From CSR$_1$ to CSR$_2$

The Maturing of Business-and-Society Thought

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This 1978 paper outlines a conceptual transition in business and society scholarship, from the philosophical-ethical concept of corporate social responsibility (corporations’ obligation to work for social betterment) to the action-oriented managerial concept of corporate social responsiveness (the capacity of a corporation to respond to social pressure). Implications of this shift include a reduction in business defensiveness, an increased emphasis on techniques for managing social responsiveness, more empirical research on business and society relationships and constraints on corporate responsiveness, a continued need to clarify business responsibilities, and a need to work toward more dynamic theories of values and social change.

Beginning around 1970, business-and-society thought began an important transition. The origins and scope of this change have yet to be fully clarified, but there is already enough evidence at hand to suggest the major outlines of the transition and to foreshadow its significance for business-and-society inquiry. The change promises to lift business-and-society studies to a new and more realistic plane, thereby bringing them more firmly into the orbit of practicing business and management professionals.

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CSR = Corporate Social Responsibility

The idea of "corporate social responsibility," as we now understand the term, began to take recognizable shape in the third decade of this century. By the mid-1920s, business representatives and executives were beginning to speak of the need for corporate directors to act as trustees for the interests, not just of stockholders, but other social claimants as well. Others had spoken of this possibility as early as 1913. Corporate philanthropy, the history of which stretched back into the 19th century, was accompanied by a growing belief that business and society were linked together in organic, if not yet well understood, ways. An obligation to provide "service" beyond profits, yet without denying profits, was advocated by some (Heald, 1970).1

These several timorous beginnings of social responsibility thinking suffered ups and downs during the Depression decade of the 1930s and then were largely subordinated to the more urgent demands of World War II. By the 1950s, these long-smouldering ideas about business's obligations to society burst forth with a renewed vigor that has carried them forward uninterruptedly to the present. These developments have been reported by others and are mentioned here largely as a foundation from which to observe the more recent transition in business-and-society thought (Bowen, 1953; Eells & Walton, 1961, 1969; Heald, 1970).

The fundamental idea embedded in "corporate social responsibility" is that business corporations have an obligation to work for social betterment. This obligation is incurred and acts as a constant function throughout all phases—mainstream and peripheral—of the company's operations. It may affect those operations and the company's profits either positively or negatively. The obligation may be recognized and discharged voluntarily by preemptive actions of the company, or it may be imposed coercively by actions of government. Regardless of its origin or the particular portion of company operations it affects or its impact on profits, the obligation to work for social betterment is the essence of the notion of "corporate social responsibility."

Over the years, this obligation is said to have arisen from a wide variety of sources, including the economic, social, and political power of the corporation (Berle, 1954; Davis & Blomstrom, 1975); a fear of government encroachment on private decision making (Abrams, 1951; Research and Policy Committee, CED, 1971); the possession of technical skills and resources needed for the solution of social problems (Davis, 1975); the exercise of an enlightened self-interest by corporate executives (Research and Policy Committee, CED, 1971); the desire of corporations to be good
citizens of their respective communities; the decline of traditional checks and balances, primarily price competition, in the marketplace, along with the rise of professional managers as a dominant force of the corporation (Berle, 1959; Berle & Means, 1932); the need for some powerful and influential institutions to reconcile the competing claims of pluralistic interest groups (Eells, 1960); the sometime gap between the profit goals of private companies and an array of changing social values (Chamberlain, 1977; Madden, 1972); the simple need of the company to comply with social legislation in order to be a law-abiding citizen (Sethi, 1975); the pressure of prevailing humanistic, religious, and democratic values and attitudes (Reich, 1970; Slater, 1970); the fear of violence and social disruption (Buehler & Shetty, 1975); the desire to retain broad public acceptance (Buehler & Shetty, 1975); and the social contract implications of the corporate charter (Research and Policy Committee, CED, 1971; Steiner, 1975a).

