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# Rediscovering Howard R. Bowen's Legacy: The Unachieved Agenda and Continuing Relevance of *Social Responsibilities of the Businessman*

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## Abstract

Many business and society scholars hail Howard R. Bowen as the founding father of the academic conception and study of corporate social responsibility (CSR). Yet little is known widely about his life and the true agenda of *Social Responsibilities of the Businessman* (Bowen), his landmark book. This article explores the historical and current significance of Bowen's seminal work. The authors contend that the analytical perspective Bowen proposed nearly 60 years ago, although regrettably underappreciated in past decades, is more relevant than ever to stimulating future research on CSR and to revitalizing business and society scholarship.

## Keywords

Howard R. Bowen, business history, corporate social responsibility (CSR)

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This book is concerned with the role of businessmen in an economy of free enterprise.

Bowen (1953, p. xi [opening sentence])

A careful review of Bowen's book leaves one impressed and somewhat dismayed that so little conceptual and analytical progress has been made in the intervening years.

Preston (1975, p. 435)

## Unearthing a Treasure

Chances are few that anyone would assign *Social Responsibilities of the Businessman* (*SRB*), Howard R. Bowen's landmark 1953 work, as a required text for a corporate social responsibility (CSR) course today—even for doctoral students. The reaction to the suggestion that anyone should revisit *Social Responsibilities* in search of fresh new research ideas might even be feebler.

The authors have thoroughly reread Bowen's work, and despite well more than 50 years of CSR research conducted since *SRB* was published, our attitude to both assigning and revisiting Bowen's book is unequivocally positive. The authors' purpose here is to explore Bowen's intellectual trajectory, to examine his approach to CSR and to demonstrate the continuing relevance of his thinking as well as its importance for CSR's advancement.

The starting point is a paradox: Howard Bowen seems both celebrated and unknown. A wide consensus among students of social responsibility history celebrates him as the founding father of the CSR concept (Carroll, 1979, 1999, 2008; Garriga & Melé, 2004; Lee, 2008; Preston, 1975; Wood, 1991a, 1991b). Yet scholarly knowledge of this emblematic figure remains surprisingly poor (Carroll, 2008, p. 25). Recent years have seen a sharp increase in the number of citations of *SRB*, which in itself constitutes a form of revival of Bowen's work. Yet the literature addresses little of the book's actual content. Little is mentioned on the particular context surrounding its production.<sup>1</sup> Even less is remembered about Bowen's theoretical perspective, let alone about his dramatic professional life. Indeed, Howard Bowen may well be the "most celebrated unknown" figure in the CSR field.

Because his 1953 book is increasingly difficult to find, information about Bowen's contribution is largely secondhand. Most of it is to be found as passing references in academic work examining the historical dimensions of

CSR (Carroll, 1999, 2008; Frederick, 2006; Pasquero, 2005). Direct quotes from the book are scarce. For most authors who refer to Bowen's book, its sole enduring contribution is the famous quote from page 6 in which Bowen defines the concept of *social responsibilities*.

This article aims to unearth and revisit Howard Bowen's contributions to the business and society/CSR field with respect to today's needs. To accomplish this recovery, we conducted a careful analysis of *SRB*, which constitutes Bowen's central contribution to CSR research. We supplemented this analysis with background biographical elements about Howard Bowen himself. We also examined his other contributions related to social responsibility, such as his "social economy" textbook (Bowen, 1948/1977) and a communication he issued 30 years later, where he manifested some disbelief about CSR's potential for regulating business practices (Bowen, 1978).

Our motives for tracking down Bowen's contribution are threefold. First, we believe that many currently held views about his contribution to CSR are either limited or distorted. We intend to reconstitute the depth and originality of his work in the context of his life and times.

Second, we contend that *SRB* has historical value that remains relevant today. The book provides rich testimony regarding discourse among "*businessmen*" concerning their social responsibilities during the first half of the 20th century—a discourse that even now sounds eerily contemporary.

Third, we argue that Bowen's institutional perspective on social responsibility is an authentic treasure that can be fruitfully exploited for future theory building and empirical studies in the business and society/CSR field. Indeed, those reading *SRB* today will probably be as shocked as Preston was in 1975 (see the second opening quote of this article) when he rediscovered the thoroughness and solidity of the book—and the meager use made of it in the years since its publication.

The article is structured as follows. We first consider the historical conditions under which the book was produced, with a particular emphasis on the author's personality. Then, we examine the ideas in the book that, taken collectively, make it an enduring classic. Finally, we explore the relevance of Bowen's original ideas for CSR scholarship today.

## Genesis of *SRB*

To explore *SRB*'s genesis, we present the trajectory of Howard Bowen's life together with the historical context in which the book was published.

## Who Was Howard Bowen?<sup>2</sup>

Howard Rothman Bowen (1908-1989) was first and foremost an economist. Born in Spokane (Washington), he earned his bachelor's (in 1929) and master's degrees (1933) at Washington State University. He received his PhD from the University of Iowa (1935), where he taught economics until 1942. In 1937 to 1938, he undertook postdoctoral work at Cambridge University and the London School of Economics and Political Science, where he grew interested in Keynes' recently published *General Theory* (1936). In 1942, he left academia and worked for 5 years as an economist in various private sector and government jobs (Solberg & Tomilson, 1997).

His professional work was rooted in the broad movement of Keynesian and labor economists that emerged during the Great Depression and expanded in the postwar period. Although firmly anchored in academia, many of these economists were also deeply engaged in the political and economic debates of their time. As a rule, they refused to dissociate economic issues from their moral and institutional underpinnings (Marens, 2004, 2008a, 2008b, 2010). Bowen, a reformist and pragmatist, was among them.

Bowen returned to the academic world in 1947.<sup>3</sup> For 3 years, he served as dean of the College of Commerce and Business Administration at the University of Illinois. The university had been losing standing for a generation, and its leaders wanted to restore the institution's past glory. Although new to academic administration, Bowen was hired with a clear mandate from the trustees: "to stimulate research and scholarship, to improve teaching, [and] to bring curricula up to date" (Solberg & Tomilson, 1997, p. 59).

Bowen decided to concentrate his efforts on the Department of Economics. His plan was ambitious: to make Illinois one of the nation's leading economics centers. He quickly launched a vigorous recruiting policy which resulted in 55 faculty appointments over 3 years.<sup>4</sup> He undertook an important "Keynesian turn" within the department.<sup>5</sup> He introduced modern subjects such as consumer economics and insisted on linking social theory to economics. Notably, for this article's purposes, he "stressed the social responsibilities of business and the relation of business decisions to the business economy as a whole" (Solberg & Tomilson, 1997, p. 61). His vantage point, however, was still that of a macroeconomist.

This strategy was soon considered forceful by some and divided the faculty. An "old guard" of members recruited prior to Bowen's appointment felt threatened by the controversial paradigmatic reorientation toward Keynesianism. They were also distressed by new promotion-related rules and course choices that favored new talent and fresh research over seniority.

In the context of McCarthyism, what began as an internal faculty issue gradually grew into national political turmoil. Bowen's opponents took to the press. Presenting themselves as the victims of an ideological conspiracy against free market advocates, they depicted their dean as a New Deal liberal, denouncing his alleged antibusiness bias (Solberg & Tomilson, 1997, p. 73). After months of acrimonious escalation and political battles, Bowen was finally forced to resign as dean on December 28, 1950. The "Bowen controversy" deeply divided the academic profession. Indeed, only 2 days after his resignation, Professor Fritz Machlup, taking advantage of Bowen's scheduled appearance at the annual meeting of the American Economics Association, drew the audience into an 8-minute ovation (Solberg & Tomilson, 1997, p. 76).

