A Reinterpretation of the Principles of CSR: A Pragmatic Approach

Bjørn-Tore Blindheim* and Oluf Langhelle
Department of Media, Culture, and Social Sciences, University of Stavanger, Norway

ABSTRACT

Theories of Corporate Social Performance (CSP) have been criticized for lacking a clear normative theory of business in society capable of prescribing how management practice can reasonable move from 'what is' to 'what should be'. This paper argues for a pragmatic approach to the role and responsibility of business in society in which the normative deficiencies of CPS theory can be strengthened through democratic iterations over some or the other ethical treatise, and thus come to constitute a justified foundation for companies' efforts in the societal arena. We illustrate our approach to a normative theory of business in society by reinterpreting the principles of corporate social responsibility (CSR) – constituting the normative foundation of CSP theory – from the vantage point of sustainable development. Copyright © 2010 John Wiley & Sons, Ltd and ERP Environment.

Introduction

THE THEORY OF CORPORATE SOCIAL PERFORMANCE (CSP) REPRESENTS ONE OF THE MOST INFLUENTIAL APPROACHES within the business and society literature (Melè, 2008). This theory – which holds that business and society are interwoven entities and by that reason business has a responsibility to society in some way or the other – is perhaps best represented by Wood's (1991) CSP model.

The CSP model is a synthesis that includes (1) principles of corporate social responsibility (CSR); (2) processes of corporate social responsiveness; and (3) outcomes of corporate behavior. The CSP model thus encompasses a *normative* foundation or principles of CSR expressing what companies ought to do; a *descriptive* element focusing on what companies in fact do in response to the principles of CSR; and an *instrumental* element that draws attention to the actual outcomes of CSR. Finally, the CSP model demonstrates the interrelationship between these three topics. An important strength of the CSP model is its comprehensiveness and its logical synthesis of the conceptual CSR literature up to the beginning of the 1990s; CSP serves for many as an overarching framework for the Business and Society field (Whetten *et al.*, 2002).

Theories of CSP and the Wood's (1991) model have, however, also met criticism. First of all, they have been criticized for only being a classificatory device because of an unclear relationship between the model's principles,

*Correspondence to: Bjørn-Tore Blindheim, University of Stavanger, Faculty of Social Sciences, Department of Media, Culture and Social Sciences, 4036 Stavanger, Norway. E-mail: bjorn-tore.blindheim@uis.no

processes, and outcomes, and thus providing few possibilities for generating explanations and predictions (Mitnick, 1993; Husted, 2000; Whetten *et al.*, 2002). They have also been criticized for lacking a clear normative theory of business in society (Swanson, 1995; 1999; Whetten *et al.*, 2002; Scherer and Palazzo, 2007; van Oosterhout and Heugens, 2008) capable of prescribing what appropriate business behavior is, and what it is not. It is this second critique that constitutes the point of departure for our inquiry in this paper.

In brief, this paper argues for a pragmatic approach to the role and responsibility of business in society (Wicks and Freeman, 1998) in which the normative deficiencies of CSP theory can be strengthened trough democratic iterations (Benhabib, 2006; 2008) of some or the other ethical treatise, and thus provide a justified foundation for companies' efforts in the societal arena, and for judging those efforts. We illustrate our approach to a normative theory of business in society by reinterpreting the principles of CSR from the ethical concept of sustainable development (WCED, 1987). Since the publication of *Our Common Future* (also referred to as the *Brundtland Report*) in 1987, the concept of sustainable development has achieved relatively broad acceptance in the political, civil, and business spheres of society. In addition, the United Nations (UN) increasingly subscribes a role for business in addressing the challenges of sustainable development, a role that has been warranted through international political processes (Langhelle *et al.*, 2008). We further argue that such a reinterpretation has important implications, both for the action counterpart (Wood, 1991) to the principles of CSR and for evaluating the outcomes of companies' CSR efforts.

This paper proceeds as follows: First, we present the principles of CSR and the CSP model. Then we discuss the limitations of the CSR principles as a normative foundation for companies' CSR efforts and for evaluating the outcome of those efforts. After introducing the concept of sustainable development, we present the concept of jurisgenerative politics and democratic iterations in order to reconcile the somewhat contrasting approaches to the role and responsibility of business in society suggested by the relativistic principles of CSR and the more universal norms of sustainable development. This discussion paves the way for reinterpreting the CSR principles. Finally, we briefly discuss some implications of the reinterpreted principles of CSR for companies CSR efforts, and for judging about those efforts.

The Model of Corporate Social Performance

Bowen's *Social Responsibilities of the Businessman* (1953) is generally recognized as the book that marks the beginning of the modern literature on CSR. His point of departure for writing about the social responsibility of business was that the largest corporations at that time were vital centres of power and their actions affected citizens in many ways (Carroll, 2008). Bowen defined social responsibility as 'the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action that are desirable in terms of the objectives and values of our society'.