That such an obligation exists or, if so, that it can be made to work has been the subject of intense and sometimes acrimonious debate. Some have inveighed against the very idea as being fundamentally subversive of the capitalist system (Friedman, 1970). Some have scoffed at the voluntarism of the notion as being public relations puffery (Friedman, 1970). Some have been dubious about the efficacy and detachment of government-imposed social regulations (Cox, Fellmeth, & Schulz, 1969; Green, 1972). Many believe the obligation is severely—and perhaps fatally—limited by economic, financial, and profit considerations (Chamberlain, 1973; Galbraith, 1967). The radical leftists dismiss the idea as so much liberal apologetics for a corrupt capitalism (Perrow, 1972).

In spite of these and other attacks, though, the idea persists among business executives, scholars, and the public that corporations have an obligation to be socially responsible (Davis & Blomstrom, 1975; Eells & Walton, 1961, 1969; Harris, 1974, 1976, 1977; Research and Policy Committee, CED, 1971; Steiner, 1975a). A veritable flood of literature attests to the breadth and depth, if not always the logic, of this notion (Preston, 1975).

Whatever the outcome of the debate might have been had it been allowed to continue unabated, both proponents and opponents of "corporate social responsibility" seem to have agreed that certain key issues loom larger than others. First, the content or substance—the operational meaning—of corporate social responsibility is supremely vague (Sethi, 1975). Does social responsibility refer to company actions taken only in conformity with prevailing legal regulations, or only to those voluntary acts that go beyond the law? Does it refer to those that conform to current
public expectations, whether encoded as law or not, or those that anticipate possible future social needs? Are mainstream company operations to be included among socially responsible acts, or only those that are peripheral to the firm’s major mission? How far must a company go in cleaning up pollution, reducing discrimination, making the workplace safer, or providing consumer protection to be considered socially responsible? Or what if a firm excels in one of these areas of social concern but fails rather badly in the other three? Is it then socially responsible or irresponsible? The difficulties in finding precise answers to these and similar questions concerning the actual meaning of “corporate social responsibility” have dogged the debate from the beginning.

A second question that has been difficult to answer concerns the institutional mechanisms through which the idea of “corporate social responsibility” could be made to work, assuming that its essential meaning could be clarified. The possible mechanisms include business response to traditional market forces; voluntary business response that goes beyond immediate economic considerations; government-assisted business response through subsidies, contracts, tax relief, etc.; government-imposed social standards of corporate performance; and a much larger role for government planning, nationalized corporations, and federal chartering of corporations. Just which one—or which combination—of these might produce the desired degree of corporate social responsibility remains an elusive matter.

A third unresolved issue in the corporate social responsibility debate is that the tradeoff between economic goals and costs, on the one hand, and social goals and costs, on the other hand, cannot be stated with any acceptable degree of precision. While it may be true that one person’s or one company’s economic betterment is another group’s social deprivation, it is also true that one group’s social betterment is another’s lower profits, fewer jobs, or higher taxes. The air may be cleaned and the workplace made safer and freer from discrimination, but at the probable price of job losses, decapitalization of the industry, closing of plants, and other types of economic costs. Given the present underdeveloped state of the art of cost-benefit analysis, as well as the highly mercurial political climate created when it becomes necessary to weigh social costs and benefits against economic costs and benefits, the entire question of trade-offs remains murky indeed.

The fourth and perhaps most difficult issue concerning “corporate social responsibility” is that the moral underpinnings of the idea are neither clear nor agreed upon. One searches in vain for any clear and generally accepted moral principle that would impose on business an obligation to
work for social betterment. But one finds only a mélange of imponderable generalities concerning public purpose, enlightened self-interest, the social good, equality, human dignity, good citizenship, the responsible use of power, and similar moralistic catchwords. Nor does one fare better in probing for a moral principle that would deny the notion of business’s social responsibility, for from this side of the aisle come such ponderous and equally elusive phrases as freedom of the individual, protecting economic freedoms, government encroachment on private decision making, preserving individual initiative, etc.

The intractability of these central issues has, until recent times, posed the dreadful possibilities that the debate over “corporate social responsibility” would either continue indefinitely with little prospect of final resolution or that it would simply exhaust itself and collapse as a viable, legitimate question.

But now, since about 1970, one sees the emergence of a new approach to the question of business’s role in society. A fundamental theoretical and conceptual reorientation is taking place among those who study business-and-society relationships. This transition represents an attempt to escape the several dilemmas embedded in the debate over “corporate social responsibility.”