*SRB* was probably being written either during or just after this episode of "academic McCarthyism." Bowen remained at the University of Illinois until the summer of 1952, when he resigned from his teaching and research activities. He went on to pursue a distinguished career in academia elsewhere for more than 30 years. More than 20 years later, the University of Illinois was to grant him an honorary doctorate in 1975.<sup>6</sup>

From a theoretical viewpoint, Bowen was strongly influenced by institutional economics and Keynesian ideas. He was also interested in the welfare economics issues of the times, such as the relative effectiveness of the capitalist economic system as opposed to the socialist economic system. One central objective for institutional economists involved widening the scope of economic inquiry. This widening implied a move away from the traditional focus on free markets and rational behavior (Veblen, 1899/1965) and toward the broader issue of the organization of economic action (Rutherford, 2000). Institutional economists in general investigated how various institutions—such as government, corporations, trade unions, and the church—influence social and economic activity (Berle & Means, 1932; Clark, 1916, 1926/1939; Commons, 1924; Dodd, 1932). In 1948, Bowen himself published a textbook on welfare economics.<sup>7</sup> Titled *Toward Social Economy*, the book clearly adopted an institutional approach to economic behavior.<sup>8</sup>

These biographical elements are central to understanding Bowen's perspective on social responsibility and his interest in business and society issues. Bowen considered social responsibility from the viewpoint of a welfare economist interested in the regulation of capitalism. To him, the appropriate theoretical tools for investigating this doctrine came from institutional economics.

It is remarkable that *SRB* in no way occupies a central position in Bowen's academic career. First of all, the book is intended for nonacademic readers. It is

written in an essay style at odds with 1950s academic economics writing standards. Second, once *SRB* was published, Bowen did not pursue his interest in CSR: most of his subsequent work focused on the economics of the American educational system (Bowen, 1980; Bowen & Schuster, 1986).<sup>9</sup> Third, when Bowen reviewed his book 20 years later (Bowen, 1978), he adopted a distanced, critical view on social responsibility as a social regulation tool and advocated some amount of state interventionism instead.

### Why Was *SRB* Written?

At least three factors may account for why, in the early 1950s, Bowen got involved in a subject that in retrospect appears to be peripheral to his main body of work. The first factor lies in Bowen's personal interest in business and society issues as a logical outgrowth of his previous work. From his institutional perspective, he was aware of a number of growing trends in the U.S. economy: the *Organizational Revolution* (Boulding, 1953) and the rapid professionalization of management, the unprecedented growth of corporate size and concentration since the end of the 19th century, and the controversial issue of the separation between ownership and control (Berle & Means, 1932). At the same time, the emergence of business schools was fuelling debates over the proper role of the corporation in society and the social responsibilities of business and of *businessmen* (for a review, see Carroll, 1999, 2008; Frederick, 2006; Heald, 1970; Pasquero, 2005). At this time, some influential executives were redefining their roles, shifting the focus of management beyond the mere fulfillment of shareholder interests and toward balancing a complex set of differing demands from both internal and external constituencies (Barnard, 1938). Trusteeship and public service were put forth as guiding moral concepts—often infused with religious values—that offered a new basis for business legitimacy (Heald, 1970).

A second factor influencing the writing of *SRB* lay in the particular, largely ideological, *zeitgeist* of the postwar period. The concept of social responsibility, which had peaked and ebbed over several generations, was undergoing a revival. There was a history of social responsibility thinking, writing, and practice before *SRB* (Bowen, 1953). Business leaders were concerned by the controversial image of “big business.” Since being profoundly degraded by the Great Depression, this image had improved somewhat due to public recognition of business's contribution to the war effort. Yet resentment grew among critics who questioned the huge profits large corporations had reaped from World War II. A Committee for Economic Development was formed in 1942 to act as the social conscience of business (Frederick, 2006). Among other recommendations, the committee acknowledged business's moral obligations to society and



insisted on its duty of loyalty to public policy. Various factions sought a “third way” between the unbridled free market forces that wrought the Depression on one hand and the disquieting European-style socialism emerging postwar on the other hand. The appropriate balance between freedom and control was in question. Business social responsibility was promoted by some as an acceptable compromise. In Bowen’s words, it had “become not only acceptable in leading business circles, but even fashionable” (Bowen, 1953, p. 44).

A third and final factor that precipitated the writing of *SRB* was a circumstantial opportunity. The book appeared as one volume in a series on “Christian Ethics and the Economic Life,” initiated in 1949 by the Federal Council of the Churches of Christ. At the time of Bowen’s commission, the council had been merged into a larger interdenominational organization including 29 Protestant and Orthodox Church bodies in the United States. The series comprised six volumes, among which was Boulding’s *Organizational Revolution* (1953), another milestone of managerial thought. Funded by the Rockefeller Foundation, this project was initially meant to provide Protestant thinkers with a corpus of issues and principles that some envisioned as a response to the *Rerum Novarum* encyclical published by Pope Leo XIII in 1891 (Pasquero, 2005).

Therefore religion—rather than academia, government, or business—provided the impetus behind the book considered the landmark of the “modern” era of CSR (Carroll, 1979, 2008; Wood, 1991a, 1991b), a fact that may surprise many non-U.S. CSR specialists. In its own way, then, *SRB* seems to exemplify Max Weber’s thesis that protestant ethics and the capitalist system do share “elective affinities” (Weber, 1904-1905/1930).

## Core Ideas of *SRB*

It is important to identify the core themes of Howard Bowen’s book. Although no summary can replace reading the actual text, this section provides a comprehensive overview of *SRB*’s main ideas. The authors have followed the original chapter flow to capture the underlying structure and central ideas of the book. For simplification, the 18 chapters have been collapsed into five major topics. Table 1 presents these topics.

### *The Social Responsibility Doctrine: Setting the Terms of the Debate*

*SRB*’s first chapters discuss social responsibility and the social responsibility doctrine in the context of the growing controversies around these concepts in the American business and political worlds of the 1950s.

**Table 1.** Core Topics and Key Questions Addressed in SRB

Core topics <sup>a</sup>	Questions addressed by Bowen	Corresponding chapters in SRB <sup>b</sup>
The social responsibility doctrine: Setting the terms of the debate	<ul style="list-style-type: none"> <li>• How should social responsibility be analyzed?</li> <li>• What are the social and economic issues related to the study of this topic?</li> </ul>	Chapter 1—Introduction Chapter 2—Economic Goals Chapter 3—Social Responsibilities and Laissez-Faire Chapter 4—Aspects of Business Decisions in Present-Day Capitalism
Protestant thinker and businessman views on social responsibility	<ul style="list-style-type: none"> <li>• How are social responsibilities perceived and expressed in the businessman's own words?</li> <li>• How are social responsibilities defined according to protestant thinkers?</li> <li>• To what extent are religious and managerial approaches to social responsibility matched?</li> </ul>	Chapter 5—Protestant Views of the Social Responsibilities of Businessmen Chapter 6—The Businessman's Conception of His Social Responsibility Chapter 7—The Businessman's View of His Specific Responsibilities Chapter 18—Commentary on the Ethical Implications of the Study—by F. Ernest Johnson
Explaining the institutionalization of the social responsibility doctrine	<ul style="list-style-type: none"> <li>• How do we know that today's businessmen believe they have social responsibilities?</li> <li>• What institutional factors explain the institutionalization of the social responsibility doctrine?</li> <li>• What social changes have supported the adoption of this doctrine by businessmen?</li> </ul>	Chapter 8—Why Are Businessmen Concerned About Their Social Responsibilities? Chapter 9—Why Are Businessmen Concerned About Their Social Responsibilities? (continued) Appendix A—Bibliography or Protestant Views on Social Responsibilities of the Businessmen Appendix B—Sources of the Businessman's Conception of His Social Responsibilities

*(continued)*

**Table 1. (continued)**

Core topics <sup>a</sup>	Questions addressed by Bowen	Corresponding chapters in SRB <sup>b</sup>
A critical perspective on the social responsibility doctrine	<ul style="list-style-type: none"> <li>• What are the political and economic shortcomings of the social responsibility doctrine?</li> <li>• Is it legal for corporations to engage in social responsibility?</li> </ul>	Chapter 10—The Doctrine of Social Responsibility: Some Criticisms Chapter 11—The Law and the Doctrine of Social Responsibility
Developing the potential of social responsibility	<ul style="list-style-type: none"> <li>• How can the social responsibility doctrine be implemented in corporations?</li> <li>• How can the diffusion of the social responsibility doctrine be supported?</li> <li>• How can institutions be designed to facilitate the diffusion of this doctrine?</li> </ul>	Chapter 12—Toward Increasing the Effectiveness of Social Responsibility in Business Decisions Chapter 13—Proposals: Changes in Business Organization and Practice Chapter 14—Proposals: The Industry Council Plan Chapter 15—Other Proposals Chapter 16—Ethical Issues Related to the Distribution of Income Chapter 17—Other Ethical Issues Facing Businessmen

Note: SRB = *Social Responsibilities of the Businessman*.

a. This column refers to Part 2 subheadings in the article.

b. This column indicates either chapters and/or elements of the book where the topic is dealt with in depth; it does not imply that the topic is not partially covered or evoked in other parts of the book.