Writers after Bowen, including Davis (1960; 1967; 1973), Preston and Post (1975; 1981) and Carroll (1979), continued to search for an appropriate definition of the meaning and content of CSR. In 1960, Davis suggested that corporate responsibility involves decisions and actions that transcend the firm's direct economic interests. Davis (1973) later defined CSR as 'the firm's considerations of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm (to) accomplish social benefits along with the traditional economic gains which the firm seeks'. Preston and Post introduced the notion of public responsibility in 1975. At the core of this notion lies the idea that business and society are mutually dependent systems, and firms should be socially responsible by adhering to the standards of performance both in law and in the public policy process because they exist and operate in a shared environment. In what stands as probably the most established and accepted conceptualization of CSR (Crane and Matten, 2004), Carroll (1979) suggested CSR as a multilayered concept that can be differentiated into the four interrelated aspects of economic, legal, ethical and discretionary responsibilities.

In a seminal paper that built on Wartick and Cochran's work (1985), Wood (1991) organized the insights of Davis (1967), Preston and Post (1975) and Carroll (1979) into principles of CSR that have come to constitute the

normative foundation for a complete model of CSP. The processes of social responsiveness and the outcomes of corporate CSR efforts are the other two components of Wood's model.

Principles of CSR – Legitimacy, Public Responsibility and Managerial Discretion

Wood (1991) defined a principle as something fundamental that people believe is true or a basic value that motivates people to act, and identified three different principles of CSR: legitimacy, public responsibility, and managerial discretion.

Legitimacy – Satisfying the Demands and Expectations of Society and Stakeholders

At the institutional level, the principle of CSR refers to legitimacy: Society has some general expectations about what constitutes the social responsibility of business (understood as a social and economic institution). The principle of legitimacy builds on the 'Iron Law of Responsibility' (Davis, 1967) and states that society grants legitimacy and power to business, and that, in the long run, those who do not use power in a manner that society considers responsible will tend to lose it (Davis, 1973).

Public Responsibility – Expressing the Company's 'Legitimate Scope of Responsibility'

At the organizational level, the principle of CSR refers to public responsibility (Preston and Post, 1975). In Wood's (1991) interpretation, the principle expresses the responsibility of businesses for outcomes related to their primary and secondary areas of involvement with society (Preston and Post, 1975); meaning that business organizations are not responsible for solving all social and environmental problems. Instead, they are – according to the principle – responsible for solving problems they have caused and for helping to solve problems and issues related to their business operations and interests. Together, the primary and secondary responsibilities define what Preston and Post (1975,) call the 'legitimate scope of corporate responsibility'.

Managerial Discretion – Doing 'What is Right'

At the individual level, the model suggests managerial discretion (Carroll, 1979) as the CSR principle. The principle implies that managers are understood as moral actors who should exercise, in every circumstance, such discretion as is available to them toward socially responsible outcomes (Wood, 1990). Managers thus have a responsibility to exercise good judgement and do 'what is right' (Carroll, 1979).

The Processes of CSR – Corporate and Managerial Decision-Making and Action

Processes of corporate social responsiveness are the action counterpart to the principles of CSR (Wood, 1991). More precisely, social responsiveness refers to the capacity of a corporation to respond to social pressure (Frederick, 1987) and involves such actions as environmental and social assessment, stakeholder management and issue management.

The Outcome of Corporate and Managerial Behavior

Three types of outcome are associated with the outcome portion of the CSP model (Wood, 1991): the social impact of corporate behavior; the programs companies use to implement responsibility and/or responsiveness; and the policies developed by companies to handle stakeholder interests. Wood and Jones (1995) later redefined the outcome portion of the model as 'internal stakeholder effects, external stakeholder effects, and external institutional effects'. In this redefined model, the main point is that it is stakeholders who – in addition to being the source of expectations about what constitutes appropriate behavior, and the ones that experience the effects of corporate action – evaluate the degree of success of a corporate response to a social issue.

The Principles of CSR: an Insufficient Foundation for Informing Corporate Efforts Supporting the Objectives and Values of Society?

The CSP model has met different types of criticisms. Perhaps most importantly, the model has been criticized for containing an undeveloped normative orientation (Melè, 2008) incapable of – as argued by Scherer and Palazzo (2007): . . . prescribing how management practice can reasonable move from 'what is' to 'what should be' (Donaldson, 2003; Donaldson and Preston, 1995). This normative deficiency not only reduces the value of CSP to practicing managers, but also inhibits a coherent theory of business and society (Swanson, 1999), where normative and descriptive perspectives can be more directly and consciously interconnected or move toward integration.

The claim that can be put forward is that the principles of CSR provide an insufficient foundation for supporting what Bowen (1953) suggested as the basic aim of CSR, that of pursuing the objectives and values of our society. The principles of CSR state that corporations are responsible to carry out those activities that society in general and specific stakeholders demand and expect of them. As such, the CSR principles are inherently relativistic: They do not state any specific action that corporations and their managers are always responsible to perform. The actual content of CSR is dependent upon both time and place, i.e., what society currently defines as their societal responsibility (Blindheim, 2008). Theories of CPS then stipulate that these societal expectations will align the processes of strategy formulation and implementation with the social aspects of management, thus resulting in 'socially tolerable consequences' (Scherer and Palazzo, 2007).

