

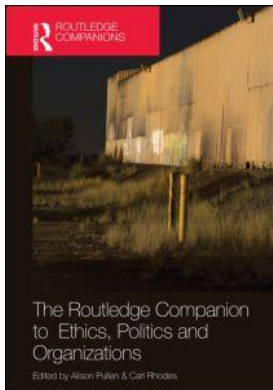
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Part 1

Ethics and corporate power

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2

Instrumental and political currents in the CSR debate

On the demise and (possible) resurgence of 'ethics'

Steen Vallentin

In 2005 it was famously declared in a critical survey in *The Economist* that the advocates of CSR (corporate social responsibility) seemed to have won 'the battle of ideas'. It was, however, also suggested that the victory was a shallow one as the tenets of the CSR doctrine failed to penetrate very deeply into corporate practices and effect more profound change (Crook, 2005). This is not a new story. As long as CSR has been debated, it has been argued that individual companies are severely limited in the degree of social responsibility they can attain (Chamberlain, 1973). Even firms that are relatively successful in this area will "inevitably face not only the limits imposed by economic factors but the unwillingness of the general public to sacrifice its addiction to high levels of consumption for the achievement of less tangible social goals" (Frederick, 1978/1994: 156). More recently it has been argued that the institutional forces of capitalism that drive business and the corporate form forward immediately transpose most gestures of responsibility into something that resembles a farce (Fleming and Jones, 2013).

Not only declared sceptics such as the (conservative) writers of *The Economist* or the (radical) likes of Fleming and Jones have voiced misgivings about the accomplishments of CSR. The starting point of this chapter is that CSR may be a winning discourse, but that it is also one that is marred by self-doubt and which seems to find itself in a state of perpetual crisis. The crisis, it will be argued, can at least partly be explained by tensions brought on by instrumental and political currents both at the theoretical and practical level. The instrumentalization of CSR has taken place over several decades, but has arguably been gaining momentum over the last 5–10 years where the notion of strategic CSR (Porter and Kramer, 2006, 2011) has gained a foothold. Moreover, a considerable amount of research has been devoted to measuring the economic impact of social responsibility (Orlitzky et al., 2003), thus making the relation between social performance and financial performance the predominant concern (Vogel, 2005). While the strong emphasis on the business case has contributed significantly to making CSR more approachable – and attractive – for business, it has also effectively meant that the value of CSR has come to be measured by an economic yardstick (Margolis and Walsh, 2003). Meanwhile, critical approaches ranging, ideologically, from radical leftism (Banerjee, 2007; Fleming and Jones,

2013) to modern liberalism (Reich, 2007), have argued for the need to politicize an otherwise often depoliticized discourse (Richter, 2010; Scherer and Palazzo, 2007, 2011). A common thread in critical political approaches is that they render the voluntary nature of CSR highly problematic and thus consider corporate freedom in this realm to be much more of a risk than an opportunity. They argue for the need to hold modern corporations accountable via rules and regulations while denigrating the value of ethical choice in business.

While instrumentalism compromises the moral integrity of CSR (making personal ethics and moral reflection superfluous and replacing them with market principles), critical politics stigmatizes corporate ethics altogether and replaces it with regulatory, government-mandated power or alternative visions of democracy. As a result, it is now all too easy to speak of CSR without making any mention of ‘ethics’ or bringing up moral issues or dilemmas; a development that can lead to a strangely depersonalized understanding of responsibility and which raises questions about the relevance of ethics for CSR altogether. Whether this is a problem or not is of course debatable. On the one hand, it can be considered as a sign of progress in the sense that the CSR debate (and CSR as corporate practice) has decidedly moved beyond ethical idealism and the subjectivity/arbitrariness that may be associated with individual values and choices. CSR has developed into a socially embedded, highly institutionalized and material phenomenon. On the other, it is worth pondering what, if anything, has been lost on the path to (apparent) victory in the public realm of ideas. Is the displacement of ‘ethics’ a sign that the responsibility discourse has lost its normative bearings and that this has been the price to pay for conquering the mainstream? This question will provide the leitmotif for this chapter.

More than just show there are different logics or rationalities at play in the constitution of CSR, we want to emphasize the political and ideological nature of the battles that are taking place over the meaning, value and limits of responsibility (and over the role of business in society in general). Defining CSR is, as Crane et al. (2008b) have argued, not only a technical or a normative exercise. It is also an ideological one. Hanlon (2008) has described the field as being characterized by a denial of politics, and Garsten and Jacobsson have argued that CSR is a post-political form of governance, “where conflictual relationships are overshadowed by an appeal to agreement and consensus” (2013: 422). This tendency to foreclose political discussion (cf. Jones et al., 2005) can be explained by the dual, instrumental and normative imperative that tends to dominate the CSR literature. Apart from empirical studies (that may, implicitly or explicitly, embody elements of both orientations), the CSR debate is driven by a dual urge to come up with effective solutions to the problems of society that can meaningfully be addressed by the private sector (or by private sector means) and provide normative justification for why businesses should assume social responsibilities beyond the bare minimum in the first place. Against tendencies to gloss over political and ideological aspects of responsibility in a broader sense, this chapter will, to iterate, emphasize the need to consider CSR as a political concern, one recurrent theme being the intricate relationship between CSR and neoliberalism. This means that we will consider both instrumental and political currents of thought in terms of their political–ideological underpinnings and implications. It is exactly the tendency of instrumental approaches to disregard political matters that exposes such approaches to the danger of fulfilling ideological functions (Scherer and Palazzo, 2007)

First, we provide a more elaborate discussion of what we mean by a demise or displacement of ethics in the CSR literature. This leads to more in-depth reflections on how the forces of instrumentalism and politicization respectively have contributed to this demise. This in turn leads us to the positive, if you will, contribution of the chapter, which is to suggest a way for us to bring (a critical) ethics back into considerations of CSR. Importantly, this is not a nostalgic endeavour. We will not argue for a revival of the, so to speak, original moral values of CSR.

Instead of a reinvigorated idealism, we want to argue for the value of a critical mode of ethico-political reflection that combines and seeks to balance insights from CSR and critical management studies (CMS). Hence, we will strive to define a critical middle ground that is open to the positive, transformative potential of CSR while emphasizing the need to constantly challenge and problematize this phenomenon. The chapter makes a conceptual contribution as it discusses the ‘CSR thinking’ found in the academic literature and only makes occasional mention of ‘CSR practices’.

