

**TOWARDS A POLITICAL CONCEPTION OF CORPORATE SOCIAL  
RESPONSIBILITY. BUSINESS & SOCIETY AND THE CONTRIBUTION OF  
RECENT HABERMASIAN POLITICAL PHILOSOPHY**

paper submitted for the IFSAM VIIIth World Congress 2006

Berlin, Sept. 28-30, 2006

**Abstract**

We review one of the most influential schools within business and society research, which we label positivist corporate social responsibility (CSR). We criticize positivist CSR because of its instrumentalism and normative vacuity. This school of thought cannot sufficiently explain the socially responsible behaviour of business firms in the global arena. Also, it is not helpful enough to determine how multinational business firms should respond to global challenges or contribute to the production of global public goods. Therefore we propose a new approach based on the recent contributions of Jürgen Habermas to political philosophy. Habermas is one of the most prominent philosophers of our time. While his work of the 1960s and 70s (which we label Habermas<sub>1</sub> here) has been discussed in the management literature, his more recent work (which we label Habermas<sub>2</sub>) has been widely neglected in our field. Building upon Habermas<sub>2</sub>, we define the new role of the business firm as a political actor in a globalizing society.

Key words: Business and society, corporate social responsibility, critical theory

## INTRODUCTION

During the 1970's, business and society was established as a subfield of management (Carroll, 1977; Preston, 1975; Sethi, 1974). Discussions of the role of business have been motivated by the growing awareness of unfair or discriminatory behaviour and an increasing number of social and environmental scandals (Epstein, 1987; Matthews, Goodpaster, & Nash, 1985). The current scrutiny both builds on recent financial scandals and the changing expectations of society. Social commitment is increasingly expected from companies, even in areas which are not directly related to their business (Harman & Porter, 1997; Matten & Crane, 2005; Sethi, 1995). These developments are reinforced by the process of globalization, which is eroding the established institutions and procedures of governance (Kaul, Conceição, Le Goulven, & Mendoza, 2003).

The problem of how the social responsibility of the business firm should be defined has been discussed under rubrics such as corporate social responsibility (CSR), business and society, business ethics, and stakeholder theory. Many of these studies comply with the positivist research paradigm of management research (e.g., Bacharach, 1989; Seth & Zinkhan, 1991). By *positivist*, we mean a research paradigm that tries to uncover universal cause-and-effect relationships in the social world by using the empirical methods of (natural) *science*. Research interest is directed towards the description and explanation of observable social phenomena. Once the cause-effect relationships are identified, this knowledge is applied to achieve certain desired outcomes. We will argue that this research paradigm leads to a merely instrumental interpretation of corporate responsibility that fits perfectly into an economic conception of the firm (Margolis & Walsh, 2003).

Some conceptions of CSR, however, put emphasis on the normative foundations of responsible business behaviour and develop a critical view of the economic mainstream.

These approaches do not apply the methods of science but instead are based on the methods of the humanities. Here, such approaches as virtue ethics, Kantian deontology, social contract theory, postmodernism, and Habermasian critical theory are proposed to determine what the business firm should do and what it should not do (see, e.g., T. Donaldson & Dunfee, 1994, 1999; Freeman, 2002; Phillips, 2003). We label these approaches “post-positivist CSR”.

The aim of our paper is not to discuss the broad range of post-positivist approaches to CSR but to focus on the development of a discursive conception of CSR that builds upon Habermasian philosophy and was widely discussed as the “critical strategy research” (Alvesson & Willmott, 1992a, 1995, 1996, 2003; Forester, 1985; Shrivastava, 1986; Steffy & Grimes, 1986). This approach argues that the integration of ethical concerns into management decisions can be achieved with the help of the Habermasian “ideal speech situation”, i.e. an undistorted communication under ideal conditions. However, critical strategy research is not yet enough developed. It lacks an integration of the market conditions at the macro level of modern societies. While the economic approach of positivist corporate social responsibility does not provide a good moral grounding to the issue of social responsibility, the critical strategy approach is not sufficiently respectful to the implications of profit-making. We will explain these concerns and suggest an extension with the help of Habermas’ most recent thinking.

In particular, we suggest considering the important achievements of Habermasian political philosophy that have not yet been acknowledged in the management literature. Habermas considers the immediate application of the ideal speech situation in political and economic practice as a “too idealistic” (Habermas, 1998: 244). Instead, Habermas (1996, 1998) proposes a conception of “deliberate democracy” in which different forms of

coordination – ethical discourse and bargaining, as well as instrumental politics – are integrated within a grand model of the peaceful stabilization of modern society. The Habermasian approach does not aim at a utopian and revolutionary alternative to liberal market societies. Instead, it takes the imperatives of market competition and the price system as preconditions of coordination in modern societies, while domesticating economic pressures by means of democratic reform and control. The driving force towards societal integration, therefore, is not so much the realization of an ideal speech situation on the micro level of actual discourses, as it is the structural and cultural conditions of democratic will-formation at the macro level of society. As we are going to show, this approach has important consequences for the role of business in society.

The aim of this paper is to advance corporate responsibility discourse by developing a new approach based on the Habermasian concept of deliberative democracy. We will argue that this approach will lead to an improved ethical embeddedness of business in society. The paper is organized as follows. Viewing corporate social responsibility (CSR) approaches against the background of their theoretical and ideological foundations, we will argue that positivist CSR research is a problematic basis for adequate ethical sensitivity in business management. In a second step we will analyze the contribution of critical strategy research. We point out that critical strategy does not sufficiently take into account the benefits of market coordination mechanisms, and we therefore suggest a new framework that overcomes this deficit. This framework is based on the recent contribution of Habermas to political philosophy that overcomes the shortcomings of his earlier writings. The paper concludes with a comment on directions for future research.

**POSITIVIST CSR AND THE OPPORTUNIST CORPORATION:  
THE INSTRUMENTALIZATION OF CORPORATE RESPONSIBILITY**

The CSR field is very diverse; in it, we find descriptive and instrumental work as well as normative work, and we see theoretical analysis as often as empirical in-depth studies and large-scale surveys (see, e.g., Frederick, 1998; Goodpaster, 1998; Weaver & Trevino, 1998). The discourse on stakeholder theory contains similar variety (Freeman, 1998; Freeman & McVea, 2001). Despite several attempts to develop an encompassing approach (T. Donaldson & Preston, 1995; Jones & Wicks, 1999), the problem of paradigm incommensurability (Burrell & Morgan, 1979; Scherer, 1998; Scherer & Steinmann, 1999) has prevented a true integration (see, e.g., Gioia, 1999; Trevino & Weaver, 1999).

In this section, we focus on a type of thinking prominent in the study of business and society. It follows a model of explanation that is used widely in mainstream management (Scherer, 2003). This model is adapted from (natural) science and aims to explain observable phenomena through general laws and the special conditions of the situation. To characterize this paradigm we will use the term “positivistic” (see also, e.g., L. Donaldson, 1996).

We argue that positivist CSR is not able to define a normative framework for the role of business in society that could help in determining whether certain business activities are acceptable. Rather, we suggest that a paradigmatic shift is necessary, a shift both in terms of epistemology and in terms of the underlying normative theory of society.

**The Underlying Positivist Framework and its Normative Deficits**

It is the goal of positivist CSR research “to provide a distinctive view of a corporation’s overall efforts toward satisfying its obligations to society” (Wartick & Cochran, 1985: 758). Three types of issues are addressed (Strand, 1983): (1) the societal

expectations toward companies ("social responsibility"), (2) the processes that companies generate to meet these expectations ("social responsiveness") (Epstein, 1987), and (3) the results that follow the processes ("social responses"). These problem areas were integrated within the so-called "corporate social performance models" (CSP-models), which attempt to explain the social efforts of companies (Carroll, 1979; Strand, 1983; Wartick & Cochran, 1985; Wood, 1991). Some scholars formulate hypotheses and empirically examine the *causal* relationship between CSP and the explaining variables (e.g., Christmann, 2004; Frooman, 1999; Hocevar & Bhambri, 1989) in the sense of *stimulus-processing-response* relationships (Strand, 1983: 91). Their research efforts are oriented toward the empirical sciences and the associated positivist methodology (Bacharach, 1989). As a result, CSR and mainstream management research share the same positivist concept of theory.