The potential problem with these CSP assumptions is that they do not open for a *justification or critical questioning* of the norms for appropriate behavior defined by corporate constituencies (Scherer and Palazzo, 2007). As argued by van Oosterhout and Heugens (2008), societal and stakeholder expectations cannot constitute the meaning and content of corporate responsibility unless these expectations are justified, and businesses, on this background, ought to contribute to their realization:

> 'In general: your expectations toward A will only lead to A's responsibility to meet them if they are justified. Without justification your expectations are just that. They would have no logical connection to any responsibility that A has.'

Van Oosterhout and Heugens (2008) further argue that CSR can only have desirable meaning if it holds up against some normative principles that state (1) what is desirable, and (2) that business has a responsibility to contribute to addressing what is desirable.

The lack of a critical judgement of stakeholder claims and their embedded morals becomes especially problematic since the claims of responsibility may be defined by vested and ethically questionable interests (Swanson, 1995). According to Scherer and Palazzo (2007), the idea that the different claims stakeholders have on the corporation would be legitimate 'seems to be an illusory idea, considering that modern societies exhibit a plurality of particular and conflicting moralities'. In the case of conflicting interests and claims, Scherer and Palazzo (2007) suggest that power and urgency, as well as legitimacy (Mitchell *et al.*, 1997) will explain and determine corporate response and behavior in reaction to multitude and conflicting claims put forward by corporate stakeholders and constituencies. The alignment of stakeholder claims with business activity has thus the potential to be counterproductive to notions of the common good (Dahl, 1982) or the values of our society (Bowen, 1953).

If we assume that this critique is valid, the question then becomes how the normative basis of the CSP model can be strengthened so as to constitute a justified and legitimate ground for companies' efforts in the societal arena, where moral claims of the role and responsibility of business in society are subject to processes of critical questioning and judgement.

A Pragmatic Answer to the Normative Deficiencies of the Principles of CSR

In this paper, we suggest what can be called a 'pragmatic approach' to the question of how the normative deficiencies of the CPS model can be addressed and strengthened. Basically, pragmatism can be outlined as an adequate

epistemology constituting an alternative to the study of organizations than what is offered by positivist or antipositivist approaches (Wicks and Freeman, 1998). For the purpose of this paper, we will outline pragmatism as an idea about the need for ethics in organizational studies and organizational life, and about the need for political justification of diverse moral claims and action.

In contrast to positivism and antipositivism, a pragmatic approach insists on a viable place for *ethics* in the study of organizations. The ultimate goal of organizational studies are understood as to develop research that is focused on serving human purposes, such as knowledge being useful to organizations and the societies in which they operate. The key question for pragmatists is whether or not information – such as scientific data or a treatise of ethics – is useful in the sense of offering a viable alternative to organizational practice and life (Wicks and Freeman, 1998). A pragmatic approach would, however, not insist on the primacy of a specific treatise of ethics. The issue is rather one of acknowledging the place for ethics in organizational life, and one of 'pragmatic experimentation' (Wicks and Freeman, 1998) and a search for novel approaches that may help organizations serve a human purpose. As such, a pragmatic approach opens the door for justification or critical judgement of a moral claim on some or the other treatise of ethic. At the same time, from a pragmatic point of view, the ultimate justification of diverse moral claims rests not on some universal ethical principle, but on the idea of the primacy of politics and democracy over philosophy (Crick, 1962; Habermas, 1996; Rorty, 1991). Pragmatism thus suggests political 'conversations about ethics' (Wicks and Freeman, 1998) as the central guiding principle for the critical inquiry of moral claims of corporate responsibility.

Building on this argument, we suggest that one possible contribution to discussions addressing the normative deficiencies of the CPS model should take the ethical concept of sustainable development as this is interpreted within public policy and democratic will formation as its point of departure. The norms of sustainable development – transferred and related to the level of the firm – state what is desirable and that business has a responsibility to contribute to addressing challenges of sustainable development. At the same time, from a pragmatic point of view (Wicks and Freeman, 1998), the ultimate and necessary justification of business responsibility for addressing sustainable development issues does not solely rest on the norms of sustainable development, but, more importantly, on the constant interpretations of these principles within the framework of public policy where the state, civil society institutions, and business are key actors. In order to clear the ground for a reinterpretation of the principles of CSR, in the following sections we discuss (1) the origins and meaning of sustainable development; (2) an initial justification for the responsibility of business to participate in addressing the challenges of sustainable development; and (3) the framework of jurisgenerative politics and the notion of democratic iterations.