*SRB* defines *social responsibilities* as “the obligations of businessmen to pursue those policies, to make those decisions or to follow those lines of action which are desirable in terms of the objective and values of our society” (Bowen, 1953, p. 6)—the celebrated quote from page 6. Bowen wrote that he viewed the concepts of “public responsibility,” “social obligations,” and “business morality” as synonyms for social responsibilities (Bowen, 1953, p. 6). By *businessmen*, Bowen referred to “the managers and directors of these large corporations” (Bowen, 1953, p. 6). As for the “doctrine of social responsibility,” “[it] refers to the idea, now widely expressed, that voluntary assumption of social responsibility by businessmen is, or might be, a

practicable means toward ameliorating economic problems and attaining more fully the economic goals we seek” (Bowen, 1953, p. 6).

Typically, Bowen approached this doctrine from a macrosocial standpoint: social responsibility was cast as one lever for improving the quality of interactions between business and society. Its ultimate purpose, he wrote, was to enhance social welfare. To be sure, this lever could be only one of several. Bowen admitted that to guide business toward socially desirable goals,<sup>10</sup> voluntary fulfillment of their social responsibilities on the part of businessmen could not replace the force of more compelling institutions such as competition, law, or custom. Yet such voluntary fulfillment must be relied on “in large measure (. . .) if the economic system of free enterprise is to continue and to prosper” (Bowen, 1953, p. 5). Social responsibility might fill an even weightier role: “It is at least a partial alternative to socialism” (Bowen, 1953, p. 28).

Here, Bowen echoed the quest of his time for a workable middle course between the two extremes of socialism and pure laissez-faire capitalism, both of which were held as incompatible with American ideals. Part of his rationale was instrumental. On one hand, failure to comply with social obligations would inevitably lead to the decline of “present-day capitalism,” as happened with 19th century style laissez-faire. On the other hand, assuming social responsibilities would not only ward off excessive government regulation but also reinforce modern capitalism by preserving a just balance between market regulation and government intervention (see Moon, Kang, & Gond, 2010). To Bowen, the ideal social mix seemed to be “individual self-determination tempered by consideration for social welfare” (Bowen, 1953, p. 27), within a mixed-economy framework. The *businessman* was thus called on to “recognize the social implications of his decisions and to consider the social interest—so far as is possible and reasonable” (Bowen, 1953, p. 30).

Pragmatic considerations, however, were only part of the argument. Bowen also introduced a deontological side to his rationale: Power involves responsibility. “It is becoming increasingly obvious that a freedom of choice and delegation of power such as businessmen exercise would hardly be permitted to continue without assumption of social responsibility” (Bowen, 1953, p. 6). This argument, later theorized as the “iron law of social responsibility” (Davis, 1960), was hereafter to become a key tenet of business ethics thinking.

### *Defining Social Responsibilities*

After setting the terms of the debate on social responsibilities, Bowen turned to the problem of finding a base on which to define them. To do so, he

addressed two sources: the “Protestant views” (Chapter 5) and the “businessman’s views” (Chapters 6 and 7).

Bowen first drew on a large corpus of Protestant texts and books from the first half of the 20th century. He sought to understand whether social responsibilities could somehow be deduced from what he called “Christian ethics.”

Protestant thinkers, he found, do not unconditionally support capitalism. For example, they explicitly dispute the assumption that quasinnatural market laws can regulate human choice; to them, what explains behavior best is the force of human character. Their views are also critical of the classical dogma of private property, a central tenet of capitalism, and in response to which they present two countervailing principles. “Stewardship” affirms that “those who own property have the duty of using and administering it, not exclusively for their own purpose, but in ways that will serve the needs of the whole society” (Bowen, 1953, p. 33). “Trusteeship” contends that “[T]he owner is a trustee accountable to God and society” (Bowen, 1953, p. 33). Private property therefore entails responsibility to others.

Similarly, “Christian ethics,” as presented by Bowen, seem equally critical of concentrated power. In the Protestant tradition, he claimed, unlimited power breeds corruption and social injustice. As an antidote, Protestant thinkers have long supported the idea of countervailing powers, such as cooperatives structures, organized labor, and the widest possible distribution of ownership. To them, power always calls for responsibility. The Protestant tradition seems equally demanding with respect to the notion of profit. It does admit that “the profit system is defensible if the amount of profits and their use are determined with the needs of society in view” (Bowen, 1953, p. 36). By contrast, however, it emphatically denounces the profit *motive* when it is pursued as an end in itself. Finally, Protestant thinkers also show concern for some of the deleterious effects of capitalism: a widespread tendency to undermine the worker’s sense of vocation, to reduce labor to a commodity, and to deny that justice should be the key criterion when determining how income should be distributed. To Bowen, none of these caveats were incompatible with the ideals of American capitalism. “Protestant thinking,” he concluded, does not lack the substance necessary to support social responsibility in business.

The force of that critique, at least in Bowen’s presentation, may read akin to social democratic or even Marxian thought. However, this interpretation would be mistaken. Bowen cautiously reminded us that Protestant thinkers have long rejected communism. Their stance is reformist rather than revolutionary. For them, capitalism, despite its shortcomings, remains the only acceptable economic system for America. Bowen concluded that he could rely on this solid, time-honored, and morally validated foundation to

articulate the Protestant notion of social responsibilities into 16 principles. The list was made available “to guide the businessman who wishes to discharge his Christian duty” (Bowen, 1953, p. 39).

In the following chapters (6 and 7), Bowen analyzed how *businessmen* themselves defined their social responsibilities. He examined a broad sample of writings and interviews,<sup>11</sup> first observing “a widespread and sincere interest in the subject” (Bowen, 1953, p. 67). Social ideals such as *stewardship* and *trusteeship* did form part of the vocabulary of businessmen when they discussed their social responsibilities. However, when he compared businessmen’s views with those from Protestant thinking, he found little room for altruism. Not unexpectedly, but somehow disappointingly for him, businessmen centered their responsibilities on “those obligations which are clearly in their own long term interest” (Bowen, 1953, p. 68). They were simply exercising “self-interest in a new setting” (Bowen, 1953, p. 68). Yet Bowen inferred from his corpus that, overall, businessmen gave more consideration to their social responsibilities than they previously did.

### *Explaining the Institutionalization of the Social Responsibility Doctrine*

The next two chapters attempted to account for this shift. Chapter 8 addresses the *institutional level*. Bowen first identified a profound evolution in American social ideals, where values such as opportunity, justice, freedom, security, dignity, and personal development progressively gained more weight. In today’s terms, we would speak of “normative pressures” (Scott, 2007):

“[. . .] [T]he businessman has been subjected to pressure originating from the new social climate in which he operates, and at the same time he himself has assimilated many of the values and attitudes that are characteristic of this new social climate” (Bowen, 1953, p. 75).

Bowen also examined several secondary factors: the *development of labor unions* since the beginning of the century (Bowen, 1953, pp. 76-77), the *development of corporation–government partnerships* to solve industrial issues during and after World War II (Bowen, 1953, pp. 77-78), and the *improvement of businessmen’s education and background* (Bowen, 1953, pp. 78-80). He distinguished a specific phenomenon: the *maturity acquired by some large corporations*, especially those enjoying some form of monopoly power, which had progressively come to realize the public expected some sense of responsibility from them (Bowen, 1953, pp. 80-83).

