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BOOK REVIEW

Review of *Progressive Business: An Intellectual History of the Role of Business in American History* by Christian Olaf Christiansen

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Thomas A. Hemphill[1]

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In the Preface to *Progressive Business,* business historian Christian Olaf Christiansen enlightens the reader on the purpose of his treatise: to find out whether there is an historical basis for two contradictory (and popular) characterizations of business: that is, whether businesses are motivated for the profits—or they are in it to achieve various social purposes. Christiansen stays true to exploring and digging throughout his work, focusing on "progressive business," its moral self-governance, and its critics in the history of the American experiment. Christiansen defines "market reformism" (his self-conceived description of progressive business) as an internal—and not external—reform. That is, as one having ambivalence toward the profit motive and self-interest, and critical of free market economics, while preferring voluntary social responsibility in lieu of government regulation.

In his study, Christiansen identifies three eras in American history: paternalistic market reformism, i.e., the First Great Transformation; managerial market reformism, i.e., the New Deal era; and entrepreneurial market reformism, i.e., the Second Great Transformation.

The First Great Transformation, an era of paternalistic market reformism taking place in the late nineteenth and early twentieth centuries, focuses on ideas of profit sharing, company unions and towns, private philanthropy, and reforming the workplace from within (rather than through government edict). During this era, the emerging concept of "social responsibility" went beyond simply wages, reports Christiansen, with Christianity (and self-interest as a superior moral doctrine) trumping classical liberal political economy. At its essence, this worker-centric approach is based on the benevolent factory owner who offers his employees higher wages and improved working conditions than those of his competitors.

According to Christiansen, criticism from the radical and reformist left during this era recognized issues of inequality, poverty, lack of worker autonomy and self-rule, and intolerable working conditions. Classical liberals also criticized the First Great Transformation's misuse of state power and the interference in the "natural" system of liberty. In contrast to this era of market reformism, says Christiansen, solutions offered by the radical and reform left included stronger unionism, reduced length of the workday, the establishment of child labor and factory safety legislation, and a more active role for the state. Classical liberals' solutions to this era included free trade, no tariffs, reduced taxes, the sanctity of private property, and a reliance on economic self-interest leading to the best aggregate social welfare.

Managerial market reformism began with the New Deal era in the 1930s and ended in the 1970s. Psychologist Elton Mayo's human relations ideas flourished among American executives during this era. Moreover, during this period management guru Peter F. Drucker unveiled his new concept of a corporation encompassing a social and political perspective. Also in this era, former business executive Chester Barnard's seminal influence on organizational theory took hold among corporate managers. During this era, the business case for the social responsibility of business developed, with business recognized as a social institution, that is, a soulful corporation with a human face. Thus, the corporation is not simply a market institution of economic exchange, but is also focused on the demands of the many stakeholders of the corporation, including employees, consumers, the local community, suppliers, and shareholders.

Criticism of this New Deal era of managerial market reformism from the radical left, argues Christiansen,

✉ Thomas A. Hemphill
thomashe@umflint.edu

[1] School of Management, University of Michigan-Flint, 2118 Riverfront Center, 303 East Kearsley Street, Flint, MI 48502-1950, USA

expanded from the earlier era to include US capitalism's negative influence upon the developing world. Likewise, from the political reformist left, came criticism of the lack of social security for workers and the deleterious effects of uncontrollable financial cycles on employment. Also, from economic liberals and early neoliberals came warnings of the spread of socialism and its negative impact on free markets and business competition. In contrast to the benefits of managerial market reformism, Christiansen identifies radical leftists, such as Marxian economists Paul A. Baran and Paul M. Sweezy, recommending various forms of socialism as an antidote. Our author also notes that political reformists, such as economist John Kenneth Galbraith, counseled for welfare state expansion and Keynesian macroeconomic policies to control the adverse effects of business cycles. Economic liberals and early neoliberals, however, acknowledged the state's emerging positive role (albeit limited in nature) in creating free markets.

The Second Great Transformation, dubbed the era of entrepreneurial market reformism by Christiansen and begun in the 1990s and continuing into the early twenty-first century, focuses on the moral self-regulation of business and the self-reforming capabilities of capitalism. More differentiated and abstract notions of corporate social responsibility (CSR) and corporate citizenship have emerged in this era. This entrepreneurial market reformism has taken the form of codes of conduct, social and "green" accountancy and reporting, local community development programs, value-based leadership, the "fair trade" movement, and strategic corporate philanthropy. Moreover, employees have become their own managers and personally responsible for their own careers. This CSR focuses on greater responsibility for the natural environment and, with the growth of multinational enterprises, an increasing emphasis on global supply chains and their conditions of employment, a reaction to growing public criticism and lawsuits against corporations that emerged in the 1990s.