In order to differentiate the older ideas from the newer and emergent theoretical formulations, it will be convenient to refer to “corporate social responsibility” as CSR₁.

\[ \text{CSR}_2 = \text{Corporate Social Responsiveness} \]

Beginning around 1970, a new strain of thought crept into the deliberations about business’s role in society. Ever more frequently, one began to hear the phrase “corporate social responsiveness” rather than the older rubric of “corporate social responsibility.” Soon it became evident that the promulgators of the “responsiveness” notion did indeed intend it to be a genuine replacement for the idea of “responsibility” and that it was not simply one of those fashionable changes in phraseology that occasionally takes the scholarly community by storm.²

“Corporate social responsiveness” refers to the capacity of a corporation to respond to social pressures. The literal act of responding, or of achieving a generally responsive posture, to society is the focus of “corporate social responsiveness.” The key questions are: Can the company respond? Will it? Does it? How does it? To what extent? And with what effect? One searches the organization for mechanisms, procedures, arrangements, and behavioral patterns that, taken collectively, would mark
the organization as more or less capable of responding to social pressures. It then becomes evident that organizational design and managerial competence play important roles in how extensively and how well a company responds to social demands and needs. Hence the idea of "corporate social responsiveness" is managerial in tone and approach, and its advocates place great emphasis upon the management of a company's relations with society.

In order to distinguish this group of ideas from the earlier notion of corporate social responsibility (CSR₁), it will be convenient to refer to "corporate social responsiveness" as CSR₂.

The reorientation of thought implied in this shift from "social responsibility" to "social responsiveness" is profound. While the debate over the merits of CSR₁ has always carried heavy philosophic overtones, CSR₂ shuns philosophy in favor of a managerial approach. The abstract and often highly elusive principles governing CSR₁ are replaced by CSR₂'s focus on the practical aspects of making organizations more socially responsive to tangible forces in the surrounding environment. The often speculative generalities that clouded the debate about CSR₁ yield to the analytic posture and methods of CSR₂ scholars and business practitioners who seek to understand the problems and prospects of making specific organizations socially responsive. The moralistic tone of both the advocates and the opponents of CSR₁ is muted by the pragmatic outlook of hardnosed managers who may work either with enthusiasm or only grudgingly toward the ends of CSR₂. The often reluctant and reactive attitude found among business firms concerning CSR₁ (due in large part to the vagueness of the concept, the lack of operational meaning, and shifting performance guidelines) is transposed into a more open, proactive stance as the organization moves closer to a CSR₂ state. During the period when CSR₁ thinking was dominant, companies often exhibited a tendency to treat social problems serially as unrelated phenomena, sometimes in the "knee-jerk" fashion typical of a crisis atmosphere. By contrast, the advocates of a CSR₂ approach stress a process or systems orientation to social pressures, along with an anticipatory scanning procedure to detect emerging problems. Finally, whereas the extent of CSR₁ is often dependent largely upon the individual social conscience of the company's chief executive officer and of the managerial cadre generally, CSR₂ looks to an institutionalized company policy for its successful implementation.

The many philosophic imponderables of the CSR₁ debate—why? whether? for whose benefit? according to which moral principles?—are replaced by the more answerable considerations of CSR₂—how? by what means? with what effect? according to which operational guidelines?
Perhaps most importantly, CSR₂ assumes that CSR₁’s central question of \textit{whether} companies should respond to social pressures has already been answered affirmatively by general public opinion and a host of government social regulations and that the important task for business now is to learn \textit{how} to respond in fruitful, humane, and practical ways.