How to speak of a demise or displacement of ‘ethics’ in CSR

Before turning to discussions of instrumental and political currents and their implications we need to qualify what we mean by demise or displacement of ‘ethics’ in the responsibility debate. It is not meant to suggest, as we will show, that instrumental and political thinking on CSR are bereft of ethical and moral value, plain and simple. This would be a misleading assertion, even if instrumental approaches most often prefer to make scientific knowledge claims or economic claims rather than ethical ones. Ghoshal (2005) provides a vivid discussion of how economic theorizing tends to rely on causal or functional, i.e. impersonal, modes of explanation while denying ethical or moral considerations in management altogether. However, instrumental approaches do not merely imply a demoralization of responsibility, and thus a return to the notion of amoral business favoured by Friedman (1962, 1970) and Hayek (1960) (along with most economists of a neoclassical persuasion). What they offer, in some instances, is rather a remoralization of responsibility on economic terms. Similarly, political approaches by no means disregard moral issues. They build on the premise that the workings of the capitalist system, and therefore by implication also notions of corporate self-regulation, are morally suspect and need to be kept in check, preferably – where possible – by the rule of law supported by democratic mandate as a reflection of public interests; the argument being that regulation proper is superior to corporate self-regulation – both from a moral and a political standpoint.

To qualify our argument, then, we propose that it makes sense to speak of a demise or displacement of ‘ethics’, first, in a corporate and, second, in a subjective sense. Some classical definitions of CSR can serve to illustrate the former problematic. Howard R. Bowen, who is often referred to as the father of the modern conception of CSR (Carroll, 1999; see also Acquier et al., 2011), defined social responsibility as “the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives of our society” (1953: 6). According to another founding father, Keith Davis, CSR “refers to the firm’s consideration of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm” (1973: 312). In an earlier paper, Davis defined CSR as “businessmen’s decisions and actions taken for reasons at least partially beyond the firm’s direct economic or technical interest” (1960: 70). Davis also argued that the firm has an obligation to seek to accomplish social benefits along with economic gains and that a firm “is not being socially responsible if it merely complies with the minimum requirements of the law, because this is what any good citizen would do” (1973: 313).

These definitions indicate the normative baseline of CSR – as an ethical matter that is, to some extent, formed by a moral sense of responsibility and civic values. To accept this baseline understanding is not to categorically deny economically motivated activities status as being CSR. It is to reject the notion that corporate responsibilities, overall, can be contained within economic, technical or legal categories. As we will argue, the problem with both instrumental and political approaches is that they tamper with the, in many ways, constitutive ‘beyond’ of CSR (however vague or partial in definition): the notion that social responsibility, to be worthy

of the name, must, again, transcend purely economic, technical or legal considerations. Instrumentalism does so by questioning the usefulness, i.e. the utility, of defining corporate responsibilities in such vague terms, while political approaches tend to consider the CSR ideal of venturing beyond business-as-usual as a mere illusion, a pipe dream with little practical significance – apart from serving as an ideological cover-up for modern corporate capitalism.

Importantly, when speaking of instrumentalization we are largely disregarding the negative, adversarial position codified by Friedman and discussed endlessly in the literature. Our point being that Friedman's ideology-saturated mockery of CSR (in praise of free market capitalism) has now largely been succeeded by economic approaches that are more positive and accommodating in the sense that they consider it a lasting presence and seek to redefine or remake it from the inside – in accordance with economic doctrine (see Karnani, 2011, for a recent reminder of the limitations of Friedmanite thinking on CSR). The most prominent example of this is the now widely adopted and institutionalized notion of strategic CSR promoted by Porter and Kramer (2006), who explicitly argue that creation of shared value – not moral obligations or personal values – should be the guiding principle of corporate engagement in CSR. This brings us to our second, subjective notion of 'demise'.

We can speak of a subjective demise or displacement in the sense that strategic CSR replaces the individual sense of right and wrong with a utilitarian market principle aimed at economic value creation. This is, however, only one instance of how CSR can lead to a subjective displacement of ethics. Arguably, the CSR discourse has had a troubled relationship with the subject in the sense that it has been more concerned with corporate action and accountability than with the particulars pertaining to responsabilization of individuals. It is often considered to be more a matter of external legitimation than internal discipline or engagement. There is an implicit assumption (shared by many CSR proponents) that CSR is a benevolent presence, a sort of departure, or escape, not from capitalism but from a 'no holds barred' mode of morally blind capitalism characterized by indifference to anything other than economic performance and results (Ghoshal, 2005). CSR is presumed to be aligned with the interests of corporate stakeholders (indeed, it is supposed to be a reflection of their demands and expectations), not least their employees. However, both instrumental and political understandings would tend to undermine such an ideal narrative of responsibility (as a means of liberating organizational members by allowing them to act with integrity and in accordance with high moral standards). While instrumentalism replaces such well-meaning but ultimately vague and ineffective considerations with supposedly more rigorous economic means and measures, political accounts tend to consider organizations as instruments of suppression and control, and this leads to a stigmatization of modern businesses as manipulative and exploitative 'bad guys' (Scherer and Palazzo, 2007). Again, from the point of view of the individual subject in the organization, this constitutes an ethical demise in the sense that CSR activities and the ethical choices that are made, and which may somehow involve or affect employees, are considered to be of little consequence and harmless at best. This means that CSR is made more or less superfluous. It is denied any kind of positive social or transformative value, and the moral choice left for the individual is not so much to engage in social responsibility initiatives as to have the will and courage to resist the existing order, to oppose corporate irresponsibility and blow the whistle if needed. Such approaches have little if anything to offer in terms of enabling and empowering organizational members to be involved, engaged and responsible in the positive ways suggested by CSR. As we will argue, the problem is not that the distrust displayed by such critical commentary is not in many instances warranted. The problem is that the distrust is given beforehand and appears to be without alternatives and unwilling to learn from further experience. We will now turn to the discussion of how instrumentalism has contributed to the demise of ethics in CSR.

