Corporate Social Responsibility in Business

A commissioned background paper about Corporate Social Responsibility in Business as it relates to the creation of public value.

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Introduction: The Challenge

Any discussion or corporate social responsibility in business must come to grips with Milton’s Friedman’s classic statement in opposition to the claim that business has a social responsibility. Friedman’s influence on this topic both in Colleges of Business and in the world of business is immense. Academic defenders of corporate social responsibility and business leaders that practice it need either to refute Friedman or accommodate him. In most cases academics and business leaders have, as we shall see, chosen to accommodate.

Friedman’s classic statement is as follows:

There is one and only one social responsibility –to use its resources and engaging in activities designed to increase its profits as long as stays within the rules of the game, which is to say, engages in free and open competition without deception or fraud\(^1\)

and again

In a free enterprise, private-property system a corporate executive is an employee of the owners of the business. He has direct responsibility to his employers. That responsibility is to conduct the business in accordance with their desires, which generally will be to make as much money as possible while conforming to the basic rules of the society, both those embodied in law and those embodied in ethical custom.\(^2\)

It is important to note that Friedman is not saying that managers ought to maximize profits even it is done in an unethical way. Friedman is very clear in saying that managers have a duty not to use deception and fraud in business. Business managers should engage in open competition. Price collusion would be a moral wrong for Friedman. Business managers ought to follow the law and they ought to obey the ethical customs embedded in society.
However, his view on corporate social responsibility is also clear. Corporate social responsibility is the maximization of profits for stockholders. Friedman’s view is incredibly influential in business schools and in the practice, if not in the rhetoric, of American business.³

Despite Friedman’s influence, there is a long tradition of philanthropy in American corporate life. Friedman is perfectly willing to accept philanthropy by individuals including large philanthropic gifts by the captains of industry. The philanthropic activities of Rockefeller, Carnegie, and Ford early in the 20th century as well as the philanthropic activities of a Bill Gates or Warren Buffet are among the more prominent examples. After all it is their money and they can do with their money as they please. But corporate foundations that spend corporate money are unethical from Friedman’s perspective. The executives that set up these foundations are not spending their own money, they are spending someone else’s money—the stockholders—without their permission.⁴ The American tradition of philanthropy is morally permissible only when it is done by individuals rather than by corporations.

Public Values in Friedman’s Capitalist World

I am unaware of any discussion of public values⁵ in Friedman’s writings or in the writings of his followers. I do know that when executives who espouse Friedman’s philosophy are challenged about how they contribute to society, they point out that it is business that provides most of the goods and services that people want as well as the jobs people need. They believe that such a contribution is sufficient and perhaps greater than the contributions made by other institutions in the society. Jobs and the quantity and quality of goods and services produced by business would constitute public values in Bozeman’s sense of the term. Of course people of Friedman’s persuasion would reject as public values some of the items that others would put on the list.

In part this is because Friedman and his followers draw a sharp distinction between the private and the public. Everything in a market is in the private sector and
everything that is a part of or dependent upon government is in the public sector. In *Capitalism and Freedom* Friedman assigns certain responsibilities to government (the public sector) and others to markets (the private sector) according to his libertarian philosophy. Under his philosophy the public sector would diminish and the private sector would expand and according to his philosophy overall freedom (another public value as we define it) would increase. In the language of this project on public values, Friedman would argue that freedom is the ultimate public value and thus is more important that any other.

When one looks at Friedman through a public value lens it is important to see that there are competing definitions of “public” to which one can appeal. There is the world outside markets that is referred to as “the public.” But there is also a public realm where discussion takes place and policy is debated and influenced. Think of Fareed Zakaria’s Global Public Square (GPS) program on CNN. Business is clearly a player in the public realm through lobbying, on the one hand, and through many of its actions when it practices corporate social responsibility, on the other hand. Different conceptions of what constitutes legitimate corporate social responsibility will give rise to different items or to a different ranking of items that would be considered public values in the public realm.

In summary, the Friedmanite position on the social responsibility of business is that the social responsibility of business is the creation of shareholder wealth. Corporations should not contribute to charity although individual corporate executives may, and business contributes to public value by creating jobs and producing goods and services people want. A society that limits government and expands the role of markets increases the most important public value of all-human freedom. It is against this background that any discussion of corporate social responsibility must begin.

**The Academic Response**

**The Early Beginnings 1938-1960**
Any starting point in the history of corporate social responsibility is somewhat arbitrary. Later this year the Center for Ethical Business Cultures will publish, under the direction of Kenneth Goodpaster, a full history of corporate responsibility in the United States. References to the social responsibility of business appear in the 1930’s in a number of academic books including Chester Bernard’s *The Functions of the Executive* (1938). Archie Carroll claims with considerable justification that the modern discussions of social responsibility begin with the 1953 publication of Howard R Bowen’s *Responsibilities of the Businessman*. In that work Bowen argues that corporate responsibility involves more than following the law and that business should become more professional. In 1960 Keith Davis articulated and expanded upon what he called the *Iron Law of Responsibility*: “In the long run, those who do not use power in a manner which society considers responsible will tend to lose it.” The implications of this “law” were that since business had great power, it also had considerable social responsibility. Davis believed that it was in the self-interest of business to show that it is socially responsible. If business failed to act, they might lose their power. Davis thus began to articulate what later became known as “the business case for corporate social responsibility. (CSR).”

**CSR over the Last 30 years 1961-2011**

In 1971 the Committee for Economic Development published a definition of CSR that involved three concentric circles, an inner circle that focuses on the responsibility for its economic function of providing goods and services, jobs, and economic growth, an intermediate circle that focused on the responsibility of business to be sensitive to society’s changing values, and an outer circle that focused on the responsibility of business to help solve social problems. In 1979 Archie B Carroll characterized the responsibilities of business as economic, legal, ethical, and discretionary. By 1991 Carroll had conceptualized these responsibilities in the form of a pyramid and the discretionary category was replaced by a philanthropic category.