Sustainable Development – Origins and Meaning

There are different opinions about the origin of the sustainable development concept (O'Riordan, 1993; Worster, 1993; Jacob, 1996; McManus, 1996). Some early expressions have been traced to work in the 1970s within the World Council of Churches (Langhelle, 2000; Dresner, 2002). It was the Brundtland Report, however, the report from the World Commission on Environment and Development, that put sustainable development firmly on the international political agenda (Elkington, 1997; Lafferty and Langhelle, 1999; Lafferty and Meadowcroft, 2000).

What the Brundtland Report accomplished was to cast sustainable development in a form that could appeal to a wide range of political actors, while at the same time deriving legitimacy from the UN-sponsored process through which it had been formulated. As such, the Report drew together diverse strands of the international discourse on environment and development (Lafferty and Meadowcroft, 2000).

The Brundtland Report (1987) defined sustainable development as 'development that meets the needs of the present without compromising the ability of future generations to meet their own needs'. This definition, according to the Report, embodies two key concepts:

1. The concept of 'needs', in particular the essential needs of the world's poor to which overriding priority should be given.
2. The idea of limitations imposed by the state of technology and social organisation on the environment's ability to meet present and future needs (WCED, 1987).

Sustainable development should be seen as an ethical concept that aims at amalgamating a number of potentially contradictory goals into one coherent development path for the world – that of sustainable development. One of the main concerns of the Commission was global poverty and the growing inequality between the developed and developing worlds. This is reflected in the first key concept, which gives an overriding priority to meeting the essential needs of the world's poor, and is framed as a matter of global, or intragenerational, justice. Another main concern within the Commission was the growing awareness of a new type of environmental problems – *global* environmental problems: climate change and loss of biodiversity especially, but also traditional pollution, deforestation and more were seen as *inherent* to traditional development. Eradicating global poverty through 'traditional' economic growth and development could therefore threaten the very existence of future generations and their ability to cover basic needs – thus violating intergenerational justice.

The main contradiction that the sustainable development concept addresses, therefore, is the question of how to merge developmental with environmental concerns on a global scale. How do you go about eradicating global poverty without compromising the ability of future generations to meet their needs? How is this to be done without compromising the needs and opportunities of present and future generations when it comes to climate change and biological diversity? How is the conflict between intra- and intergenerational justice to be solved?

The Role of Business in Addressing sustainable development Challenges

The Brundtland Report (1987) only briefly mentioned what its authors saw as the proper role of business in relation to the sustainable development concept. There was, however, a clear conviction among the Commission's members that they should produce a report that could influence the large and influential organizations like the World Bank, IMF and business organizations.

In the follow-up to the Brundtland Report, business played a central role in the preparations for the 1992 World Summit in Rio de Janeiro. The World Business Council for Sustainable Development was formed on the eve of the Rio Summit to give business a stronger voice. Since 1993 – with the publication of *Agenda 21* – the UN has increasingly discussed the role of business in contributing to sustainable development. The report stated that business and industry must play a crucial role in the social and economic development of a country. On these grounds, 'business and industry, including transnational corporations, and their representative organisations should be full participants in the implementation and evaluation of activities related to Agenda 21' (*Agenda 21*, 1993).

The *Report of the World Summit on Sustainable Development in Johannesburg 2002* stated that the business sector – while pursuing its legitimate activities – has a duty to contribute to the evolution of equitable and sustainable communities and societies. In addition, the Report called for enhanced corporate social (including environmental) responsibility and accountability (WSSD, 2002).

Evidently, the UN increasingly subscribes a role for business in addressing the challenges of sustainable development, a role that has been warranted through international political processes (Langhelle *et al.*, 2008). Herein lies an initial justification for a role and responsibility for business in addressing sustainable development challenges. At the same time, from a pragmatic point of view, the ultimate justification for the role and responsibility of business in addressing sustainable development challenges lies within the continued democratic iterations and interpretations of the concept of sustainable development and the continued political conversations about the role of business in addressing sustainable development challenges.

Jurisgenerative Politics and Democratic Iterations

Democratic iterations refer to 'complex processes of public argument, deliberation, and exchange – through which universalist claims are contested and contextualised, invoked and revoked, posited and positioned – throughout legal and political institutions as well as civil society' (Benhabib, 2008). In contrast to natural rights doctrine and legal positivism, iterations offer a space of democratic interpretation and intervention between universal

principles – like the norms of sustainable development – and the context-dependent will of democratic majorities within different polities (Benhabib, 2008):

> 'On the one hand, the (…) claims that frame democratic politics must be viewed as transcending the specific enactments of democratic majorities in specific polities; on the other hand, such democratic majorities re-iterate these principles and incorporate them into the democratic will-formation process of the people through contestation, revision, and rejection.'

Rather than being concerned with the question of which norms are valid for human beings across different societies and for all times, democratic iterations aim at democratic justice through asking questions about what decisions can be reached that would be conceived as both just and legitimate within specific polities (Dahl, 1989).

As such, democratic iterations mediate and reconcile the opinion- and will-formation of members of democratic communities – i.e., not only all those who are formal citizens and residents of a jurisdictional system, but also those who are more fluid and unstructured civil society communities and groups – and context-transcending universal norms. A pragmatic approach, in which the justification of diverse moral claims rests upon political conversations about the ethics of sustainable development, has important implications for the principles of legitimacy, public responsibility and managerial discretion. We now sketch some initial possibilities.