Instrumentalization of CSR

Instrumentalization can be associated both with an economic and a technical mindset (and combinations hereof) in regard to CSR. In this chapter we conceive instrumentalism primarily as a varied reflection of economic ideology (Scherer and Palazzo, 2007). Our starting point is that economic thinking in recent years has laboured to take back the ground first claimed by CSR advocates (Vogel, 2005). Not by belittlement and ridicule (*vis-à-vis* Friedman) but by modes of positive accommodation that, depending on the perspective, may be described either as a convergence of economic thought and CSR or as a form of economic colonization, a hostile takeover (Deetz, 1992; Vallentin and Murillo, 2012). As Gond et al. (2009) argue, this development reflects deeper and lasting oppositions in business and society research, such as deontological (duty-aligned or intrinsic) versus teleological (ends–means, utilitarian, extrinsic) justification of business behaviour, the distinction between values and facts, or normative (philosophical) versus positive (social science) approaches. An instrumental view “justifies socially responsible behaviours solely on economic grounds, that is, it considers such to be appropriate only when their underlying motivation is the attainment of superior financial performance” (ibid.: 57). While proponents of CSR have argued that there is an extra-economic dimension to modern business, instrumental approaches contend that both business and society are better off if businesses stick to their guns and apply an economic mindset to matters of social responsibility. Even in the wake of a financial crisis caused by rampant economization, the economic brand of responsibility has proven resilient. It has gained widespread currency as a legitimate, smart and attractive (economically feasible) way to do CSR that is actively supported by the business community as well as governments (Vallentin and Murillo, 2012).

For the diehard sceptic, this change of orientation may seem inconsequential: ‘it’s all capitalism anyway’. However, instead of subjecting CSR to negative stereotyping and seeing it as a reflection of some generalized notion of ‘economic ideology’ (Scherer and Palazzo, 2007) or ‘neoliberalism’ (Banerjee, 2007; Fleming and Jones, 2013; Shamir, 2008), we want to provide a more nuanced and historically sensitive account of the lines of thought that constitute developments in the instrumental realm of responsibility. While Gond et al. (2009) seek to expose the potential pathologies of instrumental CSR, we want to understand how it is constituted rather than to condemn it; our argument being that the development of instrumentalism (in theoretical thought) is not a reflection of any particular (economic) ideology. It is composed of a variety of different ideological orientations. To avoid reductionist claims, we find it important to acknowledge this diversity.

To open our discussion of instrumentalization, Frederick (2006) argues that it is a popular myth that there is, fundamentally, an adversarial relationship between business and social responsibility and that CSR should somehow be at odds with capitalism. The idea of CSR first took root in the minds of big business executives, and practices such as corporate philanthropy, community service and codes of conduct were all alive and well in the American business community as early as the 1920s. Only the Great Depression of the 1930s and the Second World War stifled the widespread adoption of CSR by leading corporations (we can add that in many European countries such adoption was stifled by the post-Second World War development of the modern welfare state). Thus, he contends that

CSR was not born in opposition to the business order but was encapsulated within the capitalist system and became an integral part of the free-enterprise market economy – and was subordinated to that system’s central values. Until one understands the original

provenance of CSR, all attempts to ‘curb’ excessive business behavior in the name of social responsibility or ethics can be seen as historically naïve and socially futile. CSR, whatever form it takes, *serves* corporate interest and goals – and has been intended to do so since its inception around the turn of the 20th century.

(Frederick, 2006: 7)

The starting point of the classical normative literature on CSR is thus liberal capitalism and the free enterprise system (Carroll et al., 2012). It is by no means a revolutionary business philosophy. It represents a moderate, reformative critique of corporate capitalism. The fundamental idea is that businesses within such a system, apart from their economic, technical and legal responsibilities, have an obligation to work for social betterment, and that it is in their own best interest to do so – on a voluntary basis (Frederick 1978/1994). In the words of Steiner, it is “a philosophy that looks at the social interest and the enlightened self-interest of business over the long run as compared with the old, narrow unrestrained short-run self-interest” (1971: 164). Hence, the classical, normative CSR literature aims to provide a corrective to morally blind capitalism and the tenets of traditional business economics. It maintains that business has a broader range of responsibilities toward society and that these responsibilities need to be considered in a long-term perspective. However, considerable uncertainty remains as to wherein these social obligations more specifically lie, what they consist of and what is supposed to determine this. Reference is made to an amalgam of forces including ‘society’, ‘public interests’ and, in recent decades, ‘the wants and needs of stakeholders’, but a certain speculative generality remains. Schwartz and Carroll (2008), in a broad survey of business and society frameworks, suggest that CSR can be theoretically underpinned by, among others, notions of moral agency, social contracts theory, obligations toward stakeholders and utilitarianism. This indicates that efforts to provide an authoritative normative justification for CSR are contested and ultimately open-ended (if not futile).

The CSR literature has, however, moved way beyond such, if you will, philosophical efforts, and this is where instrumentalization enters the picture. William C. Frederick’s 1978 working paper on the shift from corporate social responsibility (CSR₁) to corporate social responsiveness (CSR₂) can be considered a watershed in the conceptual development of CSR, particularly with regard to making the gradual economic takeover of CSR explicit (and giving a name to a phase in this development). Corporate social responsiveness refers to the capacities of companies to respond to social pressures. In contrast to the elusive principles and philosophical overtones characterizing the debate over corporate social responsibility, the focus on responsiveness indicates a more pragmatic and/or managerial take on how companies can respond “to tangible forces in the surrounding environment” (Frederick, 1978/1994: 155). Responsiveness does not depend on the social conscience of the chief executive officer (CEO) or C-level management, but looks instead to institutionalized company policies for successful implementation. Although it gives weight to corporate strategy and strategizing (as it replaces questions of *why* with questions of *how* to be responsible in the smartest possible way), it is misleading to think of responsiveness only or primarily in economic terms. As conceptualized by Frederick it provides a socially embedded view of CSR as driven to a large extent by political forces. Hence, it is assumed that the central question of *whether* companies should respond to social pressures “has already been answered affirmatively by general public opinion and a host of government social regulations and that the important task for business now is to learn *how* to respond in fruitful, humane, and practical ways” (ibid.: 156).