**Figure 1**
As you can see from the pyramid, the foundation of corporate social responsibilities is the economic responsibilities that can be essentially summarized in the injunction to “Be Profitable.” As you move up the pyramid, it is clear that your next responsibility is to obey the law. For my own thinking I contend obeying the law is as foundational as being profitable so I think that Carroll’s pyramid misleads on that point. I have deliberately put legal responsibilities and economic responsibilities in close proximity by the pyramid. Carroll identifies the following ethical responsibilities: Do what is right, just and fair. Avoid harm. Finally at the top of the pyramid are the philanthropic activities, which Carroll identifies as being a good corporate citizen. A good corporate citizen contributes resources to the community to improve the quality of life. This distinction between the ethical and the philanthropic helps explain why some business people including the late Elmer Andersen are adamant in arguing that business ethics is something that is always required while corporate social responsibility is something different. CSR involves giving back to the community or helping to solve social problems. Some would like Andersen would argue that corporate social responsibility is or should be a public value as we are using the term.
What should be noted here is how consistent Carroll’s characterization is with Friedman’s view. Friedman believes that corporations have the economic responsibility of creating shareholder wealth, but the responsibility to do that within the law and ordinary ethical customs. What Friedman denies is the philanthropic responsibility that sits at the top of the Carroll’s pyramid.

Corporate responsibility became institutionalized beginning in the 1970’s. The Social Issues Division of the Academy of Management was founded in 1971. The Society for Business Ethics had its start in 1980. Two years later, The Journal of Business Ethics was founded to be followed by the official journal of the Society for Business Ethics, Business Ethics Quarterly in 1991. Also in the 1980’s the American Association of Collegiate Schools of Business had mandated some study of what I will broadly call social responsibility in all accredited MBA programs. From my perspective, the requirement is a weak one and is barely honored at many schools of business. Corporate responsibility remains at the margin of most business schools in 2012.

**Stakeholder Capitalism**

In the academic literature, the theoretical challenge to Friedman’s position is stakeholder theory. R Edward Freeman is most closely associated with the view that management has a fiduciary duty to all its stakeholders and that the interests of the stockholders ought not to have priority over the interests of the other stakeholders. Freeman contends that the task of the manager is to balance the competing claims of the various stakeholders.

My thesis is that I can revitalize the concept of managerial capitalism by replacing the notion that managers have a duty to stockholders with the concept that managers bear a fiduciary relationship to stakeholders. Stakeholders are those groups who have a stake in or claim on the firm.¹⁰
Freeman distinguishes between a narrow use of the term “stakeholder” and a wide use of the term. On the narrow definition stakeholders are those groups which are vital to the survival and success of the firm. On Freeman’s account these are the owners, employees, customers, managers, suppliers, and the local community. On the wide definition, stakeholders are any group that affects or is affected by the firm. In his own analysis, Freeman uses the narrow definition. I will follow Freeman in our analysis here.

Although the stakeholder theory is not as well developed and rigorous as the classical stockholder theory, it has, nonetheless, proven highly successful in the marketplace. Many—indeed one might now say most—corporations at least speak the language of stakeholder theory even if they do not always practice it. Corporate social responsibility on the stakeholder theory involves successfully balancing and thereby meeting the needs of the various stakeholders. More specifically corporate social responsibility includes profits for stockholders, high quality products for consumers, reasonable pay, benefits, and good working conditions for employees, a consistent market for suppliers who are paid promptly for their products, and investment in the local communities where the corporation operates.

Stakeholder theory might sound as if it subscribes to a very different theory of corporate social responsibility from that of Milton Friedman but that is not necessarily the case. This apparent discrepancy between Freidman and Freeman would be especially true with respect to “meeting the needs of the local community,” which sounds a lot like corporate charity. However, it is important to note that in theory there need be no inconsistency between the wealth maximization view and the stakeholder view with respect to strategic management. Many argue that paying attention to corporate stakeholders is necessary for profit maximization. For example, if management does not insist that customers be treated well, the firm will not have customers or at least it will not have anywhere near as many as it could and ought to have. The view that in order to make profits, a firm must manage its stakeholder relations well is called instrumental stakeholder theory. In order to maximize
shareholder wealth, managers of corporations need to balance and meet the needs of the various corporate stakeholders. Those who subscribe to instrumental stakeholder theory would argue that there is a business case for treating stakeholders well.

Milton Friedman recognized that instrumental stakeholder theory was a smart management technique, but he had nothing but disdain for those who would call instrumental stakeholder theory “corporate social responsibility.”

It may well be in the long-run interest of a corporation that is a major employer in a small community to devote resources to providing amenities to that community or to improving the government. That may make it easier to attract desirable employees, it may reduce the wage bill or lessen losses from pilferage and sabotage or have other worthwhile effects. Or it may be that, given the laws about the deductibility of corporate charitable contributions, the stockholders can contribute more to charities they favor by having the corporation make the gift than by doing it themselves, since they can in that way contribute an amount that would otherwise have been paid as corporate taxes.

In each of these –and many similar –cases, there is a strong temptation to rationalize these actions as an exercise of “social responsibility.”...It would be inconsistent of me to call on corporate executives to refrain from this hypocritical window-dressing because it harms the foundations of a free society. ¹²

Before pointing out some of the misunderstandings in this quotation it is worth saying that much of the general public has an attitude toward corporate philanthropy that is similar to Friedman’s: if philanthropic activity contributes to the bottom line the philanthropy is somehow tainted morally. However, both Friedman and the prevailing public attitude are mistaken here. First, as Friedman correctly points out, CEO’s and top managers are agents of the stockholders and as agents have a moral obligation to make money. Seeking profit is a moral obligation. Second Friedman’s view assumes a separation between business decisions and ethical decisions. My colleague R Edward
Freeman refers to this viewpoint as the separation thesis, which he and his students have spent much time in the development of stakeholder theory refuting. Every business decision, they maintain, has ethical elements embedded in it. Third, Friedman seems to think that purity of motive is the essential ingredient in morality—a view that might be attributed to a simplistic understanding of the ethical theory of Immanuel Kant. I have developed a Kantian theory of capitalism that insists there is no contradiction when a business person claims that he or she is practicing corporate social responsibility both because it is right and it is profitable. 13

Some of Friedman’s followers, most notably Michael Jensen, have adopted instrumental stakeholder theory without holding it in disdain.

Enlightened value maximization recognizes that communication with, and motivation of, an organization’s managers, employees, and partners is extremely difficult. What this means in practice is that if we tell all participants in an organization that its sole purpose is to maximize value we would not get maximum value for the organization....

Indeed, it is obvious we cannot maximize the long-term market value of an organization if we ignore or mistreat any important constituency. We cannot create value without good relations with customers, employees, financial backers, suppliers, regulators, communities and so on. 14

In this quotation, Jensen recognizes that value maximization cannot be a motivator for corporate stakeholders. His view his consistent with what I have called “The Paradox of Profit:” The more a manager focuses on profit, the less likely he is to achieve it. 15 He also recognized that one cannot achieve value unless the firm also meets the needs of the corporate stakeholders. A manager treats stakeholders well because that treatment is necessary to achieve the goal of value maximization.