Close examination of this new theoretical thrust in the business-and-society field reveals that CSR₂ thought has two dimensions or deals with social responsiveness in two different but interrelated senses. The first is what might be called a \textit{micro organizational dimension}. Here the focus is on a single company and its ability to achieve significant levels of social responsiveness. Raymond A. Bauer and Robert W. Ackerman, both then at the Harvard Business School, were among the first to place major emphasis upon the responsiveness, as opposed to the responsibility, of single firms (Ackerman & Bauer, 1976). Ackerman’s now well-known three-stage sequence, through which large corporations move in attaining large measures of social responsiveness, stands as the major conceptual innovation in clarifying the several characteristic traits of a socially responsive firm (Ackerman, 1973, 1975). Another early innovator in CSR₂ theory was David H. Blake of the University of Pittsburgh who, coevally with Bauer and Ackerman, formulated the conceptual basis of a socially responsive corporation and enunciated the basic principles of the management of corporate social policy (Blake, 1974). Several others, most notably George A. Steiner, Archie B. Carroll, Frederick D. Sturdivant, Vernon M. Buehler, and Y. K. Shetty, have pioneered the CSR₂ viewpoint and contributed to its elaboration and clarification (Buehler & Shetty, 1975; Carroll, 1977; Preston & Post, 1975; Research and Policy Committee, CED, 1971; Sethi, 1975).³

In the work of all these scholars and their followers, the foremost concern is to explicate the factors that make it possible for a single organization to be positively and pragmatically responsive to the pressures emanating from the social-political-governmental environment. Social responsiveness means the ability to \textit{manage} the company’s relations with various social groups.

Neil Chamberlain (1973), in what could easily be labeled the culminating theoretical work of the CSR₁ era, argued convincingly that single companies are severely limited in the degree of social responsiveness they can attain. Even the firm that might have successfully combined CSR₁ and CSR₂ would inevitably face not only the limits imposed by economic factors but the unwillingness of the general public to sacrifice its addiction to high levels of consumption for the achievement of less tangible social goals.
But while Chamberlain was thus conclusively demonstrating both the impracticability of CSR₁ and the limits of the micro dimension of CSR₂, others were erecting a conceptual structure that would go a long way toward overcoming these limitations. This second dimension of CSR₂ theory is what might be called the macro institutional dimension. It refers to all of the large-scale institutional arrangements and procedures that appear to be essential if each of the individual socially responsive companies (operating in the micro dimension) is to have a significant impact on social problems.

In 1971, the Research and Policy Committee of the Committee for Economic Development (CED) issued its now famous statement entitled Social Responsibilities of Business Corporations. Straddling the worlds of CSR₁ and CSR₂, its major contribution was to advocate the formation of a “government-business partnership for social progress” (Research and Policy Committee, CED, 1971). Arguing that the principle had been long established that government could modify market arrangements to achieve a variety of public purposes, the Committee urged the extension of that idea to the arena of social problems plaguing the nation. If heeded, here obviously was a large-scale institutional arrangement that could enable single companies and entire industries to respond affirmatively, significantly, and even profitably to society’s pressures.

This statement, while undoubtedly influential due to the prestige and general public acceptance of the Committee for Economic Development, would not by itself have been sufficient to overcome the problems posed by Chamberlain. The CED proposal for a government-and-business partnership provided a workable mechanism for overcoming economic obstacles at the firm and industry levels, but it left open the question of how public purposes were to be defined.

Lee E. Preston and James E. Post (1975) neatly filled in the answer in their treatise entitled Private Management and Public Policy. Bringing to bear theoretical perspectives from economics, political science, systems theory, and management science, they pointed out that the really significant impact that society exerts on business is through the realm of public policy. In other words, the central criterion used by society and corporate management to assess a single company’s social impacts—a criterion they labeled the “principle of public responsibility”—is derived from a stable yet ever-changing public policy process. Here, too, was another large-scale institutional factor that could permit CSR₂ to become an operational reality with significant and broad effects on social problems. CSR₂ companies could take their social cues from public policies, as indeed many of them are doing presently.
Accompanying and complementing the macro institutional arrangements proposed by the Committee for Economic Development and by Preston and Post are the ideas of George Cabot Lodge concerning business ideology (Lodge, 1970, 1975). Citing the decline and slow demise of the older Lockean ideological principles and noting the rise of a newer and more socially appropriate set of ideological guidelines, Lodge completes the theoretical structure of CSR	extsubscript{2} by providing a philosophic rationale for the social responsiveness of business. The “new American ideology” is the intellectual counterpart of the CED and Preston-Post institutional mechanisms through which CSR	extsubscript{2} is to be achieved. All work together to make CSR	extsubscript{2} an operational reality at the micro organizational, or single company, level.