In Chapter 9, Bowen analyzed the shift to more responsibility from an *organizational level*. Of particular importance to him was the separation between ownership and control in large corporations and the ensuing emergence of a new class of “professional salaried managers.” This argument was hardly new at the time. It had been firmly established since Berle and Means’s (1932) standard presentation. It had given way, however, to wildly different interpretations. Bowen’s reading of it was a positive one, emphasizing its beneficial effects on social responsibility.<sup>12</sup> Professionalization “tends to provide more competent and more broadly trained business administrators who can perceive the social implications of their calling” (Bowen, 1953, p. 99). Recruitment was more diversified and more representative of the variety of interests held by the public at large. The newfound autonomy of administrators thus enabled them to pursue personal interests such as prestige and legitimacy, advantages they could obtain from assuming social responsibilities. They had to pay more attention to “good” human relationships and to the influence of outside interests, if only to secure overall performance: “[the] presence [of outside groups] is distinctly felt at corporate council tables” (Bowen, 1953, p. 102).

For Bowen, these developments were improvements over past practices. Unfortunately, he admitted, they came at a cost, generating “confusion as to the goals that businessmen are expected to seek” (Bowen, 1953, p. 102). He saw this limitation as a serious one. Bowen thus turned to an uncompromising assessment of the social responsibility doctrine.

### *Rebutting Criticisms of the Social Responsibility Doctrine*

By the late 40s, the idea that businessmen should adopt a larger vision of their social responsibilities had already generated numerous controversies and criticisms, not only from economists but also from lawyers. Bowen carefully reviewed these controversies and criticisms in Chapters 10 and 11. Chapter 10 explores arguments against “this optimistic *doctrine of social responsibility*,” whereas Chapter 11 examines the legal status of socially responsible decisions.

In Chapter 10, Bowen first discussed three classical arguments from economic theory: (a) that *competition* forces corporations away from socially responsible behavior, following an analogy to Gresham’s law;<sup>13</sup> (b) that investing corporate resources in socially responsible action will necessarily *increase production costs* that are imposed on members of society, perhaps against their will; and (c) that businessmen are too strongly driven by the *profit motive* to assume broader responsibilities—making social responsibility at best a form of corporate propaganda.

Bowen, the institutional economist, took on each of these points. He first dismissed the argument that competition is an insurmountable obstacle to social responsibility. "Pure competition," he contended, is an empirical rarity. In reality, most large corporations enjoy some level of monopoly power, with "a significant degree of control" (Bowen, 1953, p. 108). They can absorb the higher costs of social responsibility and still remain competitive. Indeed, they may well choose to invest resources in social responsibility, if only to protect their legitimacy. Using economic analysis, Bowen showed that investing in social responsibility could be economically rational, especially during periods of growth, when such action is likely to be rewarded.

On the issue of price increases, he agreed that social responsibility costs are likely to be passed on either to consumers or to employees. His point, however, was that, at any price level, corporations produce more than goods: they also produce "working conditions" and "standards of living." "The welfare of society is related not only to the quantity of final goods and services, but also to the conditions under which these goods and services are produced" (Bowen, 1953, p. 113). Accordingly, on average, "society" may well accept paying higher prices for products and services in exchange for improved welfare. At this point, Bowen's argument relies on standard microeconomics: a balance between the two forms of production is achieved when marginal expenditures on goods and services increase society's satisfaction no more than identical marginal expenditures on working conditions and standards of living. His focus here is typically the one of utilitarian ethics.

Bowen saw the profit motive limited by surrounding institutions: "The great bulk of human behavior in any society is regulated by informal social controls" (Bowen, 1953, p. 113). However obsessed businessmen may become with profit making, he argued, they are still "human beings." Like anyone else, they are subject to the same shared values and attitudes prevailing across society, yielding to "continual pressure (. . .) toward conformity" (Bowen, 1953, p. 117). They are also equally susceptible to the idea that certain behaviors are more socially valuable than others ("indoctrinating individuals"). This argument is indeed typically institutionalist.

Having covered economic objections, Bowen then analyzed a fourth argument against social responsibility: the disquieting possibility "that businessmen try to use this doctrine as a device for retaining power and as a justification for that power" (Bowen, 1953, p. 118). To Bowen, this possibility presented the most serious challenge to the notion of social responsibility. Throughout history, the powerful have repeatedly tried to legitimize their power by pretending it was exercised in society's best interest. There is a real risk that social responsibility could follow the timeworn path of paternalism, whereby businessmen define for themselves what is supposedly good for both workers



and the rest of society. Worse, social responsibility might even drift toward a sort of “nondemocratic” theory of the firm’s role, for which Fascist Italy and Nazi Germany provide sad examples (“fascist theory”). The lofty ideals of social responsibility would thus be perverted into either propaganda or self-justifying rhetoric. A few years later, [Friedman \(1962, 1970\)](#) was to articulate the similar rationale that social responsibility can turn antidemocratic, this time with reference to rampant socialism. Bowen had already pondered this argument and recognized its “considerable force.” His response, however lay more on conviction than on fact or logic:

“If the doctrine of social responsibility is to become an important and dependable element of American life, the definition of these responsibilities must become a prerogative of more than one class or one occupational group. This is the meaning of democracy as applied to business.” (Bowen, 1953, p. 121)

The worst can be avoided, Bowen believed, if the definition of social responsibility transcends the narrow interests of the ruling business class and becomes a collective endeavor. This perspective is a recurring leitmotif in the book and should come as no particular surprise to those involved in corporate life: businessmen, wrote Bowen, already must compromise between many conflicting social interests.<sup>14</sup>

Chapter 11 discusses the relationships between the law and the doctrine of social responsibility. Bowen reviewed two landmarks of the early literature on corporate obligations: the *Dodge v. Ford* 1919 case<sup>15</sup> and the academic debate between [Berle \(1931, 1932\)](#) and [Dodd \(1932\)](#) concerning fiduciary duty. He concluded that the prevailing social responsibility view was challenged neither by the courts—which consistently upheld a broad interpretation of the fiduciary duty of corporate directors—nor by public opinion, nor even by corporate practice (Bowen, 1953, p. 132).

These two chapters finally conclude in favor of social responsibility. Bowen acknowledged the value of criticisms levied against the notion of social responsibility by economists, lawyers, and even moralists. However, none of these criticisms, he concluded, “invalidates the doctrine” (Bowen, 1953, p. 123). With this point established, a final task lay before him: explaining how to make the doctrine operational.

### *Making Social Responsibility Operational*

“[The] doctrine of social responsibility (. . .) is far from a panacea” (Bowen, 1953, p. 135). This frank assessment opens an intriguing series of four chapters

in which Bowen explored the conditions necessary to make social responsibility not only workable but also durable and to convert it into a driving force of American capitalism.

A common theme runs throughout these chapters: social responsibility is as much an individual as a collective achievement. To be sure, it involves not only individual businessmen but also government and “other groups” (Bowen, 1953, p. 223), including “social scientists,” whom Bowen called on to play a prominent role in procuring the necessary “guidance” (Bowen, 1953, p. 204). For Bowen, the reformist institutionalist, the “social responsibility of the businessman” is and should be deeply anchored in a grassroots democratic process—one destined to infuse American capitalism with a new moral vigor.

Chapter 12 outlines the process of transformation Bowen deemed necessary to “increase the effectiveness of social responsibility in business decisions” (Bowen, 1953, p. 135). It starts with seven conditions necessary to make social responsibility more effective in business decisions. The argument rests on a paradox. On one hand, *businessmen* “must acquire a strengthened sense of vocation [and] recognize that ultimately business exists not for profits, for power, or for personal aggrandizement, but to serve society” (Bowen, 1953, p. 135). This view requires that they redefine their company as the center of a network of constituents,<sup>16</sup> which would include not only consumers but also other affected parties (workers, suppliers, stockholders, and citizens at large).

On the other hand, Bowen believed public expectations regarding social responsibility should be clarified and democratically defined and the best social practices identified and generalized through standards. Bowen, the academic, strongly believed in the power of social science (especially institutional economics) to guide these transformations. Yet, true to the spirit of institutional reformism, he also pleaded for a measured approach. Social responsibility standards should be applied progressively, through “steady but gradual improvement” (Bowen, 1953, p. 140), “based on the evolving practices of forward-looking and socially minded businesses, and conformable to widely accepted social values” (Bowen, 1953, p. 141).