Social Responsibility Under the Stakeholder Model
The instrumental view stands in contrast to the more robust normative view that claims that management has moral obligations to stakeholders even if, when acting on these obligations, profits are not maximized. Often this normative view is stated in terms of the rights of the various stakeholders—rights that create obligations or duties on the part of management. Once the language shifts from instrumental stakeholder theory to a more robust ethical theory, there are some changes needed in the theory of corporate social responsibility. If stakeholders have rights and the local community is a stakeholder, then it looks as if some attention to the needs of the local community is a moral requirement rather than a voluntary act of charitable philanthropy. Indeed it might be argued that business support of the community becomes or should become a public value. This shift from charity to obligations often goes unnoticed however. Sometimes the distinction is deliberately blurred. That is not the case in Europe as we shall see.

**Corporate Social Responsibility in the Practice of Business**

I should point out that stakeholder management or stakeholder engagement is hardly new. It might seem so to many business ethicists because we have been so concerned about how managers could possibly prioritize stakeholder interests and then harmonize them for win-win situations. However, Robert Ackoff pointed out that systems design could be accomplished by stakeholder participation as early as 1970 and as R Edward Freeman and his colleagues have made clear, stakeholder “theory” resulted from the actual practices of companies who were actually managing by stakeholder theory even before they had given it that name.16 Academics did not start with stakeholder theory and then apply it; rather stakeholder theory was a way of understanding certain new management practices.

The growth of corporate philanthropy—as opposed to philanthropy by individual business persons took off in the 1960’s. And much of that corporate philanthropy was
aimed at solving social problems. In addition to the Minnesota story, described in detail below, Cummins Engine Company had been giving 5% of it pretax profits since 1954 and "it had a policy of insisting that its philanthropy be utilized in an innovative manner so that it could seriously attack community problems at their roots."  

Another innovation in the early 1970’s was the IBM Fund for Community Service. This fund contributed to proposals from IBM employees. During its first two years the Fund supported 2,225 projects across the country. Another of the leaders in giving employees time off to engage in public service was the Xerox Corporation. Encouraging and rewarding employees who participate in civic activities is a standard feature of many corporate social responsibility programs. This feature of CSR may have some promise as we investigate what contributions corporations can make to the achievement of public values.

Yet another aspect of corporate social responsibility in the 1960’s and 1970’s was corporate response to the great social issues of the time, first civil rights for African-Americans and then equal opportunity for women and then after Earth Day April 22, 1970, concern for the environment. Those who showed corporate responsibility with respect to these issues took the progressive side. With respect to civil rights for African Americans Commins Engine and Atlantic Richfield had exemplary programs. One of the more notable programs in the 1970’s was the activities of Shore Bank of Chicago. This Bank invested in the blighted South Side of Chicago. Shore Bank referred to their activities as “socially conscious capitalism.”

By the 1980’s many corporations knew that corporate responsibility had to be managed and a number of tools were put in place to do so. In some cases, the management team wanted information and social scanning was invented to provide that information. However, gathering information by itself did not amount to much. Interestingly General Electric not only gathered information but under the leadership of Ian Wilson argued for a paradigm shift in the way that GE looked at business. This shift in emphasis was
1. from quantity to quality
2. from mastery over nature to living in harmony with it
3. from competition to cooperation
4. from the primacy of technical efficiency toward social justice and equality.\textsuperscript{19}

However, Wilson’s ideal was not always followed in practice. GE had polluted the Hudson River with PCB’s. If fought endless legal battles to avoid cleaning up the river and only is doing so under court order. And a later GE CEO Jack Welch was hardly the epitome of corporate social responsibility. He had the nickname “Neutron Jack” because he fired so many people. He left the buildings standing but the people were gone.

With the advent of Ronald Reagan, the philosophy of Milton Friedman was clearly dominant and much of the business community advocated for less regulation. Business focus was on increased efficiency and keeping the government out of business. I think it is also fair to say that business regained respect in the 1980’s. Business had been a whipping boy in the 1960’s and 1970’s and was often seen as part of the problem. But by the 1980’s business was seen as the solution rather than the problem and the solution was that business should do what it does best-create jobs and provide goods and service. Government should get out of the way. Reagan consistent with Friedman’s philosophy- urged Americans to volunteer as individuals to help build better communities. Remember the thousand points of light campaign.

A few firms, like Ben and Jerry’s, focused on social responsibility with only a secondary focus on profits. Ben and Jerry’s, however, was extremely profitable—an concrete example of what I earlier referred to as “the paradox of profit.”

During the 1990’s as major corporations became global, the extent of corporate social responsibility became global is well. Global corporations needed to ask the question, “When in Rome, should they do as the Romans do?” During that time the notion of corporate social responsibility expanded because of revelations of sweat shop
conditions in the supply chains of major apparel and footwear companies. Normally a person or institution is not responsible for what another person or institution does. However, a significant portion of the public and a large number of NGO’s demanded that large profitable corporations take responsibility for what took place in the plants of their suppliers. As a result of this pressure, companies have responded and what counted as the “local community” expanded yet again. Most recently Apple was challenged about the working conditions in one of its plants in China. After a report by the Fair Labor Association, Apple agreed to have its supplier Foxcom improve working conditions for employees in that facility.

During this time a number of pharmaceutical companies faced a different challenge around corporate social responsibility. Drugs to cure AIDS and assist in the fight against cancer were too expensive for those living in third world countries. Even though companies like Merck, which had provided its drug to cure river blindness for free, had either given away or sold very cheaply drugs that cured a specific third world country disease, NGO’s and others demanded that these companies do the same for drugs that had a market in developed countries. The companies resisted in part because of the expense, in part because of intellectual property issues, and in part because of the fear that cheap drugs sent to the third world would be exported to developed countries and undermine the pharmaceuticals’ market in those countries.