A Reinterpretation of the CSR Principles

Legitimacy

Legitimacy is a key concept in the debate on CSR (Palazzo and Scherer, 2006). The principle of legitimacy – as defined by Davis (1967; 1973) and interpreted by Wood (1991) – builds on the relativistic idea that the social institution of business should adapt to society's shifting ideas about the responsible use of power. The principle does, however not – as argued above – open for critical questioning and justification of the morality embedded in diverse societal claims confronting the societal institution of business.

A pragmatic approach (Wicks and Freeman, 1998) opens for such a justification through insisting on a role for ethics – and not just for moral custom (Friedman, 1962) – in the study and practice of organizations. Questions about the role and responsibility of business in society are subject to discussions about what this role and responsibility should be according to some ethical values. This kind of moral legitimacy (Suchman, 1995) rests not on – as in theories of CSP – constituencies' evaluation of the consequences of some action for them, but, rather on whether the activity 'is the right thing to do'.

In her reorientation of the CPS model and the institutional level CSR principle, Swanson (1995) suggested economizing and ecologizing (Frederick, 1995) as possible basic values in which the legitimacy of the role and responsibility of business in society rests. The principles of economizing and ecologizing resemble ideas associated with sustainable development as we have presented earlier. While *economizing* refers to 'the ability of organisations efficiently to convert inputs to outputs through competitive behaviour', *ecologizing* refers to 'symbiotic, integrative linkages between organisations and their environments that function adaptively to sustain life' (Swanson, 1995). For Swanson, legitimacy thus rests on the companies' ability to enhance the social good by producing goods and services on a scale that would otherwise be unattainable (Donaldson, 1989), and on their ability to adapt production to life-sustaining social needs (Sethi, 1979).

From a pragmatic point of view, the ultimate justification of the role and responsibility of business in society rests, however, not solely on ethical values, but, rather, on political conversations (Wicks and Freeman, 1998) and democratic iterations (Benhabib, 2006; 2008) over ethical values. So, although the ethical values embedded in the notion of sustainable development provide a possible source of initial justification and legitimacy of some role for business in society, the ultimate justification and source of legitimacy rests on how the values are interpreted within processes of public will formation in different polities, and are made relevant for business. From a pragmatic point of view, the question becomes the following: '… in view of our moral, political, and constitutional

commitments as a people, and our international obligations to human right treaties and documents, what decisions can we reach that would be deemed both just and legitimate?' (Benhabib, 2008).

Public Responsibility

Based on the reinterpreted institutional level principle of legitimacy, it follows that the corporate entity has responsibilities to act on political conversations and democratic iterations over ethical values. From a sustainable development perspective, corporations have a responsibility to integrate social and environmental as well as economic considerations into their decisions and actions (Elkington, 1994; 1997; van Marrewijk, 2003) as these are politically interpreted and defined in different polities.

According to Preston and Post (1975), it is first of all political institutions and public policy that should inform companies' efforts in the societal arena within their legitimate scope of responsibility. For Preston and Post (1975) 'public policy includes not only the literal text of the law and regulations, but also the broad pattern of social direction reflected in public opinion, emerging issues, formal legal requirements, and enforcements or implementation practices.' For Benhabib (2006; 2008), systems of democratic self-government with free public spaces are a basic condition for legitimate processes of democratic iterations. Within this framework, the process of public opinion formation and will formation takes place among all those who are formal citizens and residents of this system, but also among what she refers to as 'other more fluid and unstructured communities' (Benhabib, 2008). Such communities may include – and although the state is viewed as the principal public actor – international and transnational human rights organizations, various UN representatives and monitoring groups, global activist groups, compliance-monitoring NGOs, women's groups, church groups, advocacy associations, but also businesses or business associations.

A pragmatic approach thus opens a multitude of different roles that companies may assume in the pursuance of a sustainable development path. At the same time, it is exact the processes of interpretation and reinterpretation – within systems of democratic self-government with a free space for a wide range of civil society institutions to participate – that secure the continued legitimacy of ethical norms (Benhabib, 2006; 2008) informing the role and responsibility of companies in society.

Managerial Discretion

The principle of managerial discretion states that managers are moral actors. Within the limits of economic, legal, and ethical constraints (Carroll, 1979), they are obliged to exercise such discretion as is available to them toward socially responsible outcomes (Wood, 1991). From a pragmatic point of view, the *ethical constraints* framing managerial discretion and judgement, is not – as in CPS models – defined through possible vested and unjustified stakeholder claims, but rather through ethical values justified through processes of public will formation, in which the corporate entity itself is a legitimate actor.

The principle of managerial discretion is thus placed within a framework in which managers and the corporate entity assume a role in continuous processes of democratic iterations (Scherer and Palazzo, 2007; Nèron and Norman, 2008) necessary for the justification of the very principles framing the activity of business in the first place.