Moreover, Frederick mentions Preston and Post and their seminal book *Private Management and Public Policy* (1975) as the foremost example of an approach that could permit corporate

social responsiveness to become an operational reality. Preston and Post argued that the most significant effect that society exerts on business is through the realm of public policy. Avoiding a narrow and legalistic interpretation of the term, they defined public policy as an inclusive process through which “the members of society – individuals, organizations, and interest groups – identify issues of public concern, explore conflicting view points, negotiate and bargain, and – if a solution is reached – establish objectives and select means of obtaining them” (p. 2). They regarded the public policy process as “the means by which society as a whole articulates its goals and objectives” (p. 101) and as a reflection of “general societal commitments and shared values” (p. 12). This deliberative view of socially embedded business can be read today as a precursor of the influential notion of *political CSR* (Scherer and Palazzo, 2007, 2011). In its time, however, it would soon prove to be a dead end (stakeholder theory, which is arguably easier to reconcile with mainstream business economics, would instead come to prevail). In the mid-1970s Republican president Gerald Ford was, in the words of Frederick, “lighting the fires of deregulation” (1986: 132). Although the next Democrat in the White House, Jimmy Carter, was able to fan the coals of deregulation for a while, they would be turned into a raging bonfire by Ronald Reagan under whose reign public policy would be dominated by right-wing conservative values: economic liberalism (*à la* Friedman and Hayek) and cultural conservatism. Frederick writes: “Perhaps never was a theoretical initiative so unfortunately timed, for Ronald Reagan’s ascendance to the Presidency was to the liberal public policy approach what that iceberg was to the *Titanic*” (1986: 132–133). He refers here to the widespread normalization of neo-liberal (and, in the United States, neoconservative) policies and mentalities that took place during the Thatcher and Reagan years (Crouch, 2011; Mirowski and Plehwe, 2009). Neoliberalism is often considered to have become hegemonic during the 1980s and 1990s when it displaced Keynesianism, and thus state interventionism and embedded liberalism, as the dominant mode of political-economic discourse (Harvey, 2005).

Before returning to this topic, we need to point to the tension that defines corporate social responsiveness. In the CSR literature it has been criticized for being too preoccupied with means at the cost of ends and for failing to provide any real guidance in terms of positive values (Frederick, 1978/1994). Bearing in mind that an effective response can be about fending off, neutralizing or defeating social forces that aim to lead the corporation in a direction thought to be desirable for society (Frederick, 1986), being responsive is not necessarily synonymous with being responsible (Wartick and Cochran, 1985). This again points to our theme of a demise or displacement of ethics. While responsiveness, on the one hand, prioritizes corporate strategy and self-interest, it also embraces social norms and values and considers them as constitutive of corporate engagement. Thus, it straddles strategic and institutional notions of legitimacy (Suchman, 1995); herein lies the tension. The political/ideological point to be made here is that while responsiveness must be considered as a stepping stone toward instrumentalization of CSR, it is misleading to think of it only in economic terms. It also embodies political values that can best be described in terms of a social or embedded liberalism (Midttun, 2005; Midttun et al., 2006; Vallentin, 2015).

To the extent that the economic features of this perspective have been highlighted at the cost of its political features, this can, again, probably best be explained by the changing political climate. Hence, Acquier et al. relate developments in the CSR discourse to a grand narrative of neoliberal hegemony. They write: “The so-called neoliberal revolution of the 1980s, which lasted long into the 1990s, separated social responsibility from ethics, thereby depriving CSR of its normative base. . . . The result was an overemphasis on the corporate perspective in the CSR discourse, stripping CSR of its institutional content.” This has led to CSR being too often “instrumentalized as a new niche of market opportunity” (2011: 630). It has also led to CSR

being associated with an agenda of deregulation (withdrawal of the state and proliferation of private authority) and thus the replacement of government with soft modes of governance, including corporate self- or co-regulation. Shamir (2008) has argued that CSR is, in this sense, a neoliberal conception. He even goes as far as to suggest that there is a striking resemblance between the development of CSR as an academic discourse and the way that anti-Keynesian thought was kept alive by American economists from the 1930s and onwards (until the turn of the ideological tide). He suggests that “the concept of corporate social responsibility had been silently developed in the ‘libraries and laboratories’ of business schools, patiently waiting to make its grand entry in the mid-1990s”, when deregulation and associated modes of governance had paved the way for it (2008: 10). The implication apparently is that we should consider the early CSR movement as a sort of parallel to (and an ideological ally of) the neoliberal Mont Pelerin Society (see Mirowski and Plehwe, 2009).

This is, to be blunt, an absurd claim, but quite typical of certain polarizing tendencies in the critical CSR literature. Shamir seems to suggest that there is a sort of conspiracy going on, that CSR advocates are actually in cahoots with their proposed enemies and must thus be in the throes of some sort of false consciousness. However, not only does he misread (or is not knowledgeable about) the early literature, he also tends to stereotype the ideological leanings of modern CSR. It is one thing to suggest that the development of the CSR discourse has been heavily influenced by the changing political climate, another to argue that the literature as such embodies a neoliberal mindset.

A brief note on the meaning of the term ‘neoliberalism’: in his lectures on *The Birth of Biopolitics* (2008), Michel Foucault argues that while classical liberalism has called on government to respect the form of the market (as a space of autonomy that was to be carved out of the state through the unconditional right of private property), neoliberalism provides a radically altered view of relationships between society and economy and between state and market (Read, 2009). The economy is no longer considered a social domain among others with its own intrinsic rationality. Instead, “the area covered by the economy embraces the entirety of human action” (Lemke, 2001: 197). Thus, while Friedman (1962, 1970) and Hayek (1960) in their classical liberal critique of CSR have argued for the need to keep matters of business and politics separate and dis-embed markets, we should expect neoliberal takes on CSR to argue for the value of economizing all social relations.

A prominent example of the economization of CSR that has taken place in recent decades is the substantial amount of research that has been devoted to measuring the economic impact of social responsibility (Margolis and Walsh, 2003; Orlitzky et al., 2003; Pelozo, 2009; Vogel, 2005). As mentioned, this sort of research effectively subjects CSR to an economic measure of worth. In the words of van Oosterhout and Heugens it suffers from ‘output fetishism’ (2008; see also, critically, Gond and Crane, 2010). This does not, however, make it an instance of neoliberalism-in-action. Normatively speaking, the instrumentalism brought forward by this research is not an end in itself, but a means to an end. This is well expressed by Vogel in his critical exposé of the business case and its promoters: “The reason they have placed so much importance on ‘proving’ that CSR pays is because they want to demonstrate, first, that behaving more responsibly is in the interest of *all* firms, and second, that CSR always makes business sense” (2005: 34). The business case is used pragmatically, as a tool to convince naysayers about the salience of CSR and bring disbelievers on board. Moreover, to argue for the profitability of CSR is not to categorically reject or belittle other rationalizations of responsibility. It emerges as one among a plethora of strategies that can be pursued to further the cause of CSR. However, in spite of this underlying moral imperative it does communicate a blatant disregard for personal ethics and individual moral impulses.