The Minnesota Model of Corporate Social Responsibility

In 2000, the journal of the American Academy of Arts and Sciences, DAEDALUS published an article “Minnesota: A Different America?”. In many respects the Minnesota business community embodies the classic notion of corporate social responsibility as it is exhibited in the American context. Corporate philanthropy has become a defining feature of Minnesota’s civic life. One feature of philanthropy that made Minnesota’s philanthropy distinctive was the 5% club. The origin of the club was the practice of family owned Dayton Corporation to set aside 5 per cent of pre-tax profit for charitable purposes. The practice began when Dayton’s was a private company but
continued when Dayton’s went public in 1967. In 1976 the Minneapolis Chamber of Commerce adopted Dayton’s idea and created the Five Percent Club, which became the Minnesota Keystone Program. The program is open to any business that will commit to giving either 5% or 2% of its pre-tax domestic corporate profit to charity. A report from the Minnesota Chamber of Commerce lists approximately 200 members in the program in 2011.²¹

One of the interesting claims made by Goodpaster and his colleagues is that corporate social responsibility found better soil in New England and the Midwest because of the cultural values of the Puritans. The west and south never accepted the notion of corporate social responsibility to the same extent.²²

A few examples of corporate social responsibility in the Minnesota business community will provide some idea of the rich legacy of this concept here in this state. The starting point has to be the Dayton family that has contributed so much both personally and through the corporate foundation to philanthropy. Target Corporation, the successor to Dayton Hudson Corporation, continues to be a member of the Minnesota Keystone Program. In addition to providing vast sums of money, the Dayton Hudson Corporation in 1965 hired Wayne Thompson to head the Department of Environmental Development at the company. Contrary to what the name might imply, Thompson’s task was to help solve social problems. His first assignment was to clean up an area of slum housing in Minneapolis.²³ The Daytons also took the lead in introducing new CEO’s in town to the Minnesota culture of social responsibility. Ken Dayton would take these new CEO’s to lunch at the Minneapolis Club where each was told what was expected of a CEO in Minnesota. The philosophy of the Dayton family can be summed up in a remark made by Ken Dayton. “I believe that the only reason for the existence of the free enterprise system is to serve society.”²⁴

Another example of the Minnesota philosophy of corporate social responsibility was Control Data Corporation under the direction of William C Norris. Norris actually argued that corporate responsibility involved more than charity. Norris had been shaken
by race riots that occurred in Minneapolis in 1967. Norris met with Whitney Young and heard that what was most needed for African-Americans was jobs. As a result of this meeting Norris believed that business leaders should identify social problems and address them as business opportunities. He was a leader in providing employment for African-Americans, as well as the handicapped, in working with government to build plants in the inner city, in providing child care and in providing remedial education for prisoners. These initiatives could be well integrated. Control Data had built a plant in the blighted area of North Minneapolis in order to have the plant near its African–American workforce. On Mondays the Control Data VP would visit the jails and bail out any Control Data employee that was found there. Eventually there was no need for such Control Data intervention. None of this was charity or philanthropy, however. Norris always argued that his Northside plant had to succeed as a business. In this way Norris anticipated what today is called social entrepreneurship and the B Corporation.

During the last quarter of the 20th century, H B Fuller Company, under the leadership of Elmer L Andersen and then his son Tony, had one of the most extensive programs of corporate social responsibility in the country. In addition to all the enlightened human resource practices, H B Fuller contributed to the college education of employees and employee children, gave “sabbaticals” for travel, and every employee had his birthday off as a holiday. H B Fuller’s profit sharing program applied worldwide. Every employee in every country where Fuller did business was eligible so long as a profit sharing program was legal in that country. Critics complained that H B Fuller sacrificed shareholder returns in order to do good. An article appeared in the business press that claimed that H B Fuller was the company that hated Wall Street. Corporate giving was combined with individual giving as well. The H B Fuller Foundation and the Andersen family established the endowed chair in corporate responsibility that I held for 20 years. One of the University of Minnesota’s libraries is named after Elmer L Andersen. The H B Fuller Company and the Andersen family who managed it represented nearly all the strands in corporate social responsibility: individual charity,
corporate charity, stakeholder management, and a commitment to solve social problems.

In 1977 the Minnesota Business Partnership was founded. Its mission “has been to forge a partnership between the public and private sectors to improve the economy and quality of life for everyone in Minnesota.”27 Although some claimed that the Minnesota Business Partnership was nothing more than a lobbying group for business, the founders and subsequent leaders indicated that was not the case.28 At the same time, the Partnership created an educational arm called the Minnesota Project on Corporate Social Responsibility which later evolved into The Minnesota Center for Corporate Responsibility. The Center was supported by dues from corporate members. During the 1990’s the Center had as many as 120 dues paying members.29

**The Business Case for CSR**

For our discussion here, it is imperative to realize that business does not look upon corporate social responsibility as charity per se. Corporate social responsibility should be good business. There needs to be a business case for whatever is done. In the absence of a business case, business will not be supportive. If business is to engage in the search for or construction or reconstruction of public values, it must be in the interest of business to do so.

Even today the majority of corporations take what Neil Chamberlain referred to as the “Limited Responsibility Thesis.”30 Chamberlain quoted Henry Ford the II who took a position on energy saving automobiles that dominated the auto industry until well into the 21st century.

In fact there are severe limits to what business can do, entirely by itself, to solve environmental problems, The reason is that in the absence of appropriate government regulation, there is only a limited market for the ideal solution to environmental problems. Few consumers, for example, will pay much for lower vehicle emissions unless their choices are limited by government regulation. Business lives and dies in the
market and no company can survive if it voluntarily assumes pollution control costs far out of line with those of its competitors.\textsuperscript{31}

Of course the automobile industry fought the regulations that Ford seemed to endorse. But the main thrust of this quotation has important bearing on the issue of public values. Business would maintain that it cannot support public values when such support puts it at a competitive disadvantage in the market place.

In some respects it is hard to argue with Ford. William Norris who had given Control Data its reputation for corporate social responsibility retired in 1986. During the 1990's Control Data spun off businesses and then, in 1992, divided into the Ceridian Corporation and Control Data Systems. Control Data Systems was acquired by Syntegra in 1999. Many in Minnesota argued that Norris had succeeded as an exponent of corporate social responsibility but had failed to pay sufficient attention to business. Perhaps, it was argued, he had failed to appreciate the limits on social responsibility that a business must accept if it is to remain profitable. Another one of our shining examples of CSR, Shore Bank, went down in the financial crisis and went bankrupt in 2010.