Hence, as a rounded theoretical construct, CSR	extsubscript{2} stands as a more tangible, achievable, intellectually sound, theoretically valid, and philosophically justified approach to the question of business’s role in society than can be said of the older and now somewhat passé CSR	extsubscript{1}. It is quite likely that the emergence of CSR	extsubscript{2} will have felicitous consequences for both scholars and practitioners in the business-and-society world. Most certainly, the idea of CSR	extsubscript{1} could not long have withstood the onslaughts of all those who argued so effectively that it was either undesirable (Friedman, 1970), unworkable (Perrow, 1972), unlikely (Galbraith, 1967), or impossible (Chamberlain, 1973).

The Implications of a CSR	extsubscript{2} Approach

The transition from CSR	extsubscript{1} thinking to CSR	extsubscript{2} thinking has several important implications.

First, it takes the “moral heat” off business and thereby may tend to make companies less defensive about business-and-society issues. For many years, business firms, including those that have vigorously resists the blandishments of the “social responsibility crowd,” have borne the burden of a guilty social conscience by seeming to fall short of public expectations. Many executive speeches have been delivered, many annual reports have been embellished, many public relations press releases have been issued, and many an institutional advertisement has been displayed to tell a largely dubious public that business is socially responsible to the extent possible within legal and economic limits (Ernst & Ernst, 1977; Sethi, 1977). Much of this corporate rhetoric has been necessitated when public expectations for social performance have drifted so far from the economic, technological, scientific, and organizational realities of business life. With the appearance of the CSR	extsubscript{2} viewpoint, one can now
reasonably hope that less attention will be paid to the "moral standing" of a company and more to its tangible activities as a socially responsive entity. An added dividend could be enjoyed if business spokespersons were subsequently to feel less need to rely upon the simplistic and philosophically naive utterances that often pass for business ideology and which are so characteristic of much of the business-and-society literature.

A second implication is that CSR$_2$ theory puts a strong emphasis on the need for tools, techniques, organizational structures, and behavioral systems most appropriate for a truly responsive company. CSR$_2$ scholars and practitioners search for tangible ways to respond to social pressures. Making an organization socially responsive implies a need to institute organizational reforms. It also generally reveals an absence or an underdevelopment of the various social technologies—for example, social auditing and social scanning techniques—necessary to make social responsiveness a practical reality. This awareness can stimulate efforts to fill these technological gaps (Blake, Frederick, & Myers, 1976; Preston & Post, 1975).

Third, a CSR$_2$ approach encourages the initiation of empirical research into business-and-society issues. Business managers need help in responding to government agencies, social interest groups, and public opinion pressures. They face a genuine problem of knowing how to respond, when and to what extent, and with what specific goals in mind. The abstract generalities of CSR$_1$ fade quickly away when an OSHA inspector shows up or disgruntled women employees stage a public demonstration or dissatisfied consumers sponsor a boycott. What is then needed is guidance and specific procedures, not the dubious palliatives embedded in being "socially responsible." CSR$_2$ questions and concerns are thus action oriented: How? how much? by what means? with what effect? As such, they encourage an empirical search for tangible answers (Preston, 1978b).

A fourth important implication of the CSR$_2$ approach is that it draws attention to, and makes possible the study of, the internal and external constraints on organizational responsiveness. Internally, CSR$_2$ theory stresses the importance of the large corporation's divisional structure as a potential obstacle to flexible responses (Ackerman, 1975); the lack or underdevelopment of social measurement capabilities (Blake, Frederick, & Myers, 1976; Dierkes & Bauer, 1973); the absence of social factors in the performance appraisal of individual managers (Ackerman, 1975); the middle-management sabotage of upper-management social policies (Collins & Ganotis, 1973); and the simple bureaucratic inertia typically encountered by any exotic development, whether social or otherwise. The external constraints on CSR$_2$ include the capital-market monitoring process with
its focus on return on investment and similar measures of business success (Chamberlain, 1973; Galbraith, 1967); the heavy and often indeterminate costs of CSR$_2$ (Leone, 1977; Weidenbaum, 1977); the inherent complexity and stubborn persistence of our major social problems; and the difficulties of evaluating social benefits and costs in precise ways (Klein, 1977; Mishan, 1971). Having sloughed off the abstract speculations of CSR$_1$, the CSR$_2$ viewpoint can concentrate on these constraints as problems to be solved rather than as philosophic principles to be debated.