It is the distinction between existing norms (morality) and their critical justification (ethics) that leads to the question of whether the CSP models can justify socially responsible business behaviour. We will suggest that corporate social performance is characterised by the interests of the company's most powerful stakeholder groups. That is, the corporate social performance of a particular firm is dedicated to the morals of particular interest groups, whose stakes may be ethically questionable.

According to the CSP models, moral considerations begin when societal interest groups find company activities to be unacceptable. Starting with the announcement or anticipation of a perceived stigma, concerns about the socially intolerable consequences of business activities are brought to the top management level by external sources. There, the information is received *without* independent consideration of its legitimacy (Frooman, 1999; Wood, 1991). The sole aim of management at this point is "to *respond* to others, not

build strategy based on your own moral principles” (Freeman & Gilbert, 1988: 90).

The company's reactive attitude would not be at all problematic if one could assume that the signals of the stakeholder groups can be considered as legitimized expectations. This might be true for a few cases, but in general it seems to be an illusory idea, taking into consideration that modern societies exhibit a plurality of particular and conflicting moralities. What can be a justified social claim in the eyes of a social interest group may differ from the moral ideas of managers, suppliers, customers, or other interest groups. In the case of conflicting business morals, the CSP models state that a company's top managers simply consider those views that are able to exert the greatest economic or legal pressure – via the capital market, procurement, employment, the sales market, or a legislative body. More recently, students of CSR have acknowledged not only power but also legitimacy and urgency of stakeholder claims as explanations for responsible business behaviour (see, e.g., Agle, Mitchell, & Sonnenfeld, 1999; Mitchell, Agle, & Wood, 1997). Others insist that power still plays the *dominant role* in determining the decisions of business firms (Frooman, 1999; Jawahar & McLaughlin, 2001).

This, however, shows that the social responsibility of management is reduced to nothing but a new “success factor” for the economic course of the firm. In the canon of conflicting expectations, the subjective morality of the mighty is accepted by a company’s top management as a calculable *means* of its own continued existence (Freeman & Gilbert, 1988). Reflections about whether their concerns are ethically legitimate are not initiated.

### **Corporate Responsibility and Economic Ideology**

This theoretical framework might be adequate for description, that is, for providing information about the *status quo* of morals and the distribution of power and structures of influence (see, e.g., Frooman, 1999; Mitchell et al., 1997). However, the framework does

not provide a critical review of the existing morals and actions, showing how one can argue for the pros and cons of their ethical legitimacy (Phillips, 2003; Trevino & Weaver, 1999; Wicks & Freeman, 1998). Therefore, the CSP models cannot provide a prescription by which management practice can reasonably move from “what is” to “what should be” (T. Donaldson, 2003; Trevino & Weaver, 1999). This ideology becomes obvious when students of CSR try to explain differences in profitability by variations in the social responsible behaviour of business firms. The whole issue is reduced to the question of “Does it pay to be socially responsible?” Numerous empirical studies have tried to clarify this issue (see, e.g., Aupperle, Carroll, & Hartfield, 1985; Berman et al., 1999; Cochran & Wood, 1984; for critical reviews, see Griffin & Mahon, 1997; Margolis & Walsh, 2001, 2003). Margolis and Walsh (2003) suggest that the social-financial performance linkage needs to be embedded within a *normative theory of business in society*, a theory that an empirical survey cannot deliver. Rather than being critical, these empirical studies play into the hands of a purely economic view of the firm and implicitly reject the idea of an *intrinsic reason* for corporate responsibility (Margolis & Walsh, 2003). The economic concept that is relevant here is what Jensen (2002: 235) has called “enlightened value maximization”. He is convinced that the best strategy to advance social welfare is to maximize the long-term value of the firm. However, the crucial question remains: What happens when attention to stakeholder interests yields results that diverge from the wealth-maximizing ambitions of a corporation’s shareholders? (Margolis & Walsh, 2003: 280).

The argument from the economic point of view is clear: An intrinsic social responsibility of the firm to directly resolve problems of public concern or to respond to stakeholder interests is rejected (Friedman, 1970). Instead, economists suggest that it is the task of the state system to take care of the concerns of citizens and to regulate the

economic system in such a way that private freedom is guaranteed and that the results of individual rational action will contribute to, or at least will not negatively influence, the well-being of society (see, e.g., Friedman, 1964; Levitt, 1970; Sundaram & Inkpen, 2004).

However, in *modern societies*, because of the complexity and dynamic of conditions law and the state apparatus are insufficient means for the integration of business activities with societal concerns (e.g., C. Parker & Braithwaite, 2003; Stone, 1975). This is even more obvious in the era of *globalization*, when the ability of the nation-state to regulate business activities is diminishing (Beck, 2000; Habermas, 2001) and business firms are moving into entirely new roles (Matten & Crane, 2005; Scherer, Palazzo, & Baumann, in press; Scherer & Smid, 2000). In the global arena, business firms are not so much private institutions that operate under the rules of a particular legal system. Instead, multinational corporations today are able to choose among various legal systems, applying economic criteria to their choice of which set of labour, social, and environmental regulations under which they will operate. These developments are explained, if not applauded, by economic theory and its efficiency argument (see, e.g., Irwin, 2002; Krauss, 1997). But what about cases of human rights violations, discrimination against workers, environmental pollution, or other ethically questionable activities that are not covered by local laws and/or not enforced by state agencies? How can we argue for a normative responsibility of business firms to adhere to high standards on these issues in such cases, and where NGOs do not put pressure on the firm to act in an ethically sound way (see, e.g., Young, 2004)?

## **POST-POSITIVIST BUSINESS AND SOCIETY RESEARCH --**

### **HABERMAS<sub>1</sub> AS A DISCURSIVE CONCEPTION OF CSR**

Positivist CSR defines the responsibility of a business firm as the result of power

games between the firm and its stakeholders. By contrast, discursive approaches suggest that legitimacy is constructed through *joint* communicative efforts of the parties involved. Here, the theorist – as much as the manager – does not stand outside applying external criteria but is participant in the reasoning game. One of the main points of reference for communication-based management theory is the discourse ethics of Jürgen Habermas. Especially in critical strategy research, the Habermasian approach to ethics plays a key role.

### **Critical Strategy Research – Habermas<sub>1</sub> and the Utopian Corporation**

“Critical strategy research” deals with the normative deficits of mainstream management theory. As Alvesson and Willmott (1995: 101) state, “From a critical perspective, a basic problem with established strategy management theory and practice is the affirmation and reproduction of the givenness of conditions ...”. To overcome this deficit, they suggest not only to diagnose the existing morals, norms, and sources of influence, but also to examine their ethical acceptability (Alvesson & Willmott, 1992b).

For responsible management, critical strategy suggests to gain a reasonable orientation based on a critical assessment of the status quo (Burrell & Morgan, 1979; Shrivastava, 1986). The guiding philosophical principle is the “ideal discourse” of all experts and affected stakeholders, in the sense of Habermas (1984, 1990b, 1993). Through ideal discourse, it should be possible to decide on the justification of social claims and interests, and to commence an ethically justified strategy (Alvesson & Willmott, 1995; Deetz, 1995; Shrivastava, 1986).

In contrast to the implications for corporate practice that the CSP model contains, the suggestion is made by critical strategy research that the interests of *all* reference groups of a firm are to be taken into account when developing a socially responsible strategy and

that this should be done in an *unbiased* way, that is, without granting one or another of the group systematic priority because of its potential to sanction (see also Ulrich, 2000).