So does strategic CSR and the shared value paradigm promoted by Porter and Kramer (2006, 2011). Their contribution can be read as an application of a resource based view of corporate strategy to CSR, but differs from other such contributions (see McWilliams and Siegel, 2011; Russo and Fouts, 1997) by being more explicitly ideological. Porter and Kramer are not just presenting an economic view of CSR, they are arguing for its superiority in all respects compared to the alternatives. As mentioned earlier, they explicitly displace ethics by making moral obligations and personal values subservient to shared value creation. They suggest that an economic mindset is the most desirable way for companies to engage in CSR, and they disregard moral obligations and personal values because they tend to be vague and fail to provide a proper mechanism for making choices and weighing costs and benefits of particular courses of action against each other. The claim to fame of their strategic approach is that it promises to be more focused and productive than the alternatives and thus superior with regard to social impact (utility). They argue that the moral purpose of business is, first and foremost, to contribute to a prosperous economy, and they make a virtue out of presenting an unreservedly pro-capitalist, corporate-minded and business-driven approach. The problem they address is not a lack of social responsibility among businesses, but widespread failure to approach CSR strategically and the consequences hereof. If anything they find that there has been too much focus on frictions and tensions between business and society to the detriment of mutual dependencies and points of intersection. Unlike Friedman (who is concerned that assumption of social responsibilities will make businesses, or rather their appointed leaders, too powerful), they have no qualms about corporate power and its societal impacts arguing that when “a well-run business applies its vast resources, expertise, and management talent to problems that it understands and in which it has a stake, it can have a greater impact on social good than any other institution or philanthropic organization” (2006: 82).

In their highly influential *Harvard Business Review* paper from 2011, they take the argument even further suggesting that CSR should be replaced by a new core concept: creating shared value (CSV), with which they mean to redefine the very purpose of the corporation, no less. They argue that a more sophisticated capitalism, one that is better attuned to the present circumstances, must be imbued with a social purpose. This social purpose does not, however, arise “out of charity but out of a deeper understanding of competition and economic value creation” (2011: 77). Importantly, the principle of CSV not only applies to the corporate world, to private businesses. It is also applicable to governments and non-governmental organizations (NGOs), which will be more effective, it is argued, if they think in value terms instead of pursuing social benefits at all costs. As they put it with aplomb in a recent repartee with Crane *et al.* (2014) in *California Management Review*: “using the profit motive and the tools of corporate strategy to address societal problems (. . .) can contribute greatly both to the redemption of business and to a better world” (Porter and Kramer, 2014: 150).

While it is misleading to think of the CSR literature in total as a reflection of a neoliberal mindset, it makes a world of sense to think of strategic CSR as a neoliberal business philosophy. Porter and Kramer effectively argue for the value of economizing all social relations. They collapse not only CSR, but also government and civil society into the economic realm of the market – subjecting all social action to the tribunal of cost–benefit analysis and economic value creation. In the process they downplay conflicts and tensions between business and society and moralize the economic purpose of business. They turn corporate responsibility into a means to an economic end and in this sense make an active contribution toward the demise of ethics. Their positive and seductive message of synergies and win–win situations (as opposed to conflicts or tradeoffs) has gained a large following both in the business community and among policy makers. On the level of government, it has served to legitimize economic policy approaches as the smartest way to promote CSR (Vallentin and Murillo, 2012). From the other end of the political spectrum,

however, it looks more like a problem than a solution. If anything, it tends to exacerbate the objections that political commentary voice against CSR.

Politicization of CSR

Whereas the instrumentalization of CSR has taken place over several decades, the critical political discourse is a more recent phenomenon. It has risen with – and as a running commentary on – the widespread institutionalization of CSR: in business, in public discourse and in government and governance over the last 10–15 years. While institutional approaches to CSR have focused mostly on the (emerging) institutional frameworks that can *enable* development of social responsibility (Matten and Moon, 2008; Steurer, 2010), political approaches have been preoccupied with the *disabling* effects of capitalism on all matters pertaining to business ethics and CSR. Thus, the political discourse is a negative mirror image of instrumentalization in the sense that it considers instrumental capture as the foremost moral shortcoming of present-day CSR. For critical political commentators, CSR fails to qualify as an ethical practice because instrumentalism has been successful in displacing personal values and the individual sense of right and wrong with economic rationality – to the detriment of more wide-ranging and, from a societal point of view, effective notions of responsibility.

In this discourse CSR is, ultimately, a minor concern. The bigger fish to fry is modern corporate capitalism and its effects on the people and the planet. In this bigger scheme of things, CSR emerges as little more than a set of false promises that confirms the ability of capitalism to absorb external shocks and adjust itself to new societal conditions without any fundamental change actually taking place. CSR is addressed because it is becoming a more powerful part of an (already) hegemonic economic discourse. As indicated, a grand narrative of neoliberalization of business and politics is lurking in the background (if not projected to the foreground), and there is a tendency for the theory and practice of CSR to be lumped together, that is, the value and ideology of CSR is measured and/or defined in terms of its practical outcomes. Hence, corporate failure to deliver on the normative promises of CSR is seen as a sign that the underlying theory of responsibility is morally or politically corrupt or misguided.

The critical political discourse, as we discuss it, is characterized by its overall rejection of the notion that CSR, as an explicit mode of corporate self-regulation, can be a positive step toward more humane business practices and sustainable development – whether viewed separately or in conjunction with other government-related or civil modes of governance. Although it is acknowledged that there is such a thing as businesses pursuing profit in an ethical manner, this is largely overshadowed by concerns relating to the institutional totality that CSR is embedded in (Fleming and Jones, 2013). While this literature can certainly be read as an effort to remoralize modern business by making it more transparent and accountable to society and public interests, it can also have demoralizing effects. Hence, it tends to replace ethical considerations on the corporate level with discussions of political economy and to associate ethical behaviour in organizations with resistance to irresponsible corporate practices rather than positive notions of responsibility. As mentioned, it tends to consider organizations as instruments of suppression and control, and this means that little, if any, room is left for a positive understanding of CSR and its transformative potential.