The Shortcomings of a CSR$_2$ Approach

Fruitful as this new theoretical development is, its advocates have yet to solve some knotty problems about the relation of business to society.

CSR$_2$ does not, in the first place, clarify the meaning of CSR$_1$. We are still left with the puzzle of defining “social betterment.” Different companies may be socially responsive in different ways and in varying degrees. Some may pass through all three of Ackerman’s stages of social development and become fully committed to social responsiveness on a broad range of issues. Others may get stuck in the middle, while still others may never begin. Quite clearly, “social responsiveness” is not the same thing as implied by “social responsibility.” CSR$_2$ is narrower and more technical in its meaning than CSR$_1$. We remain without a clear notion of whether or to what extent social responsiveness will produce a general condition of social responsibility, or whether greater amounts of social responsiveness will lead automatically to social betterment, or whether social responsiveness is logically to be equated with social betterment.

The CSR$_2$ approach simply sidesteps the issue of defining “social betterment.” It offers little or no help in developing consensual criteria of social performance or a system of social priorities. It takes, as given, that social pressures exist and that business must respond to them. In one sense, it puts business in a passive role of simply responding to a society that actively expresses its wishes. In another sense, it suggests that business itself, by determining the degree of social responsiveness it will express, decides its own meaning of social responsibility and social betterment. That meaning has never been fully acceptable to the general public. Preston and Post (1975), by invoking their “principle of public responsibility,” suggest that the content (or meaning) of public policy toward business is open to continual change, thus implying that the search for a single meaning of social betterment is unnecessary. This position, while a step in the right direction, is not likely to satisfy either the public or
business who want and deserve to know whether specific social actions taken by business are adequate and acceptable.

Closely related to this shortcoming is another. CSR₂ doesn't clarify the nature of business-and-society relationships—what they are, what they should be, which ones should receive attention. For example, does business reflect social values or does it impose them? Is business really distinct from society as implied by such terms as “business and society” and “environmental influences on business” or is this distinction wrongly imposed on a single though complex phenomenon? Until Preston and Post (1975) offered their model of business and society as “interpenetrating systems,” there was literally no conceptually or theoretically valid consideration of this critical question. Preston (1978a) has subsequently extended this conceptualization.

A third shortcoming of the CSR₂ formulation is that it is essentially a static theory, telling little or nothing about social change, about how new social movements arise and become important to business, about how to anticipate change and adapt an organization so that it may cope with these changes. Ackerman (1973, 1975) comes closer to addressing these issues than do most others, but his main concern is with the internal organizational modifications that make social responsiveness feasible. By and large, he leaves the external processes of societal change unexamined. Business practitioners, as well as management scholars, have provided some insights into these matters, but much remains to be done (Carroll, 1973; Wilson, 1974; Zaltman, 1973; Zaltman & Duncan, 1977; Zaltman, Kotler, & Kaufman, 1972).

Fourth and last, CSR₂ contains no explicit value theory and advocates no specific set of values for business to follow in making social responses. Perhaps the major failing of CSR₁ was its inability to enunciate a clear moral principle that would justify in the minds of all an obligation by business to work for social betterment. CSR₂ does no better. The result is an implicit reliance on established organizational values and prevailing, if changeable, societal values.

One can sympathize with those who maintain that CSR₂'s escape from the hopeless bogs of CSR₁'s morastistic debate is gain enough. But it is likely that time will reveal that social values stand at the core of all business-and-society concerns. One cannot leave such vitally important considerations unexamined. Business-and-society scholars and practitioners might want to follow the lead of George Cabot Lodge (1975), Carl H. Madden (1972), Neil W. Chamberlain (1977), and Gerald F. Cavanagh (1976), who have begun to fathom the deeps of value analysis and to direct those inquiries toward a resolution of business's role in
society. Doing so, they may in time evolve CSR3, which will clarify and incorporate both the moral dimensions implied by CSR1 and the managerial dimensions of CSR2.