Recent criticism of entrepreneurial market reformism from the radical left now includes the corporate destruction of the environment and the rejection of the nation-state. Criticism by those espousing political reformist ideologies has now expanded to include issues related to inflexibility in the labor market, corporate surveillance of employees, a race-to-the-bottom to lower taxes and regulatory protections by nation-states, and environmental degradation. Likewise, free market liberals and late neoliberals criticize entrepreneurial market reformism as a continuation of "creeping" socialism and the expansion of the Keynesian welfare state, resulting in a stifling of national economic growth.

Solutions offered by the radical left, says Christiansen, include an expanding international labor movement, embracing global citizenship, socialized means of production, and anti-globalization efforts. Political reformists (such as the late philosopher Richard Rorty) suggest further expansion of the national welfare state and redistribution of income, while others (such as historian Thomas Frank) argue for expansion of labor unions and environmental standards enhancement. Moreover, argues Christiansen, free market liberals and neoliberals, such as Thomas Friedman, argue for competitive markets, individualism, entrepreneurship and innovation, and protections for private property.

Christian Olaf Christiansen offers the reader a well-researched, seminal historical study describing the general evolution of CSR in the American economy. Most important, he develops a novel descriptive concept—market reformism—that he uses synonymously with the term progressive business. Christiansen (p. 4) argues that market reformism is "an ideology which believes in the self-reforming potentials of business/capitalism, fusing together economic concerns with a social ethic." This concept has the potential to be useful as a bounded instrumental device for business ethicists and management scholars in their future research endeavors. Christiansen carefully identifies the following four characteristics that make up this market reformist stance:

> First, market reformism stresses "internal" (at the corporate and managerial level) – as opposed to "external" (labor unions, government, legislation) – reform, relying upon the principles of market self-regulation and voluntariness, on private property, and on private command. Second, it is ambivalent toward profits, often invoking "higher purposes" than material or pecuniary incentives, such as having responsibilities for a variety of stakeholders, not just shareholders, and being critical of the credo that "the business of business is business." Third, it stresses social harmony, cooperation, and mutuality of interests, as opposed to conflict. Fourth, it mounts moral critiques of "economism" or "materialism," and skepticism of free market economics (Christiansen, p. 4).

Christiansen (pp. 4–5) argues that his market reformism is "an empirically grounded concept, constructed on the basis of the historical material" of his book, and "a constructed 'pure' type."

What I found wanting, however, is that the greater emphasis on capitalism has come at the expense of social responsibility. Social responsibility has been a major topic in academic management research for the last half century; yet too little of this research has been mined by Christiansen. While there is brief mention of business and society scholars' William C. Frederick of the University of Pittsburgh and Archie B. Carroll of the University of Georgia, for example, there is little exploration of their substantive work in the book. Examples of this paucity of business and society research include Frederick's anthropological work on moral values and culture in the corporation, as well as his useful typologies on the evolving (and historical) phases of CSR since the early twentieth century. Likewise, Carroll's seminal work on corporate social performance, moral values in organizations and his "four faces of corporate responsibility" model have significantly influenced the academic field of business and society and the business community writ large.

Glaringly, while Christiansen refers to stakeholders in the latter part of his book, he does not refer to the seminal work on the stakeholder view of the firm developed by R. Edward Freeman (1984) of the University of Virginia, and further developed by many other scholars, including Robert Phillips (2003) of the University of San Diego. From these respected scholars academic research, Christiansen would have garnered greater intellectual insights into managerial developments in CSR, e.g., moral leadership and global corporate citizenship, emerging during the Second Great Transformation over the last quarter century, and missing from his book. While Christiansen has cited many prominent business writers, including Peter Drucker, few of those cited have academically specialized in the field of business and society.

Also missing is a thorough exploration of entrepreneurial market reformism in the twenty-first century. Examples of entrepreneurial market reformism proposals include: Harvard Business School professor Michael Porter's "shared value" concept first introduced in a 2006 Harvard Business Review article; the "creative capitalism" proposal unveiled by Microsoft founder Bill Gates at the 2008 Davos conference (Kinsley 2008) (only briefly mentioned); the "sustainable capitalism" manifesto offered by former US Vice-President Al Gore in a 2011 *Wall Street Journal* op-ed: and the "conscious capitalism" approach to social responsibility presented by Whole Foods co-CEO John Mackey in a 2013 book.

In addition, while there were references to free market liberals criticizing the inefficiencies and failures of state regulation of the economy, there was no mention of recent research on successful private governance efforts by economist Edward Peter Stringham (2015) describing, for example, how electronic payment processor PayPal developed ex ante risk management solutions to the problem of online fraud. Such criticisms by the reviewer, however, do not diminish the importance of Christiansen's overall research as an important addition to the understanding of role of American business in American society.

Compliance with Ethical Standards

Conflict of interest Thomas A. Hemphill declares that he has no conflict of interest.

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