From a pragmatic point of view, the principle of managerial discretion gains additional importance. As explained by Benhabib (2006):

'(…) jurisgenerative politics is a model that permits us to think of creative interventions that mediate between universal norms and the will of democratic majorities. (…) Because they are dependent on contingent processes of democratic will-formation, not all jurisgenerative politics yields positive results'.

The principle of managerial discretion may thus motivate corporate managers to act in spite of the fact that politics and policies can be immoral, plain wrong or sending mixed and conflicting messages. This ambiguity in terms of the relationship between ethical principles and political conversations, and its implications for business, is perhaps the very essence of a pragmatic approach to the role and responsibility of business in society.

Some Possible Implications of the Reinterpreted Principles of CSR

Our suggested pragmatic approach to the principles of CSR has important implications for companies efforts in the societal arena and for judging these efforts. Concerning the action counterpart to the principles of CSR, a pragmatic approach basically turns attention from questions of the capacity of a corporation to respond to constituencies' diverse moral claims and social pressure, to discussions about corporate action promoting societal welfare. For example, there is a fast-growing and huge body of literature that attempts to translate sustainable development principles into corporate actions (Welford, 1997; 2000; Elkington, 1997; Klaver and Jonker, 2000; Oskarsson and Malmborg, 2005; Porritt, 2005; Epstein, 2008). Integrating sustainability into product decisions will 'cut to the core of the business, raising questions such as, what product to make, how to design it, how and where to manufacture and market it for what uses, and how to recycle/re-use/dispose of it' (Waage *et al.*, 2005).

Concerning the question of how to judge and evaluate the outcome of companies' efforts in the societal arena, a pragmatic approach turns attention from power-dependence relations (Pfeffer and Salancik, 1978) between key constituencies and the corporate entity, to discussions about whether corporate actions contribute to the common good as interpreted within processes of public policy. Given the importance of sustainable development challenges – for example, global poverty, climate change, and biological diversity – and the significance these challenges are assigned in political conversations about sustainable development, there are good reasons to believe that companies increasingly will be judged by whether they contribute to addressing sustainable development challenges through their core business operations.

Conclusion

This paper relates to three somewhat different strands of research. Most importantly, it relates and contributes to the discussion about the normative foundation of theories of CSP. Our pragmatic approach (Wicks and Freeman, 1998) illustrates how the ethical concept of sustainable development (WCED, 1987) and the notion of democratic iterations (Benhabib, 2006; 2008) offer some guidance for companies and managers who wish to pursue a sustainable development path. Through building on the notion of democratic iterations (Benhabib, 2006; 2008), this paper also relates and contributes to a growing body of literature that explicitly acknowledges the political nature of CSR and asks for more politically rooted conceptualizations of CSR and analysis of the firm (Crane *et al.*, 2004; Crane, Matten and Moon, 2008; Vogel, 2005; Scherer and Palazzo, 2007; Hanlon, 2008; Nèron and Norman, 2008). By focusing on the contributions of business to sustainable development, this paper also relates to some of the corporate sustainability literature (van Marrewijk, 2003). A potential weakness with this body of literature is that it translates sustainable development to corporate action without addressing how such a concept gives rise to what Benhabib (2008) refers to as a 'public language of rights articulation and claims-making for citizens and civil society groups', and hence a variety of legitimate interpretations of how sustainable development relates to the corporate entity.

Our suggested framework does not solve all ethical and practical dilemmas and trade-offs that companies will endure. From a pragmatic point of view, this is neither possible nor desirable. It is precisely ethical and practical dilemmas and trade-offs that constitute the very foundation for continued political conversations over ethical values, and thus for the legitimacy of some or other ethical treatise constituting the foundation for discussions about the role and responsibility of business in society.

Acknowledgements

References

Benhabib S. 2006. Democratic iterations. In *Another Cosmopolitanism*, Post R. (ed.). Oxford University Press: Oxford and New York.

Benhabib S. 2008. The legitimacy of human rights. *Dædalus*, 137(3): 94–104.

Blindheim BT. 2008. Corporate social responsibility: the economic and institutional responsibility of business in society. In *Arctic Oil and Gas – Sustainability at Risk*? Mikkelsen A, Langhelle O (eds.) Routledge: London and New York; 57–86.

Bowen H. 1953. *Social Responsibilities of the Businessman*. Harper: New York.

Donaldson T. 1989. *The ethics of international business.* Oxford University Press: New York.

Carroll AB. 1979. A three-dimensional conceptual model of corporate social performance. *Academy of Management Review* **4**: 497–505.

Carroll AB. 2008. A History of Corporate Social Responsibility – Concepts and Practices. In *The Oxford Handbook of Corporate Social Responsibility*, Crane A, McWilliams A, Matten D, Moon J, Siegel D (eds). Oxford University Press: Oxford; 19–46.

Crane A, Matten D. 2004. *Business Ethics: A European Perspective*. Oxford University Press: Oxford.