NOTES

1. [The reference format of the original Working Paper has been changed to conform to contemporary practice. This note, and notes 3 and 4, were added to the original paper for this publication.]


3. [Steiner (1972, 1975a) and Sturdivant (1977) were inadvertently omitted from the Working Paper here, although they were part of the original list of references.]

4. [I call attention to the CED's change of heart about the social-activist posture it took in 1971. Eight years later, it issued yet another policy statement titled _Redefining Government's Role in the Market System_ (New York: Committee for Economic Development, 1979). Analysis indicates that the 1971 declaration was seen as something of a loose cannon endangering the fortunes and prospects of CED's corporate captains along with the entire free-enterprise ideological crew, so it was securely lashed down by the more conservative tenets recommended in the 1979 declaration. Although self-referencing is bad form, anyone interested in following the story might want to see William C. Frederick, "Free Market vs. Social Responsibility: Decision Time at the CED," _California Management Review_, Spring 1981, pp. 20-28.]

REFERENCES


Coda: 1994

WILLIAM C. FREDERICK

The editors have certainly exhibited courage and daring for publishing in 1994 a paper that was submitted (to another journal) in 1978! Would-be authors, take heart. It's never too late!

For anyone who wonders why I did not persist back then, here is the story: When told by a reviewer that the paper was cleverly written but lacking in mature scholarship, I decided there were more important things to do. The rejection came just as I was gearing up for my first experience as co-author with Keith Davis and Bob Blomstrom in the fourth edition of Business and Society, so there was plenty to do. It was also true then that our field lacked the publishing outlets now available, and I had had the Social Issues in Management crowd in mind in writing this particular paper. Then a funny thing began to happen. I noticed that the working paper was being cited as if it had been published. In time, it became the most referenced item I have ever written, which of course was personally and professionally gratifying. And so I am thankful to the editors for suggesting that it be put into print at last.

To this explanation, let me add a few words about the article's message and why it may be worth revisiting after so long a time. My guess is that it is quite difficult today for anyone who did not directly experience the social tumult of the late 1950s, 1960s, and early 1970s to grasp the earth-shattering impact those events had on business and business consciousness. Business was thrust violently into a social maelstrom that led many to question not only its legitimacy but its very right to exist. That onslaught on business institutions created a receptivity within business for the notions of social responsibility (CSR,) and social responsiveness (CSR2) and, not so incidentally, lent a legitimacy to business-and-society inquiry.

The provenance of the distinction between responsibility and responsiveness reveals an interesting facet of the way ideas emerge and become rooted. The credit for the distinction goes entirely to Raymond Bauer and Robert Ackerman of the Harvard Business School. When I heard Bauer
read the preliminary draft of a paper the two had written, my immediate reaction was one of suspicion and distrust. I saw it as an establishment effort to slip around and away from the moral issues of social responsibility. Merely responding under intense pressure was clearly not the same thing as taking responsibility for a firm’s actions. But one had only to look out the window (or into the TV screen) to realize that response was what everyone wanted from business, including consumers, environmentalists, African Americans, women, protesters against the Vietnam war, and so forth. And CSR$_2$ showed companies the way to be responsive.

So, at the time, it seemed to be the wave of the future. After all, General Electric and other prominent companies were leading the way, experimenting with response strategies, social audits, and so on. The optimism of my working paper was largely due to wishful thinking that tangible response could be made equivalent to social responsibility. The various business scandals of the 1980s, of course, taught us that things were not quite that simple. We needed a clearer view of the moral dimension of business practice, and it was provided by the applied philosophers. It was they who initiated CSR$_3$'s focus on the ethical dimensions of business operations. On rereading the working paper, I was pleased (and surprised) to note that I had had the temerity to suggest that such a development might be in the offing.

But 1978 is now long behind us, and this paper should be seen as something of a museum piece, a bit dusty and yellowed around the edges but perhaps worth a brief glance within its new display case. We are now well into the 1990s and it is time to ask where the field will go next. Will there be a CSR$_4$ phase that carries us beyond CSR$_{1,2,3}$? My answer is: “Yes, stay tuned.”