If one wishes to understand a particular action and to judge it in terms of its legitimacy, then one must start with the *reasons* that the actor uses to support his or her choices. The reasons, however, cannot be observed objectively “from outside” and cannot be examined in the sense of a positivistic research paradigm. Only in direct communication from a perspective of participation is it possible to reconstruct and judge the stated reasons in dialogue with the person who is performing the actions (Evered & Louis, 1981; Habermas, 1990a; Scherer & Dowling, 1995). Under the conditions of an “ideal speech situation” valid – that is, *universally acceptable* – reasons for calculated decisions and choices of means can be achieved (Habermas, 1993). These conditions include freedom of access, participation with equal rights, truthfulness of the participants, and “absence of coercion in taking positions” (Habermas, 1993: 56).

The point of reference for the truth or justification of (scientific) statements is thus not their correspondence with reality, as was suggested by the positivistic approach, but the *consensus* of all experts and affected people (consensus theory of truth) (Habermas, 1984). It is the unforced “force of the better argument” (Habermas, 1990c: 185) which comes into play during the discourse and is to produce in all people the perception of a solution that was created jointly. In contrast to a positivist stakeholder dialogue, a discourse aims at questioning the status quo with regard to its normative foundations (Habermas, 1971, 1984). According to Alvesson and Willmott (1992b: 13) the challenge is

to critically explore taken-for-granted assumptions and ideologies that freeze the contemporary social order. What seems to be natural then becomes the target of “de-naturalization”: that is, the questioning and opening up of what has

become seen as given, unproblematic and natural.

With regard to the difference between empirically existing moral concepts, on the one hand, and justified ethical demands, on the other, the critical theory of what we call here “Habermas<sub>1</sub>” offers a *philosophical conception* for ethically justified strategies. In contrast to an implementation of interests purely oriented towards power and economic profit, as expressed in the CSP models, critical theory proposes a form of coordination that is oriented toward mutual understanding and agreement: “the participants coordinate their plans of action consensually” (Habermas, 1990b: 58). Moral considerations are aligned with the intentions of the opponents and aim at producing a programme of action that can be accepted by all together. It is therefore no longer a matter of a calculated implementation of interests that is oriented toward economic success, but of a serious attempt to look for forms of doing business that can be accepted by all concerned. The measure for the consideration of interests is therefore not so much the *potential for power that a few have*, as was suggested by positivist CSR, but rather the *insight of all people involved in the decision that was jointly made*.

The “ideal discourse” as a philosophical principle to justify corporate strategy shows critical research a way to avoid the shortcomings of positivistic conceptions of CSR. At the same time, however, the suggestion of a form of corporate management that is “oriented towards understanding” does not appear to have been completely thought through. Just as CSP models and the power structures resulting from them are accepted without question, so the fate of the business firm is entrusted to an *unlimited stakeholder discourse* in the critical strategy conception. Phillips (2003: 112) has drawn this consequence: “While difficult in practice, the implication is that managing for stakeholders would entail duplicating as far as possible the conditions of the ideal speech situation.”

However, it seems naive to assume that all coordination problems in the context of economic activities can be solved in processes of argumentation that are oriented toward mutual understanding and agreement. How, in the complex and dynamic conditions of market economies, can a concept of business management based exclusively on mutual understanding be realized without losing the company's ability to act and without risking its survival in a competitive environment?

As long as the suggestions of critical strategy exclude the historical conditions of the market economy and the necessity of making a profit and remaining competitive, they will be accused of providing a more *utopian* than realistic orientation for corporate behaviour (Steinmann & Scherer, 2000; for political theory, see Elster, 1986). It is therefore important to link the considerations of critical strategy research to the conditions of the market economy, thereby conceptualizing the bridge between facts and norms, between the financial success and the normative legitimacy of corporations. Why, and in what form, must companies be called upon to open their decision making to processes of public deliberation and public justification? As we will argue, a discursive corporate social responsibility has to move beyond the ethical discourse towards a politicized concept that builds upon the more recent Habermasian (1996) *primacy of democracy to philosophy*.

### **HABERMAS<sub>2</sub> AND THE EMBEDDED CORPORATION**

As we have argued, Habermas<sub>1</sub> is rather limited in the context of discussions on conceptualizing ethical validity of business. “Habermas<sub>2</sub>,” as we call it, offers a pragmatically enlarged and politically embedded access to corporate social responsibility. Habermas<sub>2</sub> builds upon Jürgen Habermas' attempt in the course of the 1990s to embed his discourse ethics in the political praxis of democratic will-formation. In his theory of

deliberative democracy, he develops a more pragmatic approach to narrowing the gap between the *actual practice of political decision making* and the *theoretical purity of ethical discourses* (Habermas, 1996, 1998; Rorty, 1991).

The concept of deliberative democracy starts with the assumption that “the public deliberation of free and equal citizens is the core of legitimate political decision making and self-government” (Bohman, 1998: 401). The state apparatus cannot produce its own legitimacy; it has to link its decision-making processes to the public discourses of citizens. Legitimacy arises from the “institutionalization of those discursive processes of opinion- and will-formation in which the sovereignty of the people assumes a binding character” (Habermas, 1996: 104). Accordingly, the idea of political legitimacy of business activities is not based on a stakeholder analysis referring to a given stake and the input of concrete actors. It instead refers to (Habermas, 1996) a) a general analysis of the *institutional design* of discursive arenas, b) the *procedural design* of public will-formation, and c) the analysis of those discourses that develop within those arenas of will-formation and are synthesized into “bundles of topically specified *public opinions*”, echoing the problems of the citizens (Habermas, 1996: 360). Spontaneously emerging civil society associations and movements that map, filter, amplify, bundle, and transmit private problems, needs, and values are the core actors in that process (cf. Habermas, 1996: 367). The theory of deliberative democracy delivers a proceduralized interpretation of civic participation. It stands between liberal and communitarian theories of democracy and tries to overcome the key problems of both schools of thought (Habermas, 1998); the responsibility overload of communitarian concepts of direct democracy (e.g., Etzioni, 1998) and the context-less, ahistorical, aggregative, and mainly elitist thinking of liberal theories (e.g., Buchanan & Tullock, 1962; Dahl, 1967).

## **The Corporation in a Transnational Context**

In political theory, the civil society movements that are the key drivers of the Habermasian concept of proceduralized political legitimacy have been discussed as nongovernmental organizations (NGOs) (e.g., Keck & Sikkink, 1998; Smith, Chatfield, & Pagnucco, 1997). The explosive growth of NGO activities (Wulfson, 2001) has been interpreted as a societal shift towards more civic autonomy and self-determination (cf. Habermas, 1996: 359 et seq.). More and more of these activities manifest in a direct pressure of NGOs on corporations (Klein, Smith, & John, 2004). NGOs – at least partly – compensate for the shrinking power of the nation-state vis-à-vis transnationally operating corporations (Braithwaite & Drahos, 2000; Giddens, 1998; Habermas, 2001). Those activities lead to a changing dynamic between state, economy, and civil society and cast doubt upon the effectiveness of traditional institutional order as established during the period of a stable industrial society (Matten & Crane, 2005; Rondinelli, 2002). The changing ontology of global governance manifests in a de-centering of authority and an emergence of political power for originally non-political and non-state actors such as NGOs, intergovernmental organizations, and transnational corporations (Maragia, 2002). As a consequence, corporate responsibility in a transnational context must be discussed against the background of emerging governance institutions and procedures beyond or above the nation-state (Rondinelli, 2002; Zürn, 2002).

However, the debate on CSR has only started to deal with the challenges of transnational governance and the new authority of NGOs (Rondinelli, 2002; Spar & La Mure, 2003) and is still dominated by reflections upon the importance of normative conformity with implicit societal expectations and norms as established in the stable societal order of the industrial society's nation-state. It has been argued, for instance, that

corporations have to align their activities with "broader community values" (Swanson 1999: 517) and that their responsibilities derive from societal expectations "at a given point in time" (Carroll, 1979: 500). They have to conform to "the basic rules of the society" (Friedman, 1970: 218) or must act consistently "with the moral foundations of that society" (Epstein & Votaw, 1978: 3). However, on the global playing field, there are no broadly accepted normative standards, neither in legal nor in moral terms (Habermas, 2001; Huntington, 1998; Rawls, 1993). The legitimacy-ascribing environment of globally active corporations rather consists of a multiplicity of – often contradictory – legal and moral demands from a wide range of institutional and cultural environments in the different host countries (Young, 2004). Accordingly, questions of corporate responsibility face a much higher level of complexity than in the more homogeneous national context (Kostova & Zaheer, 1999). For a corporation to deal with changing societal demands in a reasonable way, it must replace implicit compliance with consensual societal norms and expectations with explicit participation in public processes of deliberation and justification (Palazzo & Scherer, in press). In our Habermas<sub>2</sub> approach, we consider this shift as the *politicization of the corporation*.