Curiously enough, toward the end of the chapter, Bowen’s tone suddenly changes. As if to downplay the audacity of his social responsibility position, the author engaged in a long (seven-page) defense of the profit motive. “Allegations that profits are too high,” he claimed, are largely misdirected, except in a limited number of cases of “abuse” (Bowen, 1953, p. 146). Returning to the potential for social responsibility, he nevertheless soberly concluded that “too much should not be attempted” (Bowen, 1953, p. 150).

In Chapter 13, the book then turns to practical proposals for infusing social responsibility into business practice. The point is to find ways likely to increase the representation of “the social point of view in management.” The proposed schemes range from including workers, suppliers, and consumers or local community representatives on boards of directors<sup>17</sup> to transforming the public relations director into “a spokesman or trustee of the public interest” (Bowen, 1953, p. 154). The book occasionally turns somewhat visionary, contemplating, for example, that “perhaps, some day, a new official known as the “manager of the department of social responsibility” might be created to coordinate the activities of the various officials who represent various aspects of the public interest” (Bowen, 1953, p. 155).

Bowen next boldly explored the possibility of developing 5-year “social audits” (Bowen, 1953, p. 155) by external experts, a concept for which he claimed paternity.<sup>18</sup> He supported the general use of business codes of good practices, a forerunner of modern-day codes of ethics. He advocated an overhaul of business education to integrate a broader economic and social perspective. He pleaded for the development of sounder business–government relationships (including participation of managers in government, a telling proposal from a former civil servant). He also called for more accountability of business to society, expecting a well-informed public “to exert moral pressure toward higher standards of performance” (Bowen, 1953, p. 160). Time and again, he reiterated his belief in the virtue of social control: “The businessman should be fully accountable not only to his Board of Directors, his stockholders, and the tax collector, but also to workers, consumers, suppliers, the community and the general public” (Bowen, 1953, p. 159). In the early 1950s, such suggestions were undoubtedly contentious.

Yet Bowen believed change at the organizational level was insufficient. He was convinced new institutions must be developed if businesses were to truly internalize social responsibility. The next two chapters are devoted to this issue. Bowen claimed that if some of his proposals were new, many were already being implemented in the industrialized world outside of the United States. He used all of Chapter 14 to assess the industry council plan, a long-standing proposal made by Catholic scholars. “The purpose is to achieve teamwork among all parties in economic life” (Bowen, 1953, p. 165). Finding it finally unfit for the United States, he cautiously suggests that such a plan nevertheless “warrant[s] modest and tentative experimentation” (Bowen, 1953, p. 174). His preference clearly went for softer democratic control over business in the form of a “National Economic Council.” Bowen, once again, emphasized the moderation of his proposals. The council would be more akin to a forum than to a regulatory body, perhaps modeled on the United Nations.

It would fill several consultative roles: representing the full range of social interests, debating social responsibility issues, producing recommendations, and possibly setting standards. These duties, readers are told, should always fall short of “[regimenting] industrial action” (Bowen, 1953, p. 171).

In Chapter 15, after reviewing a wide spectrum of reforms in Great Britain, Scandinavia, Germany (codetermination), and even the United States, Bowen concluded that his positions were valid: “The general theme which runs throughout most of these proposals is that business and economic policy should be formulated in joint consultation with various interest groups concerned” (Bowen, 1953, p. 177). The final two chapters reinforce this stand. Individual social responsibility cannot by itself resolve a number of intractable economic or ethical issues, Bowen believed. Broader guidelines are needed, for example, to determine the appropriate distribution of national income or of executive compensation (Chapter 16) or to establish the proper trade-off between better wages and better working conditions (Chapter 17).

Toward the end of the book, Bowen set out to discuss a number of ethical issues. Among them (predating by nearly a decade the publication of Rachel Carson’s 1962 landmark *Silent Spring*), he mentioned several forms of pollution as externalities for which “responsible” businesses should compensate society. He then devoted a few lines to “the responsibilities of a business toward future generations as distinct from the present generation” (Bowen, 1953, p. 227), acknowledging the arduousness of the challenge:

These are extremely difficult questions because there are no clear principles to determine precisely how the interests of future generations should be balanced against those of present generations, or to what extent private business should be called upon to look out for future generations. [. . .] Consequently, the interest of future generations must be handled largely through governmental policy—with which businessmen would be expected to cooperate. (Bowen, 1953, p. 227)

The book ends on several “important conclusions,” which are best stated in Bowen’s own words. In a few lines, he restates the gist of his position on the *SRB*:

(1) That the problem of identifying and formulating the social responsibilities of businessmen is a complex matter which goes to the very root of our basic social and economic philosophy; (2) that, although it is easy to assert that businessmen should assume certain responsibilities, deeper analysis often shows that there are severe limits to the

range and extent of responsibilities which they can reasonably be expected to assume; (3) that much careful study, research, and ethical analysis will be required before we shall be able to formulate the social responsibilities in a form which will be concrete, and which will receive wide acceptance; (4) that in such study, various points of view and various kinds of technical competence must effectively be represented; (5) that the economic problems of our society [. . .] cannot be solved merely by turning the responsibility over to business. [. . .] Part of the job rests with other groups, and part of it must be undertaken by the government. One of the great needs of our society, therefore, is to achieve cooperative and mutual relationships among groups, and between government and groups, such that urgent social purposes can be effectively defined and carried out. In this, businessmen have an important constructive role to play—a role that includes both leadership and cooperation” (Bowen, 1953, pp. 228-229).

## **Rediscovering the Neglected Contributions of *SRB***

Returning to the article’s opening proposal, it is worth reading *SRB* nearly 60 years after its publication. In what follows, we describe seven contributions from Bowen’s work that have faded from the CSR research agenda. We explain why these contributions are worth rediscovering, discuss the consequences of their neglect, and link Bowen’s insights to contemporary CSR debates. We also suggest how they might enhance CSR research, practice, and teaching to reinvigorate the field. Table 2 presents a summary of these contributions. The first one drives the others.

### ***Rediscovering the Systemic Dimension of Social Responsibility***

*SRB* is the work of an institutional economist who thinks in systemic terms. Bowen’s version of CSR spans different levels, from the individual (“the businessman”) to the organizational (large corporations as role models), to the national (the need for new institutions); it combines economic discipline with social ideals; it meshes true reformism with a deep sense of democracy. Bowen’s book therefore provides a clear and refreshing reminder that social responsibility is first and foremost a *systemic concept*. As such, it spans a wide range of dimensions: historical, institutional, political, managerial,

**Table 2.** Evaluation of Bowen's Contribution to the CSR Field

Original insight/contribution to be rediscovered	Consequences of its neglect	Use for future research and practice
Systemic dimension of social responsibility	<ul style="list-style-type: none"> <li>• Overfocalization on the corporate perspective in CSR discourses</li> <li>• Lack of global and comprehensive understanding or analysis of CSR as a social phenomenon</li> </ul>	<ul style="list-style-type: none"> <li>• Need for a new CSR pedagogy that reintegrates multiple dimensions of the concept—move beyond the business case</li> <li>• Study of CSR as a “total social phenomenon”</li> <li>• Acknowledging CSR social complexity in research and teaching</li> </ul>
Historical roots of social responsibility	<ul style="list-style-type: none"> <li>• Historical confusion or errors</li> <li>• Permanent “rediscovering” of CSR</li> <li>• Development of universal views of CSR that neglect its cultural embeddedness in U.S. values and norms</li> </ul>	<ul style="list-style-type: none"> <li>• Use of the book as historical research material to compare and contrast past and contemporary executive CSR discourses and practices</li> <li>• Need for research into the historical roots of CSR practices across various countries</li> </ul>
Institutional foundations of social responsibility	<ul style="list-style-type: none"> <li>• Social responsibility seen as emerging from a complex process of institutionalization</li> <li>• Lack of institutional analysis in the CSR field until recently</li> <li>• Little knowledge of the</li> </ul>	<ul style="list-style-type: none"> <li>• Studying the various institutional processes illuminated by Bowen to understand how</li> </ul>