How should a business limit its corporate social responsibility if it is to be both responsible and successful as a business? I think those in the business community who practice strategic philanthropy have it about right. As Peter Hutchinson, when he was vice-president of public affairs at Dayton Hudson, said, “The key is to run corporate responsibility like the rest of your business. The corporate responsibility plan must relate to the business plan.”\textsuperscript{32} By the 1990’s strategic philanthropy was pretty much the norm for those corporations that practiced philanthropy

I do not think the Minnesota business community differed from the business community in the rest of the country with respect to the importance of profits. The Minnesota business community was no more ready to sacrifice profits for charity than any other part of the country. What made Minnesota distinctive I believe was that for
most of the last half of the 20\textsuperscript{th} century, the Minnesota business community believed passionately in the business case for corporate social responsibility. Ken Dayton had put the case this way: "What’s good for the community is good for the company."\textsuperscript{33} In other words I think that Pratt and Spencer had it right when they said "The philosophy that “what is good for the community is good for business” is institutionally accepted and leads to public expectations of how present and future business and political leaders will perform."\textsuperscript{34}

**Has Corporate Social Responsibility Become Endangered?**

What is so disconcerting is that the first decade of the 21\textsuperscript{st} century has been the era of corporate \textit{irresponsibility}. Americans were rightly shaken by the terrorist attacks of 9/11 2001. But only a few months later we had the collapse of World Com and Enron. Corporate scandals continued through the first decade of the new century culminating in the financial crisis at the end of 2008-the ramifications of which continue today.

Moreover, these scandals were not the result of a few bad apples. Let’s look at some of the companies that business ethicists have held up as shining examples of organizational integrity over the past thirty-five years in order to see how integrity can easily be lost. The "Hewlett-Packard Way"- the credo that had guided the firm for generations- was exemplary, but after its merger with Compaq HP ran into trouble. The HP Board became dysfunctional, and corporate officials engaged in illegal activity to determine who was leaking information about Board deliberations to the public. There were massive layoffs as a result of the merger, and morale plummeted. The Hewlett Packard Way became ineffective. There is general consensus in the literature that HP lost critical dimensions of its integrity—or at least that it was severely tarnished.

Merck and other companies supply similar examples. Merck had achieved acclaim for manufacturing a drug to cure river blindness which it eventually gave away for free and promised to do so forever, but its reputation became tarnished by the
Vioxx scandal. Merck was accused of promoting Vioxx while knowing of its dangerous side effects. Johnson and Johnson with its famous Credo was seen as the epitome of a socially responsible corporation after the Tylenol poisonings in 1982. Yet recently it has been plagued by numerous recalls of its products due to poor quality.

Likewise, British Petroleum, which established the motto “Beyond Petroleum,” has been cited for major safety violations in a U.S. refinery in which workers died in a fiery explosion. British Petroleum also had been criticized as environmentally insensitive in a series of Alaskan pipeline leaks allegedly caused by inadequate maintenance. And then came the Deepwater Horizon explosion and monstrous oil spill in the Gulf of Mexico in 2010.

Royal Dutch Shell had tried to instill a culture of corporate social responsibility after the Brent Spar affair and its appearance of insensitivity to human rights in the Siro-Wiwa affair in Nigeria. Yet shortly after much fanfare and success in communicating its corporate social responsibility, the company admitted to accounting irregularities with respect to its oil reserves.

Although the Minnesota business community is still heavily philanthropic, there are a few signs that some of the institutional commitment is lagging. This is particularly true when one looks at the history of the Minnesota Center for Corporate Responsibility. I was a member of the Center’s Board representing the University of Minnesota throughout the 1990’s. During that time the financial situation became dire as more and more business corporations stopped paying dues and dropped their membership. The Center changed its name to the Center for Ethical Business Cultures. In the absence of business support and the willingness of the University of Minnesota to enter into a partnership with St Thomas University, the Center became a part of St Thomas in 2004. I always felt it was strange that the business community would expect the University of Minnesota whose decline in state funding created financial issues for the U to step up to the plate and fund an organization that business itself was not willing to support. In any
case under the auspices of the University of St Thomas the Center for Ethical Business Cultures seems to be thriving.

The HB Fuller Company, which originally provided a model of the enlightened corporation under the leadership of Elmer Andersen followed by his son Tony Andersen, became just another company focused on quarterly returns. Tony Andersen was forced from the Board of Directors and as a result the Andersen family had no connections with the HB Fuller Company. The company that resisted Wall Street came to pay it homage.

Whether in the United States as a whole or in Minnesota in particular, corporate social responsibility does not seem to be in the business DNA the way it is in Europe. I submit that part of the reason for the difference is because most of Europe never really completed accepted Milton Friedman and finance based capitalism. Since the European model of corporate social responsibility may have important implications for public values, a brief explanation of that model seems in order.

**The European Sustainability Version of Corporate Social Responsibility**

In the “Green Paper,” this strategic goal of sustainability is set out as a strategy of corporate social responsibility—CSR Europe as it is called. The European Union does not view the function of the corporation as maximizing shareholder value. Rather the EU argues that the corporation should be managed in a way that makes it sustainable and that sustainability is determined by financial success, environmental friendliness, and social responsibility. These are the three pillars of sustainability. An early definition of “sustainable development” was “development that meets the needs of the present without compromising the ability of future generations to meet its own needs.” In terms of this project, we can say that financial success, environmental friendliness and the solving of social problems are public values that the European Union endorses.

These three factors of sustainability are measured by triple bottom line accounting. The goal of the European Union is “to become the most competitive and
dynamic knowledge based economy in the world, capable of sustainable growth with more and better jobs and greater social cohesion.” 36 The Green Paper elucidates the concept as follows:

Corporate Social Responsibility is a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment. At a time when the European Union endeavors to identify its common values by adopting a Charter of Fundamental Rights, an increasing number of European companies recognize their social responsibility more and more clearly and consider it as part of their identity. This responsibility is expressed towards employees and more generally towards all the stakeholders affected by business and which in turn can influence its success. 37

The official European Union position builds a theory of corporate social responsibility right into its macro-economic strategy. Within that strategy corporate social responsibility includes both concern for the environment and social responsibility. However, what is entailed by the “social responsibility” criterion? To provide some specifics, here are some items from the Green Paper.

Being socially responsible means not only fulfilling legal expectations, but also going beyond compliance and investing “more” into human capital, the environment and relations with stakeholders. The internal dimension of corporate social responsibility includes enlightened human resources management, a concern with life-long learning for example, health and safety at work, helping workers adapt to change, and more friendly management of environmental impacts and natural resources. The external dimension includes cooperation with supply chain firms to promote CSR throughout the supply chain, a commitment to human rights, and a commitment to global sustainable development. 38

As we see in Europe, corporate social responsibility means having the company take a stand on certain social issues. The issue need not be an issue of charity at all. In Europe it is often a commitment to human rights. The Green Paper is explicit in that
regard. “Corporate social responsibility has a strong human rights dimension, particularly in relation to international operations and global supply chains.” In addition, nearly all European companies that commit to sustainability also commit to supporting a number of international human rights agreements both in their own business and in the business activities of their supply chains.