Crane A, Matten D, Moon J. 2004. Stakeholders as citizens? Rethinking rights, participation, and democracy. *Journal of Business Ethics* **53**: 107–122.

Crane A, Matten D, Moon J. 2008. *Corporations and Citizenship*. Cambridge University Press: Cambridge.

Crick B. 1962. *In Defence of Politics*. Weidenfeld & Nicolsen: London.

Dahl R. 1982. *Dilemmas of Pluralist Democracy. Autonomy vs. Control.* Yale University Press: New Haven and London.

Dahl R. 1989. *Democracy and its critics.* Yale University Press: New Haven and London.

Davis K. 1960.Can business afford to ignore social responsibilities? *California Management Review* **2**: 70–76.

Davis K. 1967. Understanding the social responsibility puzzle. *Business Horizons* **10**(4): 45–51.

Davis K. 1973. The case for and against business assumptions of social responsibilities. *Academy of Management Journal* **16**: 312–322.

Donaldson T. 2003. Editor's comments: Taking ethics seriously – A mission now more possible. *Academy of Management Review* **19**: 252–284.

Donaldson T, Preston LE. 1995. The stakeholder theory of the corporation: Concepts, evidence, and implications. *Academy of Management Review* **20**(1): 65–91.

Dresner S. 2002. *The Principles of Sustainability*. Earthscan: London.

Elkington J. 1994. Towards the sustainable corporation: Win-Win-Win business strategies for sustainable development. *California Management Review* **36**(2): 90–100.

Elkington J. 1997 *Cannibals with Forks. The Triple Bottom Line of 21st Century Business.* Capstone: Oxford.

Epstein MJ. 2008. *Making Sustainability Work. Best Practices in Managing and Measuring Corporate Social, Environmental and Economic Impacts.* Greenleaf Publishing: Sheffield.

Frederick WS. 1987. Theories of Corporate Social Performance. In *Business and Society: Dimensions of Conflict and Cooperation*, Sethi SP, Flabe CM (eds). Lexington Books: New York; 141–161.

Frederick WC. 1995. *Values, Nature, and Culture in the American Corporation*. Oxford University Press: New York.

Friedman M. 1962. *Capitalism and Freedom*. University of Chicago Press: Chicago.

Friedman M. 1970. The social responsibility of business is to increase its profit. *New York Times Magazine* September 13. *Reprinted in Ethical issues in business*, Donaldson T, Werhane PH (eds). Prentice–Hall: Englewood Cliffs, NJ.

Hanlon G. 2008. Rethinking Corporate Social Responsibility and the Role of the Firm – On the Denial of Politics. In *The Oxford Handbook of Corporate Social Responsibility*, Crane A, McWilliams A, Matten D, Moon J, Siegel D (eds). Oxford University Press: Oxford; 156–172.

Habermas J. 1996. *Between Facts and Norms*. MIT Press: Cambridge, MA.

Husted BW. 2000. A contingency theory of corporate social performance. *Business & Society* **39**(1): 24–48.

Jacob ML. 1996. *Sustainable Development: A Reconstructive Critique of the United Nations Debate*. University of Gothenburg: Gothenburg.

Klaver J, Jonker J. 2000. Changing corporate environmental management: development of new management systems. *Eco Management and Auditing* **7**(2): 91–97.

Lafferty WM, Langhelle O (eds). 1999. *Towards Sustainable Development. On the Goals of Development – and the Conditions of Sustainability*. Macmillan Press Ltd.: Basingstoke, UK.

Lafferty WM, Meadowcroft J (eds) 2000. *Implementing Sustainable Development. Strategies and Initiatives in High Consumption Societies*. Oxford University Press: Oxford.

Langhelle O. 2000. Sustainable development and social justice – expanding the Rawlsian framework of global justice. *Environmental Values* **9**: 295–323.

Langhelle O, Blindheim BT, Øygarden O. 2008. Framing Oil and Gas in the Arctic from a Sustainable Development Perspective. In *Arctic Oil and Gas – Sustainability at Risk?*, Mikkelsen A, Langhelle O (eds.). Routledge: London and New York; 15–44.

McManus P. 1996. Contested terrains: politics, stories and discourses of sustainability. *Environmental Politics* **5**(1): 48–73.

Melè D. 2008. Corporate Social Responsibility Theories. In *The Oxford Handbook of Corporate Social Responsibility*, Crane A, McWilliams A, Matten D, Moon J, Siegel D (eds). Oxford University Press: Oxford.

Mitchell RK, Agle BR, Wood DJ. 1997. Toward a theory of stakeholder identification and salience: Defining the principle of who and what really counts. *Academy of Management Review* **22**: 853–886.

Mitnick BM. 1993. Organizing research in corporate social performance: The CSP system as a core paradigm. In *Proceedings of the Fourth Annual Meeting of the International Association for Business and Society*, Pasquero J, Collins D (eds). International Association for Business and Society: San Diego, CA; 2–15.