*(continued)*

**Table 2. (continued)**

Original insight/contribution to be rediscovered	Consequences of its neglect	Use for future research and practice
	<ul style="list-style-type: none"> <li>mechanisms explaining CSR's institutionalization</li> <li>• Disconnection between governance and CSR studies which emerge from the same source (Berle &amp; Means, 1932)</li> </ul>	<ul style="list-style-type: none"> <li>CSR as an ideology driving business practices can emerge and fade across time</li> <li>• Building on Bowen's description of CSR in the United States to compare and to contrast contemporary and past processes driving CSR institutionalization</li> </ul>
Regulatory potential of social responsibility	<ul style="list-style-type: none"> <li>• Social responsibility doctrine seen as a part of the institutional solution for solving the giant corporation "regulation crisis"</li> <li>• Public policy and macrosocial approach to CSR</li> <li>• Businessmen behavior controlled through social norms and institutional mechanisms</li> <li>• Lack of discussion of CSR from public policy or political perspectives</li> <li>• Corporations seen as the dominant stakeholder in CSR discourses</li> <li>• Crises of regulations governing corporate behavior</li> </ul>	<ul style="list-style-type: none"> <li>• Need to construct social arenas where various stakeholders define relevant CSR indicators</li> <li>• Taking into account various instances of regulation (political, social, economic) in the analysis of CSR and the role of power</li> <li>• Need to promote studies about the regulatory potential and shortcoming of CSR for MNCs in a global context</li> </ul>
Social responsibility and welfare economics	<ul style="list-style-type: none"> <li>• Firms approached not only as economic units producing goods and services but</li> <li>• Neglect of the "welfare economics perspective" in the analysis</li> </ul>	<ul style="list-style-type: none"> <li>• Need to reconsider the respective roles of welfare state and corporations in the production of</li> </ul>

*(continued)*

**Table 2. (continued)**

Original insight/contribution to be rediscovered	Consequences of its neglect	Use for future research and practice
<p>also as producing “life quality” for workers through social responsibility</p> <ul style="list-style-type: none"> <li>• Social responsibility seen as a way to facilitate the convergence of business and society’s needs and values together with other institutional processes</li> </ul>	<p>of social responsibility</p> <ul style="list-style-type: none"> <li>• CSR seen as a way to enhance corporate welfare rather than society’s welfare</li> </ul>	<p>social welfare on a global scale</p> <ul style="list-style-type: none"> <li>• Development of analyses focused on corporations’ social responsibility impact on social welfare and environmental performance, beyond financial performance</li> <li>• Sociological inquiries of the processes, whereby corporations reinternalize their externalities through CSR</li> </ul>
<p>Lost purpose of business schools</p> <ul style="list-style-type: none"> <li>• Crucial role of business school for providing future executives with a clear knowledge of the likely consequences of their actions on society and the environment</li> <li>• Need to expand the curricula beyond technical disciplines and economics to include dimensions such as social responsibility</li> </ul>	<ul style="list-style-type: none"> <li>• Emphasis on the technical and rational dimensions of management disciplines by Gordon and Howell’s (1959) influential report</li> <li>• Dominance of the “a-socialized” view of economic actors in business schools curricula (Ghoshal, 2005)</li> <li>• Indirect yet acknowledged role of business school in corporate scandals</li> </ul>	<ul style="list-style-type: none"> <li>• Reconsidering the underlying assumptions behind human behavior when structuring management disciplines</li> <li>• Developing an analysis of how business schools can contribute to developing alternative models of managerial behavior that favor the integration of CSR issues in business decision making</li> </ul>

*(continued)*



**Table 2. (continued)**

Original insight/contribution to be rediscovered	Consequences of its neglect	Use for future research and practice
Managerial socialization to society's norms and values	<ul style="list-style-type: none"> <li>• Instrumental perspective on business networks that misses the importance of values and norms sharing as a way to control business behavior in a society</li> <li>• Potential disconnect between manager/CEO values and perceptions and society's expectations due to social distance and lack of sensitivity</li> </ul>	<ul style="list-style-type: none"> <li>• Studying the impact of CEO socialization and embeddedness within society on their tendency to invest in CSR programs</li> <li>• Analyzing the processes whereby contemporary managers are socialized to their noneconomic environment</li> <li>• Evaluating how teaching can contribute to the enactment of shared social values</li> <li>• Aligning society's and managers' values (normative processes)</li> </ul>

Note: CSR = corporate social responsibility.

psychological, moral, and economic. Each is related to the others. Each contributes to or can defeat the purpose of the whole.

According to Bowen, if social responsibility is to have an impact on corporate governance, it must be understood as being embedded in the wider concept of social welfare. This position is a far cry from what the concept has become, at least in some of the American business school-oriented literature. Starting with the 1970s return to management (Frederick's 1978/1994 CSR-2 period with the concept of "corporate social responsiveness"), CSR has slowly been reduced to a skillful management technique, one to be added to the available kit of executive tools for "value creation" (Lee, 2008). The so-called neoliberal revolution of the 1980s, which lasted long into the 1990s,

separated social responsibility from ethics, thereby depriving CSR of its normative base (Swanson, 1995). The result was an overemphasis on the corporate perspective in CSR discourse, stripping CSR of its institutional content (Marens, 2004). CSR has too often been instrumentalized as a new niche of market opportunity, as illustrated by the “business case” rhetoric (see Gond, Palazzo, & Basu, 2009) or by the studies investigating the link between profit and CSR (e.g., Margolis & Walsh, 2003; Orlitzky, Rynes, & Schmidt, 2003; Porter & Kramer, 2006).

Providentially, there may be a second chance today amid the growing concern for “sustainable development.” As defined in the U.N. report “Our Common Future” (World Commission on Environment and Development, 1987), sustainable development (SD) is in many ways a conception of social responsibility very close to the spirit of that developed by Bowen in *SRB*. Both concepts are value driven, espousing a humanistic philosophy of business and development; both are framed as systems, focusing on the interrelationships between the various components comprising “development” rather than mere economic growth; both link institutional and organizational levels; and both are conceived along pragmatist lines. Finally, both are reform oriented and built on multistakeholder participation and democratic processes. What is more, SD has achieved regulatory and political status in various regions worldwide. In Europe, for example, the European Commission, a body overseeing a population of more than 400 million, has officially endorsed the concept as a priority since 2001 (European Commission, 2001). Notably, it defines CSR as the voluntary activities performed by business to promote the three pillars of SD (economic growth, human welfare, and environmental protection). In such a context, research and teaching can be reinvigorated if we collectively acknowledge that CSR is a “total social phenomenon” (Mauss, 1923-1924/1954) rather than a collection of disparate practices.

### *Rediscovering the Historical Roots of Social Responsibility*

We see at least three benefits to reading *SRB* for its historical value. First, the book in itself is a crucial landmark that reconstructs the emergence of social responsibility in the history of business ideas and economic thought. It presents a rich analysis of the consolidation of the social responsibility doctrine in the United States between the end of the 19th century and the early 1950s (Heald, 1970, p. 323). In particular, it closely examines the executive mindset during the early stages of CSR and offers data showing how managers make sense of social responsibility (Basu & Palazzo, 2008).<sup>19</sup>

Second, *SRB* can help rectify present-day misconceptions about CSR and its development. For instance, writing in 2006, Porter and Kramer claimed that “the prevailing approaches to CSR are so disconnected from business as to obscure many of the greatest opportunities for companies to benefit society” (2006, p. 80). Echoing this position two years later, Shamir presented CSR as having been “silently developed in the ‘libraries and laboratories’ of business schools, patiently waiting to make its grand entry in the mid-1990s, when the language and logic of governance and its underlying practice of responsabilization became widespread” (Shamir, 2008, p. 10). Reading *SRB* shows that these positions are historically incorrect. *SRB* clearly demonstrates that social responsibility was primarily a managerial innovation that developed over time in corporations and was later theorized by academics. On this point, the authors agree with Swanson (2008) when she writes, “[. . .] the popularly held myth in some circles that corporate social responsibility advocates and business representatives are in opposite camps is not well founded, given that business practitioners helped shape ideas about the social role of business” (p. 227).