As the public has grown more skeptical of corporate behavior, major European companies have recognized the need to change how they communicate with stakeholders. Officials at Royal Dutch Shell put it this way: We have had to move from “trust me” to “tell me” to “show me” to “engage me.” The obvious way to engage is through stakeholder dialogues, which is exactly what Shell has done. British American Tobacco has said that its old strategy was “decide, deliver, and defend.” Its new strategy is “listen, understand, decide, and deliver.” Listening and understanding require stakeholder dialogues. In Europe, there is constant reference to managing for the 3 P’s, people, planet, and profits. How is a manager to do that, unless he or she engages in dialogue with stakeholders? Stakeholder dialogues may have some analogy to dialogue in the establishment of public values. For international companies, stakeholder dialogues constitute a Global Public Square.

In summary a corporation is to be judged positively if its corporate strategy is sustainable. A sustainable corporation is successful in achieving the goals under all three pillars of sustainability—financial success, environmental responsibility, and social responsibility. Social responsibility includes the corporation’s support for solving social problems and for supporting human rights. A sustainable firm is managed for the interests of its stakeholder and discovers those interests through stakeholder engagement—usually through stakeholder dialogues. When managed in this way, the corporation is both socially responsible and financially successful.

Philanthropy, The Safety Net, and Human Rights
The differences between the United States and the European Union with respect to social responsibility need further discussion. One notes that philanthropy is little discussed in the Green Paper or in public discussions of corporate social responsibility. The tradition of philanthropy is much weaker in Europe than the United States. Why is there no tradition of significant philanthropy in Europe? I submit that one significant reason for the lack of a tradition of philanthropy is the fact that European countries including Great Britain have a much stronger safety net than is found in the United States. The Scandinavian countries in particular are especially generous. Europe has higher taxes, a more progressive tax system, and many more government services than the United States. If the state provides many services for free and protects people who are unemployed, there is less need for charity. In Europe it is the job of government to solve social problems. Interestingly there is a common line of thinking here between Milton Friedman and “socialist” Europe. Both agree that it is the job of government rather than business to solve social problems.

In the United States we think of philanthropy as a way of helping to solve social problems and conservatives in the United States applaud this route as an alternative to government action. Remember Ronald Reagan and the thousand points of light.

Does that mean that corporations in Europe do not engage in activities to address social problems? No it does not. First a corporation believes it has a social responsibility to help solve a social problem when a company actually contributes to a social problem. Thus the British Company, British American Tobacco, does view the health issues around smoking as an issue of social responsibility. It explicitly addresses the issue of how it can be a socially responsible manufacturer of cigarettes? They argue that as long as cigarettes are a legal product and there is no deception in marketing and no marketing to children, then they are being socially responsible. Of course many others disagree. The purveyors of fast food do have a social responsibility to consider the impact of their products on obesity—although obesity is less of a problem in Europe than in the United States.
Second, since all companies have an impact on the environment, there is a general moral obligation as expressed in the second pillar for companies to aid in solving the environmental crisis. Companies do that by being more environmentally friendly. Taking responsibility for mitigating their environmental footprint is now in the DNA of European companies.

Third, there is less of an adversarial relationship between European companies and the government- as well as between European companies and unions. As a result there is more of a tendency for corporations to form partnerships with government in addressing social problems. One might argue that it is easier for business leaders in Europe to contribute to discussion of public values than it is in the United States.

Also in Europe, when it comes to social responsibility, public sentiment and business practice have focused on human rights issues. Capital punishment is not permitted in the European Union. Labor rights are honored and the right to bargain collectively is seen as a human right. Europeans also are more favorable disposed to the United Nations Declaration of Human Rights and to look to international norms for guidance on ethical matters. Thus the Green Paper argues explicitly that European multinationals have a responsibility to monitor the activities of their suppliers. Again, these concerns might be called public values and the European business community is expected to endorse and support them.

**Corporate Social Responsibility and the Implications for Public Values.**

There are a number of cultural factors both in the United States in general and in the business community in particular that provide challenges toward using corporate social responsibility as a means toward enhancing public values. We must remember that American business adopts corporate social responsibility on the belief that there is a plausible business case for corporate social responsibility. An element of social responsibility that might be desirable from a public values perspective many not make sense from a business perspective. In addition there may be competitive factors that
make it difficult for a company to support public values; indeed competitive factors may make it difficult for a company to support an element of corporate social responsibility that it would like to support.

**The Challenge of China**

International competition has changed the nature of business. The emphasis in international business is primarily on cost competition. Cost competition makes it more difficult for international companies to spend money on corporate social responsibility. So long as corporate social responsibility is accepted internationally, then cost competition might not present as much of a threat to corporate social responsibility. However, China, the second largest economy in the world, has no or little tradition of corporate social responsibility—at least in the closely linked circles of business and government. I have made three trips to China, one as a guest of the Shanghai Academy of Social Sciences. Despite three extensive trips, it was extremely difficult for me to discern a philosophy of capitalism and of business ethics there. Given the fact that China’s version of capitalism is still evolving, that should come as no surprise. At various international business ethics conferences and seminars I have met several colleagues in business ethics from the People’s Republic of China. These colleagues have shown a great interest in sustainability and corporate social responsibility as articulated in the United States and especially in Europe. Many of the leading books in business ethics, including my *Business Ethics: A Kantian Perspective*, have been translated into Chinese. I should point out, however, that my academic hosts in China indicated that “capitalism” is still a dirty word in China. “Market economy” is the acceptable term. In summary, I think it is safe to say that Chinese academics endorse a sustainability view of CSR.

However when one turns from academic writings on Chinese business ethics and social responsibility to actual Chinese business practice and Chinese government policy, one wonders if China has a policy of social responsibility. It is abundantly clear that the Chinese do not accept the third pillar of sustainability. They do not accept corporate
social responsibility when social responsibility is understood in terms of the protection and promotion of human rights. Given the importance that human rights have in the Western tradition, the failure of the Chinese to adopt the third pillar of sustainability raises questions about how western multinationals can or should do business in China. What is disconcerting to me is the ease with which so many American companies as well as other companies in the West have ignored the fact that China is a major violator of human rights and is quite unapologetic about it. Does this fact bode ill for the practice of corporate social responsibility when such practice urges the protection and promotion of human rights? In countries that produce oil or in a country like China with a potential market of two billion, I fear that it does. There does not seem to be a lot of will on the part of American companies to stand up to China. If a company does not stand up to China to promote social responsibility, will the support for social responsibility gradually diminish at home as well.