Nèron PY, Norman W. 2008. Citizenship, Inc. Do we really want businesses to be good corporate citizens? *Business Ethics Quarterly* **18**(1): 1–26.

Copyright © 2010 John Wiley & Sons, Ltd and ERP Environment

Corp. Soc. Responsib. Environ. Mgmt. **17**, 107–117 (2010)
DOI: 10.1002/csr

O'Riordan T. 1993. The Politics of Sustainability. In *Sustainable Environmental Economics and Management: Principles and Practice*, Turner KR (ed.). Belhaven Press: London.

Oskarsson K, Malmborg F. 2005. Integrated management systems as a corporate response to sustainable development. *Corporate Social Responsibility and Environmental Management* **12**(3): 121.

Palazzo G, Scherer AG. 2006. Corporate legitimacy as deliberation: A communicative framework. *Journal of Business Ethics* **66**: 71–88.

Pfeffer J, Salancik G. 1978. *The External Control of Organizations: A Resource Dependence Perspective*. Harper & Row: New York.

Porritt J. 2005. *Capitalism as if the World Matters*. Earthscan Publications Ltd: London.

Preston LE, Post JE. 1975. *Private Management and Public Policy: The Principle of Public Responsibility*. NJ Prentice–Hall: Englewood.

Preston LE, Post JE. 1981. Private management and public policy. *California Management Review* **23**(3): 56–63.

Rorty R. 1991. The priority of democracy to philosophy. In *Objectivity, Relativism, and Truth: Philosophical Papers*, Rorty R (ed.). Cambridge University Press: Cambridge; 175–196.

Scherer AG, Palazzo G. 2007. Toward a political conception of corporate responsibility: business and society seen from a Habermasian perspective. *Academy of Management Review* **32**(4): 1096–1120.

Suchman MC. 1995. Managing legitimacy: Strategic and institutional approaches. *Academy of Management Review* **20**(3): 571–610.

Sethi SP. 1979. A conceptual framework for environmental analysis of social issues and evaluation of business response patterns. *Academy of Management Review* **4**: 63–74.

Swanson DL. 1995. Addressing a theoretical problem by reorienting the corporate social performance model. *Academy of Management Review* **20**(1): 43–64.

Swanson DL. 1999. Toward an integrative theory of business and society: A research strategy for corporate social performance. *Academy of Management Review* **24**(3): 506–521.

United Nations. 1993. *Earth Summit: Agenda 21, the United Nations programme of action from Rio*. United Nations: New York.

van Marrewijk M. 2003. Concepts and definitions of CSR and corporate sustainability: Between agency and communion. *Journal of Business Ethics* **44**: 95–105.

van Oosterhout J. 2008. Much Ado about Nothing: A Conceptual Critique of Corporate Social Responsibility. In *The Oxford Handbook of Corporate Social Responsibility*, Crane A, McWilliams A, Matten D, Moon J, Siegel D (eds). Oxford University Press: Oxford; 197–223.

Vogel D. 2005. *The Market for Virtue. The Potential and Limits of Corporate Social Responsibility*. Brookings Institution Press: Washington, DC.

Waage SA, Geiser K, Irwin F, Weissman AB, Bertolucci MD, Fisk P, Basile G, Cowan S, Cauley H, McPherson A. 2005. Fitting together the building blocks for sustainability: a revised model for integrating ecological, social, and financial factors into business decision-making. *Journal of Cleaner Production* **13**: 1145–1163.

Wartick SL, Cochran PL. 1985. The evolution of the corporate social performance model. *Academy of Management Review* **10**(2): 758–769.

Whetten DA, Rands G, Godfrey P. 2002. What are the Responsibilities of Business to Society? In *Handbook of Strategy and Management*, Pettigrew A, Thomas H, Whittington R (eds). Sage Publications: London, Thousand Oaks, New Delhi; 373–408.

Welford R. 1997. *Hijacking Environmentalism*. Earthscan Publications Ltd: London.

Welford R. 2000. *Corporate Environmental Management. Towards Sustainable Development*. Earthscan Publications Ltd: London.

Wicks AC, Freeman RE. 1998. Organization studies and the new pragmatism: Positivism, anti-positivism, and the search for ethics. *Organization Science* **9**(2): 123–140.

Wood DJ. 1990. *Business and Society*. Foresman, Harper Collins: Glenview, IL.

Wood DJ. 1991. Corporate social performance Revisited. *Academy of Management Review* **16**(4): 691–718.

Wood DJ, Jones RE. 1995. Stakeholder mismatching: A theoretical problem in empirical research on corporate social performance. *The International Journal of Organisational Analysis* **3**(3): 229–267.

World Commission on Environment and Development (WCED) 1987. *Our Common Future*. Oxford University Press: Oxford.

Worster D. 1993. The Shaky Ground of Sustainability. In *Global Ecology: A New Arena of Political Conflict*, W Sachs (ed.), Zed Books: London.

WSSD 2002. *The Johannesburg Declaration on Sustainable Development*. World Summit on Sustainable Development, Johannesburg, South Africa, United Nations.