### **The Corporation as a Politicized Actor**

As indicated above, the discussion on Habermas in the management literature, here labeled as Habermas<sub>1</sub>, still has not embraced the pragmatic turn from discourse ethics to deliberative democracy (Habermas, 1996). However, we believe that deliberative democracy delivers a better starting point for a communicative interpretation of CSR than Habermas<sub>1</sub> because it lessens the problem of utopianism and furthermore takes the *direct praxis of life* as the methodological starting and reference point of theoretical efforts, thus advocating the *primacy of democracy to philosophy* (Habermas, 1996). What then prevails

is not the purity of the philosophical argument but its link to the established context of democratic procedures and practices and the problems and interests of the citizens. A deliberative interpretation of CSR embeds corporate decision making in processes of democratic will-formation. These processes, driven by civil society actors and spanning over a broad field of public arenas, establish a *democratic control on the public use of corporate power* (Dryzek, 1999: 44; Matten & Crane, 2005; Tapscott & Ticoll, 2003: 9). Political embeddedness is achieved by the willingness and capacity of the corporation to participate in the public process of exchanging arguments, its willingness to learn from those discourses, its engagement in solving broader societal challenges, and its accountability and transparency in any process of implementation.

We propose a deliberative concept of CSR that mirrors the discursive link between civil society and the state. It aims at the democratic integration of the corporate use of power, especially in the transnational context of incomplete legal and moral regulation. Our interpretation of CSR shifts the focus from analyzing corporate reaction to stakeholder pressure to an analysis of the corporation's role in the overarching processes of (national and transnational) public will-formation and their contribution to the public good (Swanson, 1999; Ulrich, 2000). Corporate responsibilities are analyzed as resulting from the corporation's embeddedness in a context of changing societal institutions (Dubbink, 2004), and the corporation is understood as a political actor (Matten, Crane, & Chapple, 2003).

As already described, mainstream management theory has understood political and economic responsibilities as descriptions of opposed domains. As Levitt and others argue, the role of business is to earn profits, and social responsibility is the task of the state (Levitt, 1970; see also Friedman, 1970; Jensen, 2002; Sundaram & Inkpen, 2004).

However, the changing conditions of corporate responsibility in a transnational context do not appear only in theoretical debates. Anecdotal evidence shows that corporations already have started to assume enlarged responsibilities in their globally expanded business environment. They assume responsibilities that once were regarded as genuine governmental responsibilities (Walsh, Weber, & Margolis, 2003). They engage in public health, education, social security, and protection of human rights while operating in countries with repressive regimes (Kinley & Tadaki, 2004; Matten & Crane, 2005); address social ills such as AIDS, malnutrition, homelessness, and illiteracy (Margolis & Walsh, 2003); engage in self-regulation to fill global gaps in legal regulation and moral orientation (Leisinger, 2003; Scherer & Smid, 2000); and promote societal peace and stability (Fort & Schipani, 2004). Those activities go beyond the common understanding of stakeholder responsibility and CSR as conceptualized in the positivist tradition (see, critically, Crane, Matten, & Moon, 2004). Corporations do not simply follow powerful external expectations by complying with societal standards in legal and moral terms (e.g., Carroll, 1979); they engage in discourses that aim at *setting* or *redefining* those standards and expectations in a changing, globalizing world.

Corporate engagement goes beyond passive normative compliance and the philanthropic support of causes. It is increasingly displayed in corporate involvement in the political process of solving severe societal problems, often at a global scale. Illustrations of such corporate involvement include Merck's investment of more than \$200 million in its fight against river blindness, a disease that exclusively threatens the eyesight of poor people in 35 developing countries (Ciulla, 1999); Novartis' institutionalization of a broad, transparent, and ongoing public dialogue on the social responsibilities of a pharmaceutical company (Spar & La Mure, 2003); and Chiquita's willingness to expose its activities to

independent audits and certifications (Werre, 2003). These may very well be examples of a slow transition from voluntary, patriarchal, business-driven, and casewise philanthropic acts to a long-term, politicized collaboration with governments and civil society actors. This transition may be enforced by an “argumentative self-entrapment,” as some political scientists have suggested (Risse, 1999): Although many firms enter these processes with an strategic attitude, they begin to acknowledge certain actors, stakes, and rules that they cannot reject at will later on (Zadek, 2004). Rather, to preserve consistency in behaviour, they increasingly contribute to an institutionalization of norms. A political understanding of CSR, therefore, no longer builds upon the established division of labor between economic and political actors (see, e.g., Levitt, 1970; Sundaram & Inkpen, 2004).

Habermas<sub>2</sub> is not just a variant of stakeholder theory because it shifts the debate from casewise analysis of concrete stakeholder conflicts to a broader analysis of a corporation’s connectedness to public discourses and its ongoing cooperation with the broad field of national and transnational organizations and institutions. Such a deliberative understanding of political engagement as outlined here is far from the interest group approach to politics (lobbyism), which has been the established practice of corporations attempting to influence political decisions. Deliberation is based on the transparency of public discourse, and lobbyism is based on the conspiracy of backdoor bargaining (de Jonquières, 1998; Rondinelli, 2002).

### **The Limits of Political CSR**

Despite the politicization of corporations’ societal role, a deliberative concept of CSR protects them from being overburdened by political demands. In the changing dynamic between civil society, the state, and corporations, the social responsibility of a corporation is not expressed by a radical democratization of its decision-making processes,

as insinuated in the discussion on Habermas<sub>1</sub> (Alvesson & Willmott, 1995, 2003; Phillips, 2003). It is not necessary to solve every single coordination problem through an unlimited democratic discourse. The deliberative concept instead follows the *principled priority of systemic routine* as advocated by Habermas (cf. Habermas, 1996: 358). Civil society actors should not assume the role of the state or that of the corporation but rather limit their engagement to controlling the political and economic systems, which follow their own power- or market-logic. "Communicative power is exercised in the manner of a siege ... without intending to conquer the system itself" (Habermas, 1996: 486 et seq.). The day-to-day priority of administrative routine is justified by the complexity of modern society (cf. Cohen & Arato, 1994: 439), even though administrative routine must remain open to critical deliberation in principle. Administrative routine of the political system corresponds to the routine of market transactions in the economic system. In our view, there are no convincing arguments for submitting economic activities to higher ethical standards than those of the political system itself. If one reconstructs the conditions of the market economy and the resulting challenge to earn a profit, the historical development of advanced market economies shows that these conditions do not appear by chance but are a reasonable answer to the fundamental societal-political question of how interests and actions of all individuals and groups can be related to each other in an economic system, so that a stable and peaceful coordination can be permanently realized (Buchanan, 1975; Hayek, 1973). However, the routine of corporate decision-making is cancelled by a public discourse on the legitimacy of a given issue. A public discourse is generated by civil society actors who push a given issue into public awareness or by a proactive debate-opening by the corporation itself. Discourses are propelled by, for example, gaps of regulation, the rise of new actors, new insights, and new practices (Maragia, 2002).

### **Three Domains of Political Responsibility**

Political co-responsibility as understood in a deliberative concept of CSR unfolds in three domains: 1) self-regulation (Crane et al., 2004), 2) transparent participation in political decision making (Rondinelli, 2002), and 3) infrastructural investments in the common good (Porter & Kramer, 2002). We assume that such a deliberative and collaborative approach helps to preempt potential conflicts between a corporation and its societal environment (Werre, 2003). Indeed, stakeholder conflicts do not vanish, but we expect that a political co-responsibility leads to an improved contextual sensitivity of the embedded corporation in comparison with those "just-in-time tactical responses" (Schrage, 2004: 20) that might result from an instrumental approach to CSR. As Fung (2003: 61) argues, "Deliberative engagement of this sort will not silence the most strident or skeptical advocates, but it will differentiate firms that are responsive and proactive from the ones that are defensive or that fail to adopt workplace conditions as a priority".