Suppose we give the third pillar of sustainability a more American interpretation. On this interpretation, social responsibility involves providing assistance in solving social problems often through strategic philanthropy. There is no modern tradition of philanthropy in China since China has been, and in many respects still is, a very poor country. As a communist country, great individual wealth has not been tolerated even those Chinese who live in metropolitan areas near the coast have done much better than their brethren in rural areas. China does not have established tradition of protecting property rights or privacy rights. Corruption is a major problem in China. Chinese companies tend to play it safe and try to keep out of political trouble.

China has only recently begun to take seriously the second pillar of sustainability-environmental responsibility. Until very recently environmental responsibility has taken a back seat to economic development. I can attest to the pollution in Beijing and Shanghai. However, air pollution is not the only threat in China. China has a serious water shortage and an especially acute shortage of non-polluted water. Some of China’s
neighbors fear that a number of Chinese water projects will reduce the amount of water available to them.

As China becomes an even more sophisticated competitor without developing a tradition of corporate social responsibility, then it will be more difficult for companies outside China to do as much in terms of corporate social responsibility as we should like or expect.

**Philanthropy v. Public Subsidies: Is There Really any Philanthropy?**

What if the money corporations donate to charity is less than the subsidies they receive from government, federal, state, and local? Some have argued that in some cases at least the subsidies exceed the philanthropy. In such circumstances one could argue that the business case for CSR has been taken too far. Society has become the unwitting benefactor of corporations rather than the other way around. Would we be better off with less CSR and more corporate taxes? If subsidization is a serious problem does this mean that engaging corporations in discussions of public values should have less of a priority than getting corporations to play fair as they bargain with states and localities over business issues?

Moreover, as Laura Kalambokidis an applied economist at the University of Minnesota has reminded me, corporations have a moral duty to pay taxes since they receive benefits from society that they do not pay for. For example, corporations are the beneficiaries of an educated citizenry, the rule of law, protection of property rights, and a transportation infrastructure. Moreover the education of the citizenry teaches values that corporations value in their workers-promptness, meeting deadlines, following though on a project and such. These benefits are public goods that corporations benefit from but do not pay for. Corporate taxes are a way to reimburse society for the benefits corporations receive.

Rather than accept their responsibility to pay taxes, many corporations are seeking to relocate or to expand in locations that give them tax breaks. An April 28,
2012 New York Times article by Charles Duhigg and David Kocieniewski entitled “How Apple Sidesteps Billions in Taxes” explained how Apple manages to avoid billions in taxes. Having corporate offices in Nevada rather than California reduces a 8.8% California corporate tax liability to 0% since Nevada has not corporate tax. Companies that have products that are digital or primarily digital find it fairly easy to practice tax avoidance as the article points out.

What we have are situations where corporations that practice philanthropy could gain a reputation as practicing corporate social responsibility when in fact they are avoiding more in taxes than they are giving away in philanthropy—indeed their tax avoidance may be sufficiently large that their philanthropy does not even cover the benefits that they receive for free and for which there is a moral obligation to pay their fair share. Some serious research is needed on this topic.

**Cultural Factors and Ideological Debates**

American capitalism is deeply embedded in a culture that glorifies individualism and competition. One might even call individualism and competition public values. But these cultural factors or public values have implications for corporate social responsibility and for public values as we understand them here. This is especially true when these values are carried to extremes.

We are the land of rugged individualism. Each person is supposed to pull himself or herself up by his or her own bootstraps. Decisions are made by decisive individual leaders not by committee. Academics who measure societies on an individualist/collectivist scale routinely report that America is one of the most individualistic. The popular mythology says that any US citizen can be President and anyone who works hard has a chance to be rich. Self-sufficiency is the chief virtue of individualists.

However, we are entering an era of excessive individualism. Culturally this can be seen in the endorsement of the views of Ayn Rand by politicians and business
people. When I was a college student from 1960-1964 Ayn Rand had a very small cult following. Most of us read at least one of her novels—probably *Atlas Shrugged* or *The Fountainhead*. A few even read *The Virtue of Selfishness*. The heroes of these novels were rugged individualists par excellence. A world where rugged individualists were powerful was a world of creative energy. A world where rugged individualists were persecuted or held back was a backward world. Most of us in the age of the New Frontier who heard President Kennedy’s call “Ask not what your country can do for you. Ask what you can do for your country,” were unsympathetic to her ideas. By the way, *The National Review* in its review called *Atlas Shrugged* “remarkably silly” and “preposterous”. A novelist who seemed to embrace selfishness and had a dysfunctional personal life to boot had little attraction. Instead of a capitalist paradise, we found Rand’s theory of human nature naïve. A world of rugged individualists was more likely to look like Hobbes’ state of nature where life is “solitary, nasty, brutish and short.” Rand’s ideas seemed to disappear from the popular consciousness through the rest of the 20th century. To see them resurrected by prominent people is hardly a sign of encouragement for discussions of public values.

Alan Greenspan admitted that he was an Ayn Rand follower. CEO advocates include retired CEO and Chairman John Allison of BB&T Corporation, T.J Rodgers of Cypress Semiconductor and Patrick W. Grady named his company Rearden Commerce after the steel magnate Hank Rearden from *Atlas Shrugged*. Somewhat surprisingly John Mackey CEO of Whole Foods was a fan although he rejects the view that selfishness is a virtue and that the only goal of a corporation should be to make a profit. In 2008 on the 50th anniversary of the publication of Atlas Shrugged, 185,000 copies were sold—the most ever. A significant number of right wing politicians are also Rand admirers.

If the leaders of a corporation believe that the weak should take care of themselves and that they have no responsibility to care of others, a notion of corporate social responsibility cannot get off the ground. Of course, conversely if one believes that
it is the sole responsibility of government to solve social problems, there is no need for a philosophy of corporate social responsibility as well.

Closely tied with excessive individualism is our overemphasis on competition. Corporate leaders focus on competition in the marketplace but overlook the importance of cooperation within their own company. Indeed these CEO’s of install incentive systems that create competition within the firm in the belief-often mistaken-that such incentives will improve efficiency and raise profits. Quite often they do just the opposite. Imagine a basketball team where your payoff is a function of the number of shots each individual makes. There is little likelihood that such a team will make the NCAA selection to say nothing of being in the Final Four. Focusing on competition often leads CEO’s to see other institutions in society-especially government- as a competitor or even adversary. Such a world view makes it more difficult to develop a philosophy of corporate social responsibility.

Earlier in this essay I pointed out how corporate social responsibility seems to have diminished since the turn of the century. I believe that a philosophy of excessive individualism and an overemphasis on competition are part of the explanation. There are forces in corporate America that stand in the way of their participation in building public values.

