

“The CSR Needle in the CR Haystack”

Corporate Responsibility: The American Experience
(New York: Cambridge University Press, 2012)

By

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A Review and Commentary *

By

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A succinct overview of the book’s central message is provided in the authors’ own words: “This book has traced the U. S. history of corporate responsibility from its roots in the eighteenth century through the Industrial Revolution, the advent of capitalism, and the growth of the modern corporation [Part I: 5 chapters]. During the decades since World War II, there has been conditional acceptance and conditional rejection of both the idea and the practice of corporate responsibility [Part II: 3 chapters]. At the same time, we have witnessed the decline of the communist alternative, elevated concern for human rights, the systematic globalization of manufacturing, consumer, and financial markets, and a new worldwide environmental awareness—factors that will no doubt influence the future of corporate responsibility. The ‘social contract’ between business and society – a quaint concept to twenty-first century cynics – has evolved and will continue to do so going forward” [Part III: 3 chapters].

Three of the authors—Archie B. Carroll, James E. Post, and Patricia H. Werhane—and the Executive Editor, Kenneth Goodpaster—have made notable, widely recognized contributions to discussions of corporate social responsibility and ethics, while the fourth author—Kenneth J. Lipartito—is a recognized authority on business history.

In the Preface, Goodpaster explains that the book is designed to be an interplay of business *conduct* and business *concept*—a historical “double helix” of *doers* and *thinkers* concerning questions and issues about responsible business behavior. The study was done under the auspices of the Center for Ethical Business Cultures at St. Thomas University in Minneapolis, Minnesota, and funded by Harry Halloran, a former corporate CEO and member of the Global Governing Board of the Caux Round Table.

The original intention was to focus on the period from 1945 to 2004, but the timeline was subsequently expanded, and the *conduct-doer* part of the double-helix orientation dominated the resultant historical narrative. Another significant modification was to dismiss or downgrade the traditional concept of

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corporate social responsibility, replacing it with a presumed broader notion of *corporate responsibility* (more about this terminological shift below).

The authors project a generally upbeat historical account of the growth and acceptance by business firms and their leaders of responsibilities to the public citizenry. They say that from the corporation's earliest days to today's global economic system, the most insightful top executives have grasped the need to meld their quest for profits with the multiform social needs and moral standards of diverse human communities, both local and now global. Due to space limitations here, I shall leave it to the book's readers to judge the validity of that optimistic palette of business's acceptance of its responsibilities to society, while the remainder of this review focuses on the key period beginning in mid-20th century.

Rather than seeing a progressive continuity of *conduct* and *concept* from the Progressive Era in early 20th century America through the 1920s, the Great Depression, and WWII, I believe it is more realistic to view the post-WWII emergence and gradual acceptance of corporate social responsibility as a new, even revolutionary, phenomenon. *Something new and unusual happened to business's social consciousness around mid-20th century*—and on a scale not previously seen. Indeed, corporate **social** responsibility, not the book's historically diffuse “corporate responsibility” notion, captured the minds and actions of prominent business executives. *Business was generating—and began to accept—a new action agenda that went beyond (but did not deny) the quest for economic profits.*

This newly evolving Corporate Social Responsibility message—a *values transition regarding business's social role*—is concealed and lost in the book's long-term historical flow of “responsibility” events. The latter is seen to lead to the former but does not explain the sudden appearance of the CSR movement of the 1950s.

Neither does the book identify the transition's true symbolic initiator. No less than the business establishment's primary academic vehicle—the prestigious *Harvard Business Review*—led the charge. Frank Abrams, the CEO of Standard Oil of New Jersey, made the first pitch in his landmark 1951 *HBR* article, “Management's Responsibilities in a Complex World”, echoed by other corporate stalwarts and scholars through the entire 1950s decade. As most know, Howard Bowen chimed in later with his 1953 *Social Responsibilities of the Businessman* and is generally given (undeserved) credit for starting it all. While Abrams was a “doer,” Bowen was a “thinker,” but see a “Phantom Facts” item below about both Abrams and Bowen.

What caused this sudden shift of the business mind? Perhaps it was the beginning of the ideological Cold War that pitted private markets against government planning, plus the behavioral and attitudinal shake-up in the WWII labor force that permitted more participation by women and minorities, plus a growing concern about the sheer size and market power of large corporations—steel, coal-oil-gas, aluminum, copper, automobiles, electric power, telephone—plus the rise of professional managers. What subsequently emerged from this business awakening was a decades-long struggle led by CSR *thinkers*

to reshape and redirect the CSR *conduct* of business firms. The main driver of the book's corporate responsibility "double helix" was the *conceptual* component, not the *doing* side.