A deliberative concept of CSR changes the modus from the reactive model of the positivist approach to a proactive concept of societal involvement. The corporation, within the network of civil society communication, does not replace the idea of stakeholder management but enhances it and frames it in an ongoing process of participating in the discourses of civil society. Political co-responsibility embeds the corporation in its rapidly changing and globalizing societal context. Habermas<sub>2</sub> proposes a deliberate conception of CSR in which different forms of coordination – ethical discourse and bargaining as well as instrumental politics – are integrated within a grand model of the peaceful stabilization of society. The driving force towards societal integration, therefore, is not so much the realization of an ideal speech situation on the micro level of actual discourses, but instead the structural and cultural conditions of communication at the macro level of society.

## CONCLUSION AND PROSPECTS FOR FUTURE RESEARCH

We are convinced that the proposed Habermas<sub>2</sub> version of corporate responsibility is a timely and valuable contribution to our field, although a lot of work lies ahead in further clarifying its implications and strengthening its impact. However, evidence from managerial practice and theoretical discourse in other disciplines such as political philosophy, political science, legal studies, and organization theory shows that our proposals fit nicely into contemporary visions of the role of business in society.

The deliberate conception of democracy, as it is proposed by Habermas, fits into recent discussions on the foundation of liberal democracy. Students of *political philosophy* have argued that in a world of different cultures and values, a philosophical foundation of first principles of social life is an unnecessary and futile attempt (Habermas, 2003; Putnam, 1992; Rorty, 1991; this is even conceded by the later Rawls, 1993). There are no final theoretical proofs, no ultimate reference point, and thus no hypernorms on which our institutions of liberal democracy could be grounded. Rather than searching for the archimedes' starting point, pragmatist philosophy suggests to start *within* the practices and institutions of our social life (Dewey, 1926; Putnam, 1992; Rorty, 1991), to consider the achievements of our institutions of capitalism and democracy, and from there to work for their continuous reform. Therefore, they advocate a "priority of democracy to philosophy" (Rorty, 1991).

In the *political sciences* and in *international relations*, students have discussed the significance of private-public-policy networks in the regulation of global issues (e.g., Reinicke & Deng, 2000). Rather than focusing on state actors and international institutions such as the UN, ILO, and WTO alone, political scientists have now acknowledged the role that private business firms play in global governance (Risse, 2002). This acknowledgment

is accompanied by recent developments in the theory of democracy (e.g., Held, 2004). Fung, for instance, has argued that transnational challenges such as the quality of labor standards should be dealt with in a process of decentralized deliberation involving NGOs, international institutions, companies, workers, and consumers (Fung, 2003; see also Young, 2004). This proposal is accompanied by a growing awareness of the role of discursive interaction in the institutionalization of international norms (Risse, 1999).

Our proposal also fits into recent developments in *legal studies*, where scholars have become aware of the contributions that non-state actors could make to the process of legalization – that is, the process of pushing norms and institutions towards the rule of law (see, e.g., Goldstein, Kahler, Keohane, & Slaughter 2000). Researchers have emphasized the important contributions that private business firms can make to the further development of human rights (Kinley & Tadaki, 2004) or the preservation of peace (Dunfee & Fort, 2003; Fort & Schipani, 2004). Even though, in many places of the world, state agencies and international institutions fail to take care of these issues, private business firms can contribute to their clarification and further institutionalization by agenda- and arena-setting and by creating spaces for social and legal development. This also applies to other concerns, such as environmental issues, social issues, and labor standards. Business firms engage in processes of regulation by “soft law” in instances where state agencies are unable or unwilling to regulate (see, e.g., Shelton, 2000). In legal studies, therefore, a new concept of regulation is being discussed that places private actors in a prominent role, not just as the addressees of public rules but as their authors (C. Parker & Braithwaite, 2003). As business firms engage in politics, a problem of legitimacy arises (Orts, 1995). Business firms have a licence to operate as economic actors. In their political role, they are neither elected nor democratically controlled by the public. Here, the deliberative concept of CSR

can enhance the legitimacy and credibility of corporate action because it becomes subject “to the scrutiny of open public debate, review, and determination” (Fung, 2003: 52). It seems as though responsibility goes much deeper into corporate operations. Companies that often reacted to external critique by pointing at the legal independence of their suppliers have started to act upon a concept of responsibility that instead refers to the consequences of their structural connectedness and covers the whole supply chain (Roberts, 2003; Young, 2004). Young (2004: 375) argues both that a political concept of responsibilities holds actors “responsible precisely for things they themselves have *not* done” and that assuming political responsibility means joining public discourses. Although concepts such as structural connectedness, supply chain power, and brand visibility might help in understanding the emerging depth of corporate responsibility, the question of the required breadth seems more difficult to answer. Corporations cannot be held accountable for all miseries in the world. Therefore, future research has to develop reliable methods for defining the limits of responsibility (e.g., Santos, 2000; Williams, 2004).

In *organization theory*, the bureaucratic model of the organization has been challenged. This model was based on a monological form of coordination in which the leader or formal rules determine what subordinates must do. Instead, alternative models were proposed, such as the high-involvement organization (Lawler, 1992), self-organization (Daft & Lewin, 1993), team-based organization (Mohrman, Cohen, & Mohrman, 1995), and postmodern organization (Clegg, 1990; Hatch, 1997). These proposals have in common an emphasis on the *communicative character of organizing* (Quinn, 1996). The solution to a coordination problem is neither determined by the leader (through a monological act) nor deduced from organizational rules (plans and programs). Instead, problems are solved through a *joint effort* of the organizational members, by

making suggestions, putting forward arguments and counterarguments, and commonly determining the best solution (Pfeffer, 1994; Quinn, 1996; Simons, 1995). Although many of these proposals aim at the improvement of economic performance, they are at the same time appropriate for the organizational implementation of political CSR (Steinmann & Kustermann, 1998). They can enhance democratic control over corporate action (see, e.g., Driver & Thompson, 2002; C. Parker, 2002). As Fung (2003) has pointed out, a continuous deliberative engagement of business firms with civil society has participation, transparency, and symmetric communication as its main characteristics.

In the field of *business and society*, there is a rising awareness of normative issues as scholars express their discontent with contemporary positivist theorizing in CSR (T. Donaldson, 2003; Margolis & Walsh, 2003). At the same time, students of CSR (Matten & Crane, 2005) observe a rising engagement of business firms in the administration of civil rights; companies behave as “corporate citizens” and take a role that falls completely outside their business role and is difficult to explain with an economic theory of the firm. Therefore, our proposed concept of Habermasian CSR is not so much utopian but instead an explanation of what already is emerging in practice. However, these considerations are descriptive in their focus, they need to be embedded in a new concept of the business firm as an economic *and* a political actor in market societies. Our proposal of a political CSR is an attempt to contribute a normative theory to this discussion.

## REFERENCES

- Agle, B. R., Mitchell, R. K., & Sonnenfeld, J. A. 1999. Who matters to CEOs? An investigation of stakeholder attributes and salience, corporate performance, and CEO values. *Academy of Management Journal*, 42: 507-525.
- Alvesson, M., & Willmott, H. (Eds.) 1992a. *Critical management studies*. London: Sage.