A Possible Path for Corporate Social Responsibility to Contribute to Public Values in the Early 21st Century

Early in this essay I discussed the development of corporate social responsibility from an academic perspective with a focus on the contrast between the stockholder model and the stakeholder model in the United States and the contrast between the philosophy of corporate social responsibility in the United States and the European Union. As the essay concludes I should mention a recent development in the philosophy of corporate social responsibility that has been led by scholars in the European Union.  

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These scholars argue that globalization and the rise of multinational corporations have transformed these multinationals into political actors as well as economic actors. These multinationals take on activities that traditionally belong to government. They create some of the rules of the economic game, they engage in the production of public goods, and provide industry based self-regulation to prevent abuses. As a result there is no longer a sharp distinction between the political and the economic or between the public and private as Americans tend to understand it. As a result, a discussion is taking place about what is required of “corporate citizens.”

If we are to look for partners in a program for achieving and sustaining public values, we need to realize that the business community is not a homogenous institution. Companies or industries, such as financial services, that emphasize individualism, competition, and short-term return to stockholders are unlikely partners. On the other hands multi-nationals that need to work with government agencies, NGO’s, unions, and academics and that do business in a wide range of cultural environments have a business incentive to achieve and sustain public values. Coherence and predictability are important for business success.

Recently there has been an attempt to establish a new type of corporation that differs from the traditional form. The B Corporation is new type of corporation that has as its essence solving environmental and social problems. Thus the B stands for a “Benefit Corporation.” B corporations attain that status by being certified by an organization B Lab a not-for profit organization. It remains to be seen if many businesses will aspire to B corporation status and it remains to see whether B Lab certification will be widely accepted in the business community.

Another place to look for partners is with entrepreneurial firms. They are excited about bringing a new product into the world-profit is secondary. They are often not public corporations but rather depend on partnerships with venture capitalists. In business look to successful entrepreneurial start-ups to see how a team culture functions.
Thomas Friedman’s book *The World is Flat* understands the importance of cooperation and partnering. In providing rules for companies to survive in a flat world, rule 4 is particularly important.

“Rule #4: The best companies are the best collaborators. In the flat world, more and more business will be done through collaborations within and between companies for a very simple reason: The next layers of value creation—whether in technology, marketing, biomedicine, or manufacturing—are becoming so complex that no single firm or department is going to be able to master them alone.”

Academic business ethicists would support this conclusion. It is worth noting that R Edward Freeman who is arguably the best known business ethicist is a libertarian. However, his theory of stakeholder capitalism bears no resemblance to the thought of Ayn Rand nor does it focus on the cultural factors I have identified as impediments to the success of American capitalism. Specifically he puts competition in its place and emphasizes the cooperative nature of entrepreneurship and value creation in business. In his most recent and most comprehensive statement of this theory of capitalism, Freeman provides a principle of emergent competition:

“Competition emerges from a relatively free society so that stakeholders have options. Competition is an emergent property rather than a necessary assumption of capitalism.”

He then follows up on this principle as follows:

“This principle highlights the ways in which our assumption of competition can affect our behavior. Not every interaction is a zero-sum game and not every interaction has a win-win solution. We should do our best to look for the win-win before jumping to other sub-optimal solutions.”

These insights are needed to rethink corporate social responsibility. Individual philanthropy or even a corporate foundation does not have the resources to make a
huge difference by themselves. Partnering is essential. Notice how Warren Buffett decided to work with the William and Melinda Gates Foundation. If partnering is recognized as essential in business success, and then in successful social responsibility, those interested in public values could tap into that culture of partnering to further their goals.

ENDNOTES

1 Milton Friedman, Capitalism and Freedom Chicago: The University of Chicago Press, 1982, p.133
3 Business rhetoric emphasizes shareholder concerns or even sustainability. Many critics would argue that most large corporations do not “walk the talk” here.
4 As I have argued elsewhere, the shareholders who own shares in corporations like Target have given their permission by buying the shares. Any person who buys Target shares knows, or should know, about Target’s philanthropic activity. Additional evidence that not all shareholders accept the Friedman line is based on the large number of shareholder resolutions on issues of corporate responsibility. There were even shareholder lawsuits around this issue.
5 Barry Bozeman defines public values as follows: “Public values are those providing normative consensus about (a) the rights, benefits, and prerogatives to which citizens should (and should not) be entitled, (b) the obligations of citizens to society, the state and one another; and (c) the principles on which government and policy should be based.” Barry Bozeman Public Values and Public Interest, Washington D.C. Georgetown University Press, 2007, p.17
6 Kenneth was kind enough to share the manuscript for this work with me as I prepared this paper. I have greatly benefitted from his and his team’s work. Specific influences on this paper will be noted in the appropriate endnotes. Page references are to the prepublication manuscript.
11 Ibid., p.59.
12 Friedman, “The Social Responsibility of Business Is to Increase Its Profits,” p.124
18 Ibid., 229
19 Ibid., p.250
21 Minneapolis Regional Chamber of Commerce Website http://www.minneapolischamber.org/mrcc-our-region/minnesotakeystonemembers/
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22 Goodpaster, et. al p.206
24 Ibid., p. 40.
25 Pratt and Spencer, op.cit., p.228
26 Bockelman, op. cit., p. 58.
27 Minnesota Business Partnership Website http://www.nndb.com/org/590/000126212/
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29 Bockelman, op.cit., p. 76.
30 Neil Chamberlain, The Limits of Corporate Responsibility, (1973)
31 Ibid
32 Quoted in Goodpaster op.cit., p.287
33 Quoted in Ibid, p. 274.
34 Ibid. p.289
35 Commission of European Communities, GREEN PAPER Promoting a European framework for Corporate Social Responsibility Brussels, July 18, 2001
36 Ibid. p.3.
37 Ibid. p.4
38 Ibid., pp. 8-15.
39 Ibid., p.13
40 For a slightly different twist on the issue of subsidization, there has been some analysis on the costs of courting companies to move to a particular location. For an early account in the business press see, Nannette Byrnes, “The High Cost of Wooing Google,” BusinessWeek July 23, 2007, pp. 50-56.
42 These scholars include Guido, Palazzo, University of Lusanne, and Andreas Scherer, University of Zurich. Works by each of these scholars are included in the Bibliography. The flavor of this research can be found in a special issue of Business Ethics Quarterly 19 #3 July 2009, “The Changing Role of Business in Global Society: New Challenges and Responsibilities.”
43 The information in this paragraph is from http://www.bcorporation.net/about a website that describes the B Corporation. Downloaded April 10, 2012.
46 Ibid.

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