibility, the claim that CSR is one of the ‘pillars of organisational ethics’ (Wines 2008) needs to be contrasted with the former market view (popularised in the 1970s) which claimed there was no need for a business to have a social conscience (Friedman 1970). Wines makes an advance, too, on the earlier European Commission definition, which sees CSR merely as a tool for ‘managing all the risks associated with stakeholders, setting the trade-offs between the requirements and needs of the various stakeholders into a balance which is acceptable to all parties’ (García-Marzá, 212). For Wines, CSR is necessary to supplement regulation which is inherently inefficient, not least when such regulation allows stakeholder optimisation to be subordinate to profit maximisation.

It is in this concept of balancing stakeholder needs that CSR and George Cadbury begin to come together. Yet there is a crucial caveat: Cadbury did not seek to ‘balance stakeholder needs’ in order to maximise returns. Cadbury’s approach was marked not by optimising profit to shareholders, but in delivering returns to stakeholders, in pursuit of which maximising economic performance was always secondary. Rather than assess how an investment in stakeholders could translate into improved performance, Cadbury’s approach appears to see how far the business could sustain the improvements in the lot of the stakeholders—illustrated in the donation of Bournville to the village trust, and in the rest of the actions noted by Meakin. In seeking to create positive outcomes in such a holistic manner, Cadbury would appear to be anticipating the views of John Elkington in his 1997 ‘Cannibals with Forks’, where the ‘triple bottom line’ segments a world of possible stakeholders into ‘profit, people and planet’, and recognises that wealth creation is an essential tool to enable the broader goals associated with living on one planet.

It is worth noting that such an approach became less of an option for a later cadre of Quaker industrialists, faced with constraints imposed by a new generation of businesses less hampered by moral obligations, and focused on financial returns to secure shareholder funds. In the view of Wagner-Tsukamoto:

Quaker firms faced certain additional costs incurred by the implementation of their moral precepts. This put the Quaker firms at a cost disadvantage in—institutionally enacted and protected—competitive processes. This ultimately prevented the Quaker firms from engaging in—costly—behavioural business ethics in interactions with internal and external stakeholders (but not in behavioural business ethics that could be justified in economic terms) (2016).

The source of Cadbury's true uniqueness seems to spring from a vision that did not operate on a material basis: his friend and biographer, A.G. Gardiner observed he allowed 'no gulf between the world of spiritual ideas and the world of fact . . . he translated one into the other with a directness that was often disconcerting to the conventional mind.' The phenomenon, although rare, acknowledges a distinction of which Gardiner's age was aware. The contemporary philosopher John MacMurray (1939) had considered whether Jesus was a social reformer and concluded that such a question had meaning only in a dualist mode of thought, where it 'implies a contrast and conflict between the spiritual world and the material world', which could not exist in a religious mind. This was later echoed by Quaker educationalist E.B. Castle in 'The Undivided Mind' (1941), who lamented the isolation of secular and spiritual lives, and noted:

wherever it may be justly claimed that Quakerism has contributed to the spiritual and social welfare of men it has been when harmony has existed between the purpose of God and the social activities of Quakers.

Yet any definitive answer should perhaps consider the view of one of those stakeholders, a man who spent his professional life at Cadbury's, in Bournville, working for George Cadbury. In the opinion of Norman Birkett, given at the works Founders' Day a decade after George Cadbury's death:

Many people will ask what was the secret of that life, and many will make the obvious answer, "It was his religious faith" . . . but I would say that the strength of that life could not have been possible without the inner life which he led and which was known only to himself (Bournville Works Magazine, 1932).

## Appendix

### *Qualitative Statements Forming Basis for Clusters*

#### **Reproduction of Table III (p. 448)**

Alexandre Ardichvili, James A. Mitchell and Douglas Jondle (2009) *Characteristics of Ethical Business Cultures* Journal of Business Ethics, Vol. 85, No. 4 (Apr., 2009)

The illustrative phrases used in the cluster on Mission- & Values-, are uniformly coupled with some active notion: of being 'driven', clearly communicated, reflected in behaviour, part of relationships, and even 'elimination'. These would all appear to be aspects of what might better be labelled 'value leadership' thereby merging the two clusters. This removes the question begged by the research—HOW is the 'strong culture' manifested if not through the values leadership exemplified in (ethical) decision making.

#### Mission- and Values-Driven

"Clarity of mission and values, reflected in ethical guidelines and behavior"  
 "Institutionalizes ethical values"

“Build relationships of trust and respect”  
 “Strong culture that actively eliminates people who don’t share the values”  
 “Corporate values are sustained over long periods of time”

#### Leadership Effectiveness

“Ethical culture starts at the top and is conveyed by example”  
 “Senior management demands ethical conduct at every level of the company”  
 “CEO and senior management live their lives with great personal integrity”  
 “When ethical issues arise, CEO does not ‘shoot the messenger’/but gathers facts and takes action”  
 “Do what they say they’re going to do”

#### Stakeholder Balance

“Balance all stakeholders (e.g., customers, employees, owners and community) in all their decision-making, consistently” “Deal with all stakeholders on a consistently ethical and value-oriented basis” “Good balance of customer value and profit”  
 “Giving back to the community in which the company does business” “Work to be a good corporate citizen in a global economy” “Respectful treatment and fair compensation for employees at all levels”

#### Process Integrity

“Dedication to Quality and Fairness in its people, processes, and products” “Invest in ongoing ethics training and communication throughout the organization” “Values are reinforced in performance appraisals and promotions” “Values are reinforced in every-day execution” “Excellent corporate governance processes, supported by Board quality and independence” “Noble mission is internalized in company processes and behavior” “Transparent decision-making by the people closest to the question”

#### Long-Term Perspective

“Place mission above profit and long-term over short-term” “Acting in the best interests of customers, over the longer term” “Board takes long view in managing shareholder value” “Connect environmental sustainability, social responsibility, and profit” “CEO says he’s building an institution that he hopes will be here in 50 years

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