The stalwarts—the pioneers of this new corporate awakening—gathered under three related but conceptually distinct banners: the advocates of **Corporate Social Responsibility** (CSR), the philosophers of **Business Ethics** (BE), and the pragmatists of **Stakeholder Relations** (SR). Members of the three groups often did not know one another. They simply emerged from their respective academic homes, each with an insistent message for business: "Go beyond profits. Be responsible to society. Act ethically. Respect all who are affected by your operations." It sounded simple but was to take five decades of contentious struggles for business to get the message, while being pushed along by public policy, newly enacted regulatory rules, and NGO pressures. Collectively, this group's seminal ideas created the conceptual foundations of societal, moral, and pragmatic corporate policy and actions, giving rise to successive and burgeoning generations of like-minded thinkers across a broad academic landscape.

To fill in a few blanks in *Corporate Responsibility's* account of the CSR/BE/SR record, here are a few lesser known or underemphasized "Phantom Facts":

- Dean Courtney Brown (*an academic thinker*) of Columbia University's business school, authored the *doer* Frank Abrams' 1951 *HBR* article that started the CSR movement (Frederick, 1998, 72, note 10). Before becoming dean, Brown had been an assistant to Abrams at Standard Oil of New Jersey.
- Howard Bowen (a former *university president*), author of the 1953 *Social Responsibilities of the Businessman* who is credited with initiating the CSR movement, **changed his mind**. "I have come to the view . . . that corporate power is so potent and so pervasive that voluntary social responsibility cannot be relied upon as a significant form of control over business. The power of business . . . overwhelms the weak reed of voluntary social responsibility" (Bowen, 1978, 128-129). I was present at the conference when Bowen made this statement.
- *Humanist philosopher* Clarence Walton's 1961 book, *Corporate Social Responsibilities*, was withdrawn by the publisher under presumed legal pressure from a corporate CEO who feared he had been too closely associated with the idea of CSR. A new edition, cleansed of the offending passages, was then issued. I possess the original and revised copies of the book.
- The Committee for Economic Development (CED), whose 1971 policy statement *Social Responsibilities of Business Corporations* was acclaimed as a CSR breakthrough, **changed its mind**. In 1979 CED issued a near apology for its earlier ideological error; *Redefining Government's Role in the Market System* declared that "Preference should be given to the use of markets and market incentives in working toward the nation's social and economic goals" (Frederick, 1981, 22).

- President Ronald Reagan, a strong anti-government advocate, boosted CSR by shifting responsibility from government to private enterprise, thereby pressuring businesses to take up any subsequent CSR slack, a challenge they failed to meet (Frederick, 1983).
- *Economist* Lee Preston's and *public-policy theorist* James Post's "interpenetrating systems" model clarified the relative spheres of influence for public policy and private enterprise in promoting CSR.
- *Philosopher* R. Edward Freeman's innovative stakeholder concept gave otherwise reluctant corporate strategists a pragmatic way to turn CSR talk into action.
- *Management theorist* Archie Carroll's pyramid of economic, social, ethical, and discretionary (philanthropic) decision making parsed CSR into a range of opportunities for corporate managers.
- *Philosopher* Norman Bowie's theory of Kantian capitalism underwrote the protection of human rights in the corporate workplace.
- *Philosopher* Patricia Werhane's concept of moral imagination sparked new vistas for corporate managers seeking ways to bring morality into business operations.
- *Philosopher* Thomas Donaldson (a student of *philosopher* Richard DeGeorge), joined by *legal scholar* Thomas Dunfee, revived and operationalized the idea of a social contract between business and society.
- *Philosopher* Kenneth Goodpaster's case for making conscience the center piece of business decision-making anchored normative inquiry in personally, organizationally, and socially meaningful actions.

The totality of these "phantom facts" strongly suggests that, in the search for business responsibility, *ideas trumped actions, concepts guided conduct, thinkers led doers*—a conclusion precisely the opposite of *Corporate Responsibility's* historical thesis. By actual page count, the *acting/doing/conduct* traits described in the book's eleven chapters overwhelmingly outnumber the academically-generated *ideas/concepts/thinking* components, which are given less than 2 percent of the book's 423 pages. It is indeed difficult to find the (conceptual) CSR/BE/SR needle in this (historical) CR haystack.

Quite a few of the missing elements of the CSR story have been recorded by Virginia Tech's Richard Wokutch in a series of personal interviews conducted with the early founders of the CSR movement (Wokutch, forthcoming in *Business & Society*). The Wokutch files reveal the I-was-there, trench-warfare battles of both early and later CSR warriors who took aim at a resistant business psyche, hoping and working to reshape it so that business leaders would acknowledge, accept, and act on the corporation's *social, moral, and now planetary-wide cosmic* responsibilities.

For this comprehensive historical account of business responsibility, the authors and the executive editor are to be commended for identifying some, but not all, of the economic, social, political, and conceptual forces that have influenced the corporation's behavior in the historic past. One can hope that the

book may serve as a platform for inspiring and launching an even more responsible corporation of the future.

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