Third, *SRB* can also be used as a benchmark to contrast past and present discourses and practices regarding social responsibility. It enables a better perception of intellectual filiations, a crucial competence for theory development. For instance, *SRB*'s chapters on economics and the relationships between law and social responsibility discuss several arguments of central importance to the CSR field (e.g., Davis, 1960; Donaldson & Preston, 1995; Friedman, 1970; Margolis & Walsh, 2003). Similarly, many of today's conceptions can be traced back to forgotten parts of Bowen's work. *SRB* thus permits appreciation of the true innovativeness of current developments in the field. More importantly, a close reading of *SRB* can prevent scholars from reenacting old debates.

### *Rediscovering the Institutional Foundations of Social Responsibility*

*SRB*'s broad approach to CSR resonates well with recent calls for developing an institutional approach to CSR (Aguilera, Rupp, Williams, & Ganapathi, 2007; Campbell, 2007; Guthrie & Durand, 2008; Lee, 2008). It also fits naturally within the analytical frameworks of contemporary institutional analysis (DiMaggio & Powell, 1983; Scott, 2007). For example, *SRB* investigates the regulative and legal dimensions of the institutionalization of social responsibility (e.g., Chapter 11), the normative aspects of its diffusion (e.g., the role of managerial professional associations, Chapter 8) as well as the

cognitive processes facilitating its adoption (e.g., businessmen's own justifications of their adoption of this doctrine, Chapters 8 and 9).

*SRB* also teaches that CSR may follow cycles. It shows, for example, how the presence of strong institutional pressures helped the adoption of the social responsibility doctrine in the 1920s, then failed to keep it on corporate agendas after the 1929 crisis, and finally helped it regain vigor following World War II. This possible cycling should make us aware of the potential fragility of contemporary CSR institutions. The current economic crisis offers an opportunity to empirically evaluate the institutional solidity and resilience of our "CSR infrastructure" (Waddock, 2008). Future work could extend this analysis to other crises, or to the vagaries of the business cycle in general, in line with prior work on managerial ideologies (Barley & Kunda, 1992).

### *Rediscovering the Regulatory Potential of Social Responsibility*

Bowen was ambivalent about social responsibility's regulatory potential. Yet he was unconvinced that traditional public regulation was the ultimate solution and his reservations remain with us today. We know that public regulation can be poorly devised, especially when driven by short-term efficiency concerns, and can lead to chaos (Bénabou & Tirole, 2010). We also know that privately defined CSR is inefficient in increasing social welfare (King & Lenox, 2000). What is needed is a middle-ground conception of CSR with a forward-looking horizon.

Bowen's institutional perspective enables participants to perceive the regulatory issues at stake in CSR debates. Failure to acknowledge its relevance has led to an overconcentration on corporate discourse and a lack of discussion of the CSR concept from a public policy perspective, let alone a political one. The advent of free market policies in the 1980s, which emphasized public deregulation, left the question of "control over private enterprise" without a comprehensive framework, eventually leading to a profound crisis in market and corporate regulation. CSR scholarship rode out the storm but subsequently has been unable to contribute significantly to resolving this crucial issue.

However, fresh initiatives to develop new forms of social regulation have been undertaken over the last few years. They downplay traditional direct state intervention and favor a variety of hybrid governance schemes crossing traditional sociopolitical lines (Gond, Kang & Moon, 2011). For example, the globalization of issues, such as the regulation of multinational corporations and the control of greenhouse effects, has forced actors to think beyond

national levels of decision making. Strong interdependencies between multiple actors facing complex social issues have drawn increasing attention to multistakeholder participation. New practices are emerging, such as *soft law*, a form of international participative rule making hailed as a complement to the weaknesses of state-run *hard law* (Global Compact, GRI, and ISO 26000). Corporations themselves “engage” in CSR activities jointly defined with various stakeholders; and some of them, perhaps seeing no alternative, sometimes even enlist competitors in calling for more regulation to clarify CSR expectations toward their industry (Zadek, 2004).

In the so-called “postmodern” world (Calton & Kurland, 1996), traditional dividing lines have grown cumbersome. Following Bowen, a renewed conception of CSR could be formulated as neither defensive nor offensive but as an ongoing process of coalignment of corporate and socially defined objectives. It could be cast in terms of shared governance, rather than private initiatives, and find its place among the emerging forms of “hybrid” social regulations (Gond, Kang & Moon, 2011). In a later reflection on *SRB*, Bowen provided a useful starting framework for what he calls corporate “control,” listing four distinct elements: “(1) competition; (2) public regulation; (3) countervailing organizations such as labor unions, cooperatives and consumer groups; and (4) self-regulation” (Bowen, 1978, p. 116). If we consider these as a whole, we can then construe CSR as a collectively negotiated order (Strauss, 1993), defining mutually acceptable sets of obligations and structured by state and nonstate-sponsored institutional principles and sanctions.

For the business and society field, such a redirection would open up new research opportunities aligned with recent developments focused on “corporate citizenship” and the assessment of the political role of corporations (Matten & Crane, 2005; Scherer & Palazzo, 2011). Between the traditional command-and-control form of government regulation on one hand and pure market corporate regulation on the other, both of which have shown serious limitations, what would be CSR’s place? How should the regulatory potential of CSR/multistakeholder initiatives be evaluated? What kind of “stakeholder” is the state? What kind of stakeholder should it be? How do CSR models interact with national business systems and models of regulation? What are the new types of articulation between soft law and hard law and conditions for their efficiency in the CSR arena? What forms of CSR can best complement pure government or pure public regulation schemes? What fundamental changes should be made in the theory of the firm and/or institutional theory to make corporate behavior congruent with social ideals? How can new types of social arenas be designed wherein various stakeholders can define relevant CSR indicators? To answer these questions, it is necessary to

develop interdisciplinary perspectives, combining managerial perspectives with public policy frameworks. *SRB* provides many of the building blocks needed for such an approach.

### *Rediscovering How Corporations Create Social Welfare*

Bowen's approach to social responsibility fills another important gap in current research: the need for an organizational theory more sensitive to the improvement of society's welfare (Ahlstrom, 2010; Hinings & Greenwood, 2002; Stern & Barley, 1996; Walsh, Weber, & Margolis, 2003). It provides a useful set of tools for reconceptualizing CSR through a welfare economics perspective. *SRB* specifically raises the question of the conditions under which business behavior can enhance and deliver social value (Marens, 2004).

For Bowen, the purpose of economics as a science, and of the economic system in general, was unambiguous: "achieving human ends" (Bowen, 1948/1977, p. 118). The closing sentence of his 1948 textbook on economics clearly sets forth the challenge:

The great tasks of our age are to develop social science and to bring about a widespread diffusion of knowledge and understanding about social matters to the end that we may develop a free society of plenty and justice. (Bowen, 1948/1977, p. 330)

The macrosocial and policy-making perspective on CSR drawn by Bowen was also that of some of the founding fathers of the business and society field (Chamberlain, 1973, Epstein, 1969). *SRB* laid the groundwork for moving current CSR research beyond the business case (Margolis & Walsh, 2003) to inquiries into the conditions under which CSR can contribute to social welfare. This research agenda is still largely neglected within business schools (Stern & Barley, 1996). Worse, such research is often left to disciplines whose analytical or ideological frameworks are remote from business practice and theory, making business school scholarship vulnerable to outside stereotypes.

### *Rediscovering the Business School's Lost Purpose*

Howard Bowen, the economist, was also an educator. He believed in the power of education to transform thinking and infuse a better grasp of values or even to impart values themselves. He was particularly interested in business education, to which he himself had struggled to bring both technical and

social relevance. He expected business schools to provide “broad education” beyond problem solving techniques.<sup>20</sup> *SRB* even acknowledged the business school’s role in building social responsibility awareness among students:

Business schools have unquestionably contributed both directly and indirectly to the recognition among businessmen that their decisions and policies are of deep social concern and that they have important obligations to society. (Bowen, 1953, pp. 78-79)

The sentence quoted above was written in 1953. Today, a chorus of voices complains that business schools have lost their purpose of educating the “professional” and responsible corporate elite ([Ghoshal, 2005](#); [Pfeffer, 2005](#); [Pfeffer & Fong, 2003](#); [Swanson, 2004](#)).