- Alvesson, M., & Willmott, H. 1992b. Critical theory and management studies: An introduction. In Alvesson, M., & Willmott, H. (Eds.), *Critical management studies*: 1-20. London: Sage.
- Alvesson, M., & Willmott, H. 1995. Strategic management as domination and emancipation: From planning and process to communication and praxis. In Shrivastava, P., & Stubbart, C. (Eds.), *Advances in Strategic Management*, 12A: 85-112. Greenwich, Conn.: JAI Press.
- Alvesson, M., & Willmott, H. 1996. *Making sense of management: A critical introduction*. London: Sage.
- Alvesson, M., & Willmott, H. (Eds.) 2003. *Studying management critically*. London: Sage.
- Amis, L., Leisinger, K., & Schmitt, K. 2004. Human rights and the private sector. International symposium report. *Novartis Foundation for Sustainable Development*. [http://www.novartisfoundation.com/en/articles/human/symposium\\_human\\_rights/index.htm](http://www.novartisfoundation.com/en/articles/human/symposium_human_rights/index.htm), September 24, 2004.
- Aupperle, K. E., Carroll, A. B., & Hartfield, J. D. 1985. An empirical examination of the relationship between corporate social responsibility and profitability. *Academy of Management Journal*, 28: 446-463.
- Bacharach, S. 1989. Organizational theories: Some criteria for evaluation. *Academy of Management Review*, 14: 496-515.
- Beck, U. 2000. *What is globalization?* Cambridge, UK: Polity Press.
- Berman, S. L., Wicks, A. C., Kotha, S., & Jones, T. M. 1999. Does stakeholder orientation matter? The relationship between stakeholder management models and firm financial performance. *Academy of Management Journal*, 42: 488-506.
- Bohman, J. 1998. The coming age of deliberative democracy. *Journal of Political Philosophy*, 6 (4): 400-425.
- Braithwaite, J., & Drahos, P. 2000. *Global business regulation*. Cambridge, UK: Cambridge University Press.
- Buchanan, J. 1975. *The limits of liberty: Between anarchy and Leviathan*. Chicago: University of Chicago Press.
- Buchanan, J. & Tullock, G. 1962. *The calculus of consent: Logical foundations of constitutional democracy*. Ann Arbor.: University of Michigan Press.
- Burrell, G., & Morgan, G. 1979. *Sociological paradigms and organisational analysis*:

- Elements of the sociology of corporate life*. London: Heinemann.
- Carroll, A. B. (Ed.) 1977. *Managing corporate social responsibility*. Boston, Mass.: Little Brown.
- Carroll, A. B. 1979. A three-dimensional conceptual model of corporate social performance. *Academy of Management Review*, 4: 497-505.
- Christmann, P. 2004. Multinational companies and the national environment: Determinants of global environmental policy standardization. *Academy of Management Journal*, 47: 747-760.
- Ciulla, J. B. 1999. The importance of leadership in shaping business values. *Long Range Planning*, 32 (2): 166-172.
- Clegg, S. 1990. *Modern organizations: Organization studies in the postmodern world*. London: Sage.
- Cochran, P. L., & Wood, R. A. 1984. Corporate social responsibility and financial performance. *Academy of Management Journal*, 27: 42-56.
- Cohen, J. L., & Arato, A. 1994. *Civil society and political theory*. Cambridge, Mass.: MIT Press.
- Crane, A., Matten, D., & Moon, J. 2004. Stakeholders as citizens? Rethinking rights, participation, and democracy. *Journal of Business Ethics*, 53: 107-122.
- Daft, R. & Lewin, A. 1993. Where are the theories for the new organizational forms? *Organization Science*, 4: i-vi.
- Dahl, R. A. 1967. *Pluralistic democracy in the United States*. Chicago: Rand McNally.
- Deetz, S. 1995. *Transforming communication, transforming business: Building responsive and responsible workplaces*. Cresskill, N.J.: Hampton Press.
- De Jonquières, G. 1998. Network guerillas. *Financial Times*, 30 March 1998.
- Dewey, J. 1926. *Experience and nature*. LaSalle, Ind.: Open Court.
- Donaldson, L. 1996. *For positivist organization theory: Proving the hard core*. London: Sage.
- Donaldson, T. 2003. Editor's comments: Taking ethics seriously – A mission now more possible. *Academy of Management Review*, 28: 363-366.
- Donaldson, T., & Dunfee, T. W. 1994. Toward a unified conception of business ethics: Integrative social contracts theory. *Academy of Management Review*, 19: 252-284.
- Donaldson, T. & Dunfee, T. W. 1999. *Ties that bind: A social contracts approach to*

- business ethics*. Boston, Mass.: Harvard Business School Press.
- Donaldson, T., & Preston, L. E. 1995. The stakeholder theory of the corporation: Concepts, evidence, and implications. *Academy of Management Review*, 20: 65-91.
- Driver, C., & Thompson, G. 2002. Corporate governance and democracy: The stakeholder debate revisited. *Journal of Management and Governance*, 6: 111-130.
- Dubbink, W. 2004. The fragile structure of free-market society. *Business Ethics Quarterly*, 14 (1): 23-46.
- Dryzek, J. S. 1999. Transnational democracy. *Journal of Political Philosophy*, 7 (1): 30-51.
- Dunfee, T. W. 1998. Social contract theory. In Cooper, G. L., & Argyris, C. (Eds.), *The concise Blackwell encyclopaedia of management*: 603-605. Oxford, UK: Blackwell.
- Dunfee, T. W., & Fort, T. L. 2003. Corporate hypergoals, sustainable peace, and the adapted firm. *Vanderbilt Journal of Transnational Law*, 36: 563-617.
- Elster, J. 1986. The market and the forum: Three varieties of political theory. In Elster, J., & Hylland, A. (Eds.), *Foundations of social theory*: 103-132. Cambridge, UK: Cambridge University Press.
- Epstein, E. M. 1987. The corporate social policy process: Beyond business ethics, corporate social responsibility, and corporate social responsiveness. *California Management Review*, 29 (3): 99-114.
- Epstein, E. M., & Votaw, D. (Eds.) 1978. *Rationality, legitimacy, and responsibility*. Santa Monica, Calif.: Goodyear Publishing Co.
- Etzioni, A. 1998. *The new golden rule: Community and morality in a democratic society*. New York: Basic Books.
- Evered, R., & Louis, M. R. 1981. Alternative perspectives in the organizational sciences. "Inquiry from the inside" and "Inquiry from the outside". *Academy of Management Review*, 6: 385-395.
- Forester, J. 1985. Critical theory and planning practice. In Forester, J. (Ed.), *Critical theory and public life*: 202-230. Cambridge, Mass.: MIT Press.
- Fort, T. L., & Schipani, C. A. 2004. *The role of business in fostering peaceful societies*. Cambridge, UK: Cambridge University Press.
- Frederick, W. C. 1998. Business and society. In Cooper, G. L., & Argyris, C. (Eds.), *The concise Blackwell encyclopaedia of management*: 54-56. Oxford, UK: Blackwell.

- Freeman, R. E. 1998. Stakeholder theory. In Cooper, G. L., & Argyris, C. (Eds.), *The concise Blackwell encyclopaedia of management*: 612-615. Oxford, UK: Blackwell.
- Freeman, R. E. 2002. A stakeholder theory of the modern corporation. In Hartman, L. P. (Ed.), *Perspectives in business ethics*: 171-181. Boston, Mass.: McGraw-Hill.
- Freeman, R. E., & Gilbert, D. R. Jr. 1988. *Corporate strategy and the search for ethics*. Englewood Cliffs, N.J.: Prentice Hall.
- Freeman, R. E., & McVea, J. 2001. A stakeholder approach to strategic management. In Hitt, M. A., Freeman, R. E., & Harrison, J. S. (Eds.), *The Blackwell handbook of strategic management*: 189-207. Oxford, UK: Blackwell.
- Friedman, M. 1964. *Capitalism and freedom*. Chicago: University of Chicago Press.
- Friedman, M. 1970. The social responsibility of business is to increase its profit. *The New York Times Magazine*, 13 September. Reprint in Donaldson, T., & Werhane, P. H. (Eds.), *Ethical issues in business: A philosophical approach*: 217-223. Englewood Cliffs, N.J.: Prentice Hall.
- Frooman, J. 1999. Stakeholder influence strategies. *Academy of Management Review*, 24: 191-205.
- Fung, A. 2003. Deliberative democracy and international labor standards. *Governance*, 16: 51-71.
- Giddens, A. 1998. *The third way: The renewal of social democracy*. Cambridge, UK: Polity Press.
- Gioia, D. A. 1999. Practicability, paradigms, and problems in stakeholder theorizing. *Academy of Management Review*, 24: 228-232.
- Goldstein, J., Kahler, M., Keohane, R. O., & Slaughter, A.-M. (Eds.) 2000. *Legalization and world politics*. London: MIT Press.
- Goodpaster, K. 1998. Business ethics. In Cooper, G. L., & Argyris, C. (Eds.), *The concise Blackwell encyclopaedia of management*: 56-60. Oxford, UK: Blackwell.
- Griffin, J. J., & Mahon, J. F. 1997. The corporate social performance and corporate financial performance debate: Twenty-five years of incomparable research. *Business and Society*, 36 (1): 5-31.
- Habermas, J. 1971. *Knowledge and human interests*. Boston, Mass.: Beacon Press.
- Habermas, J. 1984. *The theory of communicative action*. Vol. 1. Boston, Mass.: Beacon Press.