Although this type of agenda has close affinities with radical leftism and the anti-capitalist sentiment of social activism its scope is broader than that. It ranges ideologically from social or embedded liberalism to various positions on the far left. An example of the former is the book *Supercapitalism* (2007) by renowned American public policy professor and public commentator Robert Reich. Reich, a quintessential modern liberal (i.e. democrat; he was secretary of labor

under President Bill Clinton), considers CSR to be little more than a deflection that is meant to lure the public into believing that companies would perform selfless acts and develop into responsible corporate citizens without being forced to do so. He writes: “a kind of faux democracy has invaded capitalism. Politicians and advocates praise companies for acting ‘responsibly’ or condemn them for not doing so. Yet the praise and blame are disconnected from any laws and rules defining responsible behavior. The message that companies are moral beings with social responsibilities diverts public attention from the task of establishing such laws and rules in the first place” (2007: 205). Reich argues that modern (super)capitalism imposes such hypercompetitive pressures on companies that they no longer have any discretion to be virtuous (*vis-à-vis* the notion of ‘race to the bottom’) and will only engage in socially responsible activities to the extent that it can benefit their bottom line. We should therefore not expect a very deep or significant commitment to social betterment from companies. Market pressures force private businesses into an instrumental, and ultimately selfish, mindset about responsibility, and we need therefore to uphold the values of liberal democracy and ensure that proper regulations are in place to curb their behaviour.

An important proviso here is that Reich speaks almost exclusively about the American experience of capitalism (a similar bias is, of course, characteristic of the classical CSR literature) – in light of global competitive pressures. So does Joel Bakan in his much-lauded book (and film) *The Corporation*. Bakan, a Canadian professor of law, makes it clear that he uses this term to describe “the large Anglo-American publicly traded business corporation” (2004: 3), not private business in general. His argument being that US-based companies are among the largest and most powerful in the world and that globalization has extended their influence beyond national borders, which effectively means that their ways of doing things are affecting competitive practices all over the economy. Notwithstanding the undeniable material relevance of this argument, the resulting critique of CSR is symptomatic of a tendency, in the critical discourse, to generalize from the experience of Anglo-American big business and multinational enterprises while being insensitive to varieties of capitalism (Hall and Soskice, 2001) and institutional differences (Aguilera et al, 2007; Matten and Moon, 2008), thus neglecting the existence of a variety of modes of economic organization in the world. Bakan famously argues that the corporation as an institutional form can be considered a sort of ‘psychopath’ (following the clinical definition), a ‘corporate psycho’ that “can neither recognize nor act upon moral reasons to refrain from harming others” – unless pragmatic concern for its own interests dictates it (2004: 60). His point is not that people in business are bad or immoral. The problem is a systemic or structural one (i.e. ‘the barrel’ is at fault, not ‘a few bad apples’). What he fails to reflect on, however, is how what he considers as “the corporation’s fundamental institutional nature: its unblinking commitment to its own self-interest” (*ibid.*: 50) differs in different societal settings, and how this selfish imperative may for instance be considerably softened within coordinated – as opposed to liberal – market economies (Matten and Moon, 2008; Vallentin, 2015). What is at stake is “whether CSR is simply a palliative for a model of capitalism that generates perverse social and environmental effects . . . or a crucial element of ‘embedded liberalism’” (Utting, 2007: 697–698). The critical discourse has tended to stick with the former narrative while discarding the latter.

While the contributions of Reich and Bakan are concerned about the practice of corporate (ir)responsibility and its institutional ramifications, they remain largely oblivious to the academic literature on CSR and thus the theoretical perimeters of the field. This is not the case with the significant group of contributions on business ethics and CSR that can be labelled under the heading *critical management studies* (CMS) (Alvesson and Willmott, 1992; Alvesson et al., 2009). CMS involves a commitment to question (i.e. denaturalize) the assumptions and taken-for-granted

notions of management theory and professional practice and insists on foregrounding issues of power and ideology (Perriton and Reynolds, 2004). CMS scholarship has shown how organizational culture (including the values, norms and beliefs of organizational members) has been absorbed into the instrumental logic of managerialism (Fleming and Spicer, 2003). As a result, management has increasingly become a matter of “managing the ‘insides’ – the hopes, fears, and aspirations – of workers, rather than their behaviors directly” (Deetz, 1995: 87). CMS has thus exposed how culture building and similar technologies can be considered as systems of management control that aim to colonize the identities of workers in order to make them more tractable and productive (Fleming and Spicer, 2003). One way of understanding this is in terms of ‘engineered selves’ (Kunda, 1992).

CMS is admittedly a diverse and contested terrain with blurred boundaries. Not only can CMS scholarship be said to have contributed to the demise of ethics, it can also, as we shall see in the next section, provide inspiration for a critical affirmation of the importance of ethics in CSR. Speaking of the former, however, the takes on CSR provided by CMS scholarship tend to strongly emphasize the hegemony of neoliberal capitalism as an all-pervasive and, indeed, suppressive ideology – and to stereotype/debunk the CSR literature as a supporter of this ideology (Hanlon, 2008; Shamir, 2008). CMS contributes to an ideological polarization of the field by often turning the debate into a matter of being for or against capitalism as we know it. CMS displays its own brand of ethical displacement by assuming that personal values and individual morality are subjugated by the controlling and often harmful institutional powers of capitalism. Hence, it provides a strong affirmation of instrumentalism’s claim on corporate practice – and effectively contributes to a reification of instrumentalism as the only viable or dominant mindset in CSR.

To exemplify, Bobby Banerjee, in *Corporate Social Responsibility: The Good, the Bad and the Ugly* (2007), argues that the corporation in its current form (it is worth noting that he also provides a historical analysis of the *American* corporation), is an inappropriate agent for social change. He finds that there are no real ‘leaders’ or ‘best practices’ in the field apart from those that deliver win–win situations (as promoted in strategic CSR), and this sets profound limits on how much good companies are willing to do and how sustainable this sort of practice can be. He sees current corporate practices as a reflection of an ongoing neoliberal capture of the social, which, with its assumption of fundamentally competitive social relations, is only able to produce a narrow and self-serving view of responsibility (see also Ghoshal, 2005). Overall, he questions whether CSR poses a challenge to corporate power and is not instead “an ideological movement that consolidates the power of large transnational corporations” (Banerjee, 2007: 147). In terms of finding practical and theoretical solutions to remedy the current ills and strengthen corporate accountability, he argues for the need to venture outside existing regulatory structures (pointing to the failure of post-Enron corporate governance reforms that mostly favoured the interests of shareholders) and the purpose of the corporation as defined by conventional – economic – theories of the firm. In other words, small steps and incremental change within the existing model of capitalism will not do much good.

This is also the message of Peter Fleming and Marc T. Jones, who, in *The End of Corporate Social Responsibility* (2013), consider CSR as a reflection of (as opposed to a departure from) the hegemony of economic rationality and its colonization even of non-corporate institutions. Following Hanlon (2008) and Shamir (2008) they argue that CSR more than anything must be considered as a way in which market rationality is extended into the social world at large, allowing companies to gain powerful leverage over activities that have otherwise been performed outside the economic realm of business. Similar to Reich, they consider CSR as a step backwards rather than forwards, and as an obstruction to genuine progressive change, because it solidifies the myth that social responsibility does not involve tradeoffs but can be a matter of

win-win. They find that whatever thread of radicality there might have been in CSR as a social movement at some point (aiming for, as it were, “a radical socialization of the corporation”), this has been eradicated with the widespread embrace of instrumentalism (ibid.: 7). Hence, any hope that “the ideological claims of CSR would be tantamount to a revolutionary dislodgment of corporate hegemony” has been laid to rest (ibid.), at least in the mainstream of CSR thinking. In terms of solutions, they turn toward radical imaginaries embracing ideals of inclusion and democracy from below.

Where does that leave us, then? What may, from the point of view of instrumentalism, appear as productive means of addressing and/or solving the social and environmental problems of the day, to the critical political commentator merely exacerbates the problem of rampant economization of business and society; a problem that can only be addressed properly at the level of political economy, and which calls for radical alternative visions (in light of recent government failures). Meanwhile, the individual subject and its subjectivity are framed within a negative conception of the corporation that leaves little if any room for positive ethical choice and reflection, apart from resisting the powers that be or assuming a position of cynical distance (Fleming and Spicer, 2003). Instead, we want to argue for the value of a critical approach to the ethics of responsibility that is inspired by CMS but ventures beyond the negatives of control, discipline and subjugation favoured by this discipline.

Toward a critical preoccupation with the ethics of responsibility

How can we address the matter of ‘ethics’ and provide an affirmation of its importance in a manner that is consistent with a political understanding of corporate responsibilities? A rich CMS literature on business ethics and CSR can provide inputs for such an endeavour. While most of this literature combines critical reflection with normative aims, we will argue for the value of a more analytical/diagnostic approach. Our purpose is not to argue for a particular ‘ethics of responsibility’, but to make the case for a ‘critical preoccupation with the ethics of responsibility’.

A foremost concern is to recover the personal element in CSR and thus to provide an affirmation of the importance of the often neglected and displaced notion of *ethical subjectivity*. This is to call for more in-depth studies of the ethical implications of CSR inside organizations. Hence, we concur with Rhodes and Wray-Bliss when they suggest that “ethical subjectivity – the nature and possibility of ethical understandings and self-formation in organizational contexts – is a question which must be answered locally and empirically, not an answer to be read-off from a safe theoretical distance” (2013: 42). CSR as well as CMS scholarship has arguably tended to engage in broad and principled ethical discussions located above the mundane reality of organizational micro-practices, thus “eschewing the phenomenal experience of ethics in organizational settings” (McMurray et al., 2011: 542). Wray-Bliss notices a lack of critical writing that engages “with ethics as a concept for empirical investigation” (2009: 268), and how CMS has failed to engage substantively with ethics as it relates to individual subjects (McMurray et al., 2011).

To focus on ethical subjectivity is, however, not a matter of (re)turning to an individualist (i.e. atomistic or solipsistic; moral in the apolitical sense) understanding of responsibility. In CMS, the notion of ethical subjectivity is informed, in particular, by the later works of Foucault (Chan and Garrick, 2002; Crane et al., 2008a; Rhodes and Wray-Bliss, 2013), and this means that it is embedded in an ethico-political understanding of how power works in organizations (Barratt, 2008; McMurray et al., 2011; Pullen and Rhodes, 2014). Importantly, uses of Foucault’s later works signifies a turn away from the readings of his earlier (middle period) works (in particular *Discipline and Punish*) that have sustained CMS’s preoccupation with the negatives of disciplinary

practice, domination and exploitation (Barratt, 2008; Crane et al., 2008a; McKinlay and Starkey, 1998). The novelty of the later works lies in “an increasing interest in the active role that the human subject plays in his or her own subordination, self-creation and self-fashioning, a new interest in the diverse arts of ‘government’ and a clarification of the analytic of power relations” (Barratt, 2008: 516).

The notion of freedom is crucial here. According to *this* Foucault, power cannot be reduced to a form of repression that operates in the negative form of commands or prohibiting rules. It can also be a positive and productive force that enables action and empowers individuals (Foucault, 1980). Government is considered as a *conduct of conduct* (Foucault, 2008), a form of conduct that relates to how others govern themselves, and which consists not in determining how others should act but in structuring the possible field of action of others (Foucault, 1982). And ethics is posited as a ‘practice of freedom’ that is related to how people constitute themselves as subjects of their own actions (Crane et al., 2008a).

As indicated, the concern with freedom “is not in relation to a self-contained individual who can do as s/he pleases, but rather a subject whose freedom is both located and constituted in relations of power” (Ibarra-Colado et al., 2006: 47). Hence, in posing the question of ethics it is insufficient to focus on either institutions/organizational structures or on individuals and their mental models (Crane et al., 2008a). Foucault’s work mediates between an understanding of ethics as organizationally determined (via formal and informal rules and norms that people are supposed to adhere to) and ethics as individual responsibility. Indeed, ethics must be considered as a mutually constitutive relationship between the two. It addresses the relationship between efforts to govern human behaviour (technologies of rule) and the way such efforts “enable people to fashion themselves into particular types of subjects” and exercise freedom in regard to such efforts (technologies of the self) (Ibarra-Colado et al., 2006: 52). Therefore, ethics is not something that can be controlled by organizations through codes, rules or norms – as such controlling efforts will always be mediated through some measure of freedom and reflexivity (*ibid.*).