- Habermas, J. 1990a. Reconstruction and interpretation in the social sciences. In Habermas, J., *Moral consciousness and communicative action*: 21-42. Cambridge, Mass.: MIT Press.
- Habermas, J. 1990b. Discourse ethics: Notes on a program of philosophical justification. In Habermas, J., *Moral consciousness and communicative action*: 43-115. Cambridge, Mass.: MIT Press.
- Habermas, J. 1990c. *The new conservatism: Cultural criticism and the historians' debate*. Cambridge, Mass.: MIT Press.
- Habermas, J. 1993. Remarks on discourse ethics. In Habermas, J., *Justification and application: Remarks on discourse ethics*: 19-111. Cambridge, Mass.: MIT Press.
- Habermas, J. 1996. *Between facts and norms: Contributions to a discourse theory of law and democracy*. Cambridge, Mass.: MIT Press.
- Habermas, J. 1998. Three normative models of democracy. In Habermas, J., *The inclusion of the other: Studies in political theory*: 239-252. Cambridge, Mass.: MIT Press.
- Habermas, J. 2001. *The postnational constellation*. Cambridge, Mass.: MIT Press.
- Habermas, J. 2003. *Truth and justification*. Cambridge, Mass.: MIT Press.
- Harman, W., & Porter, M. (Eds.) 1997. *The new business of business: Sharing responsibility for a positive global future*. San Francisco: Berrett-Koehler.
- Hatch, M. J. 1997. *Organization theory: Modern symbolic and postmodern perspectives*. Oxford, UK: Oxford University Press.
- Hayek, F. v. 1973. *Law, legislation, and liberty. Vol. 1: Rules and order*. Chicago: University of Chicago Press.
- Held, D. 2004. *Global governance and public accountability*. Oxford, UK: Blackwell.
- Hocevar, S. P., & Bhambri, A. 1989. Corporate social performance: A model of assessment criteria. In Post, J. E. (Ed.), *Research in Corporate Social Performance and Policy*, Vol. 11: 1-20. Greenwich, Conn.; JAI Press.
- Huntington, S. P. 1998. *Clash of civilizations and the remaking of world order*. New York: Simon & Schuster.
- Irwin, D. A. 2002. *Free trade under fire*. Princeton, N.J.: Princeton University Press.
- Jawahar, I. M., & McLaughlin, G. L. 2001. Toward a descriptive stakeholder theory: An organizational life cycle approach. *Academy of Management Review*, 26: 397-414.
- Jensen, M. C. 2002. Value maximization, stakeholder theory, and the corporate objective

- function. *Business Ethics Quarterly*, 12: 235-256.
- Jones, T. M. 1995. Instrumental stakeholder theory: A synthesis of ethics and economics. *Academy of Management Review*, 20: 404-437.
- Jones, T. M., & Wicks, A. C. 1999. Convergent stakeholder theory. *Academy of Management Review*, 24: 206-221.
- Kaul, I., Conceição, P., Le Goulven, K., & Mendoza, R. U. (Eds.) 2003. *Providing global public goods. Managing globalization*. Oxford, UK: Oxford University Press.
- Keck, M. E., & Sikkink, K. 1998. *Activists beyond borders: Advocacy networks in international politics*. New York: Cornell University Press.
- Kinley, D., & Tadaki, J. 2004. From talk to walk: The emergence of human rights responsibilities for corporations at international law. *Virginia Journal of International Law*, 44: 931-1022.
- Klein, J. G., Smith, N. C., & John, A. 2004. Why we boycott: Consumer motivations for boycott participation. *Journal of Marketing*, 68: 92-109.
- Kostova, T., & Zaheer, S. 1999. Organizational legitimacy under conditions of complexity: The case of the multinational enterprise. *Academy of Management Review*, 24: 64-81.
- Krauss, M. 1997. *How nations grow rich: The case for free trade*. New York: Oxford University Press.
- Lawler, E. E. 1992. *The ultimate advantage: Creating the high-involvement organization*. San Francisco: Jossey-Bass.
- Leisinger, K. M. 2003. Opportunities and risks of the United Nations Global Compact: The Novartis case study. *Journal of Corporate Citizenship*, 11: 113-131.
- Levitt, T. 1970. The dangers of social responsibility. In Meloan, T., Smith, S., & Wheatly, J. (Eds.), *Managerial marketing policies and decisions*: 461-475. Boston, Mass.: Houghton Mifflin.
- Maragia, B. 2002. Almost there: Another way of conceptualizing and explaining NGOs' quest for legitimacy in global politics. *Non-State Actors and International Law*, 2: 301-332.
- Margolis, J. D., & Walsh, J. P. 2001. *People and profits? The search for a link between a company's social and financial performance*. Mahwah, N.J.: Lawrence Erlbaum.
- Margolis, J. D., & Walsh, J. P. 2003. Misery loves companies: Rethinking social initiatives by business. *Administrative Science Quarterly*, 48: 268-305.

- Matten, D., & Crane, A. 2005. Corporate citizenship: Towards an extended theoretical conceptualization. *Academy of Management Review*, 30: 166-179.
- Matten, D., Crane, A., & Chapple, W. 2003. Behind the mask: Revealing the true face of corporate citizenship. *Journal of Business Ethics*, 45: 109-120.
- Matthews, J. B., Goodpaster, K. E., & Nash, L. L. 1985. *Policies and persons: A casebook in business ethics*. New York: McGraw-Hill.
- McWilliams, A., & Siegel, D. 2001. Corporate social responsibility: A theory of the firm perspective. *Academy of Management Review*, 26: 117-127.
- Mitchell, R. K., Agle, B. R., & Wood, D. J. 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.
- Mohrman, S. A., Cohen, S. G., & Mohrman, A. M. Jr. 1995. *Designing team-based organizations: New forms for knowledge work*. San Francisco: Jossey-Bass.
- Orts, E. W. 1995. The legitimacy of multinational corporations. In Mitchell, L. E. (Ed.), *Progressive corporate law*: 247-279. Boulder, Colo.: Westview Press.
- Palazzo, G., & Scherer, A. G. forthcoming. Corporate legitimacy as deliberation: A communicative framework. *Journal of Business Ethics*, (forthcoming).
- Parker, C. 2002. *The open corporation*. Cambridge, UK: Cambridge University Press.
- Parker, C., & Braithwaite, J. 2003. Regulation. In Cane, P., & Tushnet, M. (Eds.), *The Oxford handbook of legal studies*: 119-145. Oxford, UK: Oxford University Press.
- Pfeffer, J. 1994. *Competitive advantage through people: Unleashing the power of the work force*. Boston, Mass.: Harvard Business School Press.
- Phillips, R. 2003. *Stakeholder theory and organizational ethics*. San Francisco: Berrett-Koehler.
- Porter, M. E., & Kramer, M. R. 2002. The competitive advantage of corporate philanthropy. *Harvard Business Review*, December: 57-68.
- Preston, L. E. 1975. Corporation and society: The search for a paradigm. *Journal of Economic Literature*, 13: 434-453.
- Putnam, H. 1992. A reconsideration of Deweyan democracy. In Putnam, H. (Ed.), *Rewriting philosophy*: 180-200. Cambridge, Mass.: Harvard University Press.
- Quinn, J. J. 1996. The role of "good conversation" in strategic control. *Journal of Management Studies*, 33: 381-394.

- Rawls, J. 1993. *Political liberalism*. New York: Columbia University Press.
- Reinicke, W. H., & Deng, F., with Witte, J. M., Benner, T., Whitaker, B., & Gershman, J. 2000. *Critical choices: The United Nations, networks, and the future of global governance*. Ottawa: International Development Research Centre.
- Risse, T. 1999. International norms and domestic change: Arguing and communicative behaviour in the human rights area. *Politics and Society*, 27: 529-559.
- Risse, T. 2002. Transnational actors and world politics. In von Carlsnaes, W., Risse, T., & Simmons, B. (Eds.), *Handbook of international relations*: 255-274. London: Sage.
- Roberts, S. 2003. Supply chain specific? Understanding the patchy success of ethical sourcing initiatives. *Journal of Business Ethics*, 44, 159-170.
- Rondinelli, D. A. 2002. Transnational corporations: International citizens or new sovereigns? *Business and Society Review*, 107 (4): 391-413.
- Rorty, R. 1991. The priority of democracy to philosophy. In Rorty, R. (Ed.), *Objectivity, relativism, and truth: Philosophical papers, vol. I*: 175-196. Cambridge, UK: Cambridge University Press.
- Rugman, A. 2000. *The end of globalization: A new and radical analysis of globalization and what it means for business*. London: Random House.
- Santos, M. A. 2000. *Profits and principles: Global capitalism and human rights in China*. London: Cornell University Press.
- Scherer, A. G. 1998. Pluralism and incommensurability in strategic management and organization theory: A problem in search of a solution. *Organization*, 5: 147-168.
- Scherer, A. G. 2003. Modes of explanation in organization theory. In Tsoukas, H., & Knudsen, C. (Eds.), *The Oxford handbook of organization theory*: 310-344. Oxford, UK: Oxford University Press.
- Scherer, A. G., & Dowling, M. J. 1995. Towards a reconciliation of the theory-pluralism in strategic management – Incommensurability and the constructivist approach of the Erlangen school. *Advances in Strategic Management*, 12A: 195-247.
- Scherer, A. G., Palazzo, G., & Baumann, D. forthcoming. Global rules and private actors – Towards a new role of the TNC in global governance. *Business Ethics Quarterly*, (forthcoming).
- Scherer, A. G., & Smid, M. 2000. The downward spiral and the U.S. Model Principles. Why MNEs should take responsibility for the improvement of world-wide social and

- environmental conditions. *Management International Review*, 40: 351-371.
- Scherer, A. G., & Steinmann, H. 1999. Some remarks on the problem of incommensurability in organization studies. *Organization Studies*, 20: 519-544.
- Schrage, E. 2004. Supply and the brand. *Harvard Business Review*, 82 (6): 20-21.
- Seth, A., & Zinkhan, G. 1991. Strategy and the research process: A comment. *Strategic Management Journal*, 12: 75-82.
- Sethi, S. P. (Ed.) 1974. *The unstable ground: Corporate social policy in a dynamic society*. Los Angeles: Melville.
- Sethi, S. P. 1995. Introduction to AMR's special topic forum on shifting paradigms: Societal expectations and corporate performance. *Academy of Management Review*, 20: 18-21.
- Shelton, D. (Ed.) 2000. *Commitment and compliance: The role of non-binding norms in the international legal system*. Cambridge, UK: Cambridge University Press.
- Shrivastava, P. 1986. Is strategic management ideological? *Journal of Management*, 12: 363-377.
- Simons, R. 1995. *Levers of control: How managers use innovative control systems to drive strategic renewal*. Boston, Mass.: Harvard Business School Press.
- Smith, J., Chatfield, C., & Pagnucco, R. 1997. *Transnational social movements and global politics: Solidarity beyond the state*. Syracuse, NY: Syracuse University Press.
- Spar, D. L., & La Mure, L. T. 2003. The power of activism: Assessing the impact of NGOs on global business. *California Management Review*, 45: 78-101.
- Steffy, B. D., & Grimes, A. J. 1986. A critical theory of organization science. *Academy of Management Review*, 11: 322-336.
- Steinmann, H., & Kustermann, B. 1998. Management theory on the way to a new paradigm? Critical reflections on the concept of Robert Simons. In Urban, S. (Ed.), *From alliance practices to alliance capitalism*: 241-274. Wiesbaden, Germany: Gabler.
- Steinmann, H., & Scherer, A. G. 1998. Corporate ethics and global business. Philosophical considerations on intercultural management. In Kumar, B. N., & Steinmann, H. (Eds.), *Ethics in international business*: 13-46. Berlin: De Gruyter.
- Steinmann, H., & Scherer, A. G. 2000. Corporate ethics and management theory. In Koslowski, P. (Ed.), *Contemporary economic ethics and business ethics*: 148-192.

- Berlin: Springer.
- Stone, C. D. 1975. *Where the law ends: The social control of corporate behavior*. New York: Harper & Row.
- Strand, R. 1983. A systems paradigm of organizational adaptations to the social environment. *Academy of Management Review*, 8: 90-96.
- Sundaram, A. K., & Inkpen, A. C. 2004. The corporate objective revisited. *Organization Science*, 15: 350-363.
- Swanson, D. L. 1999. Toward an integrative theory of business and society: A research strategy for corporate social performance. *Academy of Management Review*, 24: 506-521.
- Tapscott, D., & Ticoll, D. 2003. *The naked corporation*. New York: Free Press.
- Trevino, L. K., & Weaver, G. R. 1999. The stakeholder research tradition: Converging theorists – not converging theory. *Academy of Management Review*, 24: 222-227.
- Ulrich, P. 2000. Integrative economic ethics – Towards a conception of socio-economic rationality. In Koslowski, P. (Ed.), *Contemporary economic ethics and business ethics*: 37-54. Berlin: Springer.
- Walsh, J., P., Weber, K., & Margolis, J. D. 2003. Social issues and management: Our lost cause found. *Journal of Management*, 29 (6): 859-881.
- Wartick, S. L., & Cochran, P. L. 1985. The evolution of the corporate social performance model. *Academy of Management Review*, 4: 758-769.
- Weaver, G. R., & Trevino, L. K. 1998. Methodologies of business ethics research. In Cooper, G. L., & Argyris, C. (Eds.), *The concise Blackwell encyclopaedia of management*: 412-415. Oxford, UK: Blackwell.
- Werre, M. 2003. Implementing corporate responsibility – The Chiquita case. *Journal of Business Ethics*, 44: 247-260.
- Whetten, D. A., Rands, G., & Godfrey, P. 2002. What are the responsibilities of business to society? In Pettigrew, A., Thomas, H., & Whittington, R. (Eds.), *Handbook of strategy and management*: 373-408. London: Sage.
- Wicks, A. C., & Freeman, R. E. 1998. Organization studies and the new pragmatism: Positivism, anti-positivism, and the search for ethics. *Organization Science*, 9: 123-140.
- Williams, O. F. 2004. The UN global compact: The challenge and the promise. *Business*

*Ethics Quarterly*, 14: 755-774.

Wulfson, M. 2001. The ethics of corporate social responsibility and philanthropic ventures.

*Journal of Business Ethics*, 29: 135-145.

Young, I. M. 2004. Responsibility and global labor justice. *The Journal of Political*

*Philosophy*, 12: 365-388.

Zadek, S. 2004. The path to corporate responsibility. *Harvard Business Review*, 82

(December): 125-132.

Zürn, M. 2002. From interdependence to globalization. In von Carlsnaes, W., Risse, T., &

Simmons, B. (Eds.), *Handbook of international relations*: 235-254. London: Sage.