Foucault was, as McKinlay et al. argue, “indifferent to questions of who benefited [from particular strategies] or the motives of decision-makers. He was interested in the ‘how’ of power” (2010: 1020). In embarking on his later work, he recommended “that we eschew ‘global’ or ‘radical’ positions . . . and acknowledge the productive as well as limiting features of modern power regimes” (Barratt, 2008: 524). This supports the notion of a middle-ground position that neither succumbs to instrumental prescriptions of effective, top-down implementation of ethical rules and norms, nor resorts to categorical rejection of economic rationality along with rules and codified responsibility as authoritarian means of disciplining people. While the former position is sustained in the business ethics and CSR literatures, the latter is a trademark of the CMS literature, particularly of contributions inspired by Zygmunt Bauman’s (1991) analysis of the Holocaust as a product of modern, rational organization. This literature, like Bauman’s postmodern ethics (1993), makes use of the post-foundational ethical thinking of Levinas with its unflinching insistence on each individual’s unlimited responsibility for ‘the Other as Face’ (Byers and Rhodes, 2007; Jones, 2003; Roberts, 2003; Wray-Bliss, 2009). It sustains a dystopian view of social organization as an inhuman and corrupting force that silences or drowns the moral impulse – making rules, codes and codification anathema to any proper sense of moral responsibility. The message being, according to Roberts (2003), that the corporate body is devoid of sensibility and incapable of responsibility, and that ethics in business must therefore always be a personal matter, built from and grounded in individual conduct. Although it has been argued that there are affinities between Bauman’s postmodern ethics and Foucault’s ethics (Chan and Garrick, 2002; Kelemen and Peltonen, 2001), the former’s oppositional view of morality in spite of (the pathologies and totalitarian tendencies of) social organization differs from a mutually

constitutive view of technologies of rule and technologies of the self. Hence, a Foucauldian approach does not have to lead to a belittlement of the value of ethical codes and codification as such. In the words of Clegg et al.:

Ethical codes, norms and models have important implications for organizational members. While they do not determine practices, they are important because they guide the enactments of subjects who exercise some degree of freedom in governing their own conduct. They become instruments that skillful and knowledgeable members can engage and play with freely in their everyday management of their own and others' affairs.

(Clegg et al., 2007: 112)

This means that we should investigate “how people adhere to, violate, ignore or creatively interpret . . . ethical precepts such as may be contained in codes” (ibid.: 113). This is to position codes as frameworks which may guide action but do not dictate it, leaving room for individual freedom and autonomy (Clegg et al., 2007). The basic assumption is that codes, in practice, offer no guarantees either in terms of moral value or determining behaviour. The key task in understanding CSR codification then becomes not the existence of the canon per se so much as the manner in which others manage themselves in response to the code. It is important, here, to avoid thinking that control (compliance) and freedom (choice) are mutually exclusive. It is true that if organizational actions are predetermined according to some external code, the individual is denied moral agency (ibid.). However, this must be considered an exception rather than a rule, not least with regard to CSR. Most often, managerial efforts to control how corporate responsibilities are perceived and acted upon internally are either contested or somehow (if only covertly) resisted, or they deliberately leave spaces open for people to make choices and act; which is to say that it is virtually always relevant to pose the question of how the government of responsibility produces and affects ethical subjectivities.

This relational approach can be referred to as an *ethics of difference* (as opposed to consensus) in that it valorizes diversity not only in the form of resistance but also in the freer and more productive form of creative interpretation (Rhodes and Wray-Bliss, 2013). In regard to the latter form, we can take an analytical cue from actor–network theory and its notion of *translation*. According to Latour's ‘model of translation’, “the spread in time and space of anything – claims, orders, artefacts, goods – is in the hands of people; each of these people may act in many different ways, letting the token drop, or modifying it, or deflecting it, or betraying it, or adding to it, or appropriating it” (1986: 267). In this perspective, translation does not mean the correct transferral of one will into another (as in reproduction). Translation is a mode of production that expresses “in one's own language what others say and want [and] why they act in the way they do” (Lemke, 2007: 51). Hence, implementation has to be considered as a ‘politics of translation’ that involves a myriad of relays and transfers of command that affect the meaning and impact of social responsibility – and through which, of course, the message of CSR may also be disconnected or lose momentum.

In terms of underlying ethical ideals, Foucault encourages openness and mutability in the configuration of power relations, so that they can be played out with a minimum of domination. As he sees it, defence of freedom is less about democratic procedure than about “individuals themselves questioning, choosing and acting to modify forms of government” (Barratt, 2008: 523). As we have seen, this ideal is not unfamiliar to CSR, to the extent that it is a conception that purports to liberate employees and engage stakeholders in setting the corporate course of action. Foucault does not, however, attempt to provide a detailed programme of action or reform in order to effectively combat domination. To the extent that it is possible to derive a politics

from his later works, it is ‘a politics of discomfort’ (Barratt, 2008; Foucault, 1997). As a reflection of poststructuralist philosophy (Jones, 2009), it involves a commitment to question – i.e. defamiliarize or unsettle – the assumptions and taken-for-granted notions of social responsibility (cf. Perriton and Reynolds, 2004). This need not imply outright scepticism toward variations on the theme of ethical consensus. As pointed out by Rhodes and Wray-Bliss (2013), difference and consensus are co-extensive concerns that both serve to create ethical tension in organizations. With Foucault, however, we cannot seek ethical assurance in institutionalization and/or democratization of responsibility. The task is to continually challenge and problematize such efforts.

Conclusion

In closing, we find it imperative to continually strive to make ethics a vital concern in how private businesses deal with the challenges of social responsibility. No easy cure is available for the self-doubt and perpetual crisis that the CSR discourse finds itself in. The solution is certainly not to look for a solid common ground, as the field encompasses too many actors and interests to accommodate consensus on fundamentals. What we can do, is to make a virtue out of difference and diversity. In this chapter we have argued against the displacement of ethics either by means of instrumental or political reasoning and we have tried to showcase some of the limitations inherent in ideological stereotyping, whether perpetrated by commentators from the political right or left. As an alternative, we have argued for a critical and constructive middle ground defined as an effort to provide more nuanced and balanced accounts of CSR as an ethico-political phenomenon. This indicates an effort to avoid the dual pitfalls of neoliberal apologetics on the one side and critique as dystopian negativity on the other. Fleming and Jones (2013) suggest that it is a sign of deep conservatism that many scholarly debates about CSR do not imagine a world without capitalism. This can, however, also be considered as part and parcel of their claim to relevance. A middle-ground position should allow us to reflect on management and responsibility in an analytical (as opposed to morally or ideologically charged) fashion – i.e. to loosen the negative assumptions about capitalism and leave the question of the ethical, human or social value of CSR more open, to institutional differences, among other things. Studies of the ethical subjectivities that CSR gives rise to can form an important part of such an endeavour.

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