What has gone wrong? Critics point to the inappropriate, curriculum-wide predominance of narrow market economics and behavioral theories whose validity is questionable outside of their original, limited domains. Such theories, they say, have stifled the proper cultivation of leadership and human values in the classroom. [Ghoshal \(2005\)](#) bemoans the prevalence in business school training of an “a-socialized” view of economic actors and the decoupling of business ethics and social values in management curricula. The mission of business education should be to develop students as stewards of corporate and social resources; instead, readers are told, it has produced sophisticated technicians with poor human and ethical judgment.

These charges are hardly new. They echo back to those formulated in 1959 in the landmark Gordon-Howell and Pierson reports, which reshaped business education in America. Both reports recommended upgrading business education to the level of respected “professions” of that time, through more research, the teaching of principles rather than techniques, and the infusion of values and a sense of responsibility. Over time, however, the third pillar slowly lost its status as a priority concern. Many business schools let it fall to that of an ancillary “elective.”

However, it did not have to be that way. The perspective held by Bowen and other CSR pioneers was the correct one. Given its origins, CSR should never have devolved into a technique. We can only dream of what the field would be today had it remained faithful to its founding purpose. CSR would be recognized not only as relevant but also as indispensable to business education and practice. It would have brought the business school the legitimacy it so often lacks on campus. It would have accumulated a rich body of interdisciplinary knowledge, both fundamental and applied. Its scholars would be drawing freely from disciplines outside of management, such as

economics, sociology, law, and political science. It would have become the prime promoter of a “humanistic theory of management,” that is, an organizational-level theory corresponding to the “humanistic theory of welfare” that Bowen went on to promote in the 1970s (Bowen, 1948/1977).<sup>21</sup> Under such conditions, CSR would have offered a credible alternative body of doctrine and knowledge to the grossly utilitarian management ideology that brought us the latest financial crisis and the persistent mismanagement of the natural environment (Ghoshal, 2005; Mintzberg, Simons, & Basu, 2002).

### *Rediscovering Manager Embeddedness in Social Norms and Values*

*SRB* clearly differentiates the “businessman” of the real world from the abstract and values-free *homo economicus* of academia. For Bowen, the *businessman* is not a lone, calculating actor. His behavior is embedded within social and organizational contexts.

If one assumes that contexts influence behavior, it then becomes possible to envisage the institutionalization of a new representation of the manager, one that challenges the currently dominant model of utility-based maximizing behavior (Ferraro, Pfeffer, & Sutton, 2005). *SRB* thus helps us open areas of inquiry that have too long been neglected. Future research could, for example, investigate under what conditions, institutional arrangements, or network configurations, managers could be induced to behave in socially responsible ways, or the processes through which social responsibility principles can be internalized. Such endeavors would be in line with empirical work showing how charitable giving is influenced by the social networks to which managers belong (Galaskiewicz, 1991). This perspective could be broadened beyond the case of philanthropy. For instance, research could test the claim made by *SRB* that executives whose networks overlap with those of other stakeholder groups are more sensitive to these group’s needs and values and thus more inclined to invest in CSR initiatives targeting them. Likewise, it could attempt to assess how the processes through which chief executives are socialized to their stakeholders influence their CSR policies.

## **Conclusion**

In 1975, Bowen was invited to a workshop with a number of sociologists and early pioneers of the emerging business and society field.<sup>22</sup> As one of seven distinguished speakers, he was asked to reflect on his landmark book, more than 20 years after its publication. He stated,



In my [SRB] book, I was very cautious in my claims about the extent of useful results obtainable through voluntary assumption of social responsibility by business. My observations and experiences over the past twenty-five years have heightened my skepticism. I have detected few gains in the quality of business stewardship over that time. (Bowen, 1978, p. 122)

Then, after several pages, he concluded his talk with the following paragraph:

This kind of strong language was not found in my book of 1953. I was then skeptical and cautious but hopeful about voluntary social responsibility. My experience and observation since then have led me to the conclusion that *the social responsibility concept is of minimal effectiveness* and that an economy that serves the people can be built in America only if corporate enterprise is brought under social control on terms such that the public and not the corporations control the controllers. (Bowen, 1978, p. 129; emphasis added)

Coming from the key theoretician of the concept, this confession might read like the ultimate indictment of CSR. Nevertheless, we believe such an interpretation would be misguided. In fact, interspersed between the two quotes above, Bowen (1978) displayed ambivalence regarding his own disappointment:

Despite my skepticism about progress since 1953, I continue to believe that corporate social responsibility has a role in the harnessing of business activity to the social interest. (p. 123)

Although there is an apparent contradiction, Bowen's ambiguities are not merely those of a disgruntled suitor. Indeed, they reflect the central issue that has troubled the CSR concept since its inception: What is the proper mix of voluntary initiative and coercive pressure most likely to align corporate activities with the public interest, given that neither source alone will prove sufficient? Perhaps, this ambiguity is the price that must be paid if we want to achieve the "free society of plenty and justice" that Bowen so passionately advocated.

Following in Bowen's path, our rereading of this pioneering work has led us to highlight seven insights which, if carefully pursued, might greatly benefit the CSR field. In *SRB*, we see a source of inspiration, one with the

exciting potential to stimulate fresh thought—and perhaps reinvigorate CSR scholarship.

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### **Notes**

1. A search of this book's citations on the EBSCO database performed in October 2008 reveals that the book was never referenced more than three times per year from January 1955 to December 2000. It was then referenced more than 10 times between January 2001 and December 2004 and, finally, more than 40 times between January 2005 and October 2008.
2. Most of the biographical elements presented in this section are based on Solberg and Tomilson's (1997) article dedicated to the "Bowen controversy" that occurred at the College of Commerce of the University of Chicago Illinois. This information has been completed with data found on the Internet such as that provided by the University of Iowa (see [www.iowalum.com/magazine/presidents/14-bowen.html](http://www.iowalum.com/magazine/presidents/14-bowen.html)).
3. During World War II, Bowen was employed by the U.S. Department of Commerce and served as chief economist for the U.S. House Ways and Means and the Senate Finance committees. In 1945, he joined Irving Trust in New York as an economist ([www.iowalum.com/magazine/presidents/14-bowen.html](http://www.iowalum.com/magazine/presidents/14-bowen.html)).
4. Franco Modigliani and Leonid Hurwicz later received the Nobel Prize in Economics, while other hires, such as Don Patinkin, became influential economists.
5. For example, Bowen offered Harvard's John K. Galbraith the job of head of the Department of Economics. Galbraith declined.
6. Solberg and Tomilson (1997) report Bowen's successive appointments after this controversy: "After leaving Urbana he was a member of the economics faculty at Williams College until 1955, president of Grinnell College from 1955 to 1964, president of the University of Iowa from 1964 to 1969, and at the Claremont University Center and Graduate School from 1969 to 1986" (p. 79). Bowen died on December 22, 1989, at the age of 81.
7. Interestingly, he also adopted a very critical perspective on the development of neoclassical welfare economics, 30 years after the publication of his *Toward Social Economy* (Bowen, 1948/1977, "Afterword" to the 1977 edition).

8. Relying on Parson's (1951) model of social functions, the first chapters of *Toward Social Economy* develop an approach to economic systems as "socially controlled entities." The objective is to explain how the behaviors of economic actors are shaped by institutions. The last chapter is also a sharp departure from classical economics. In the eyes of a keen analyst, it is dedicated to "alternatives to the capitalistic system and the weaknesses inherent in both pure capitalism and pure socialism. The need for a middle course is pointed out for solving the problem of 'combining planning and democracy'" (Hewes, 1950).
9. Of 14 books that he wrote, at least half deal with issues of educational economics.
10. These goals are broadly defined in a welfare economics perspective that includes many social items beyond economic outcomes. They include (a) high standards of living, (b) economic progress, (c) economic stability, (d) personal security, (e) order, (f) justice, (g) freedom, (h) development of the individual person, (i) community improvement, (j) national security, and (k) personal integrity (pp. 8-12). No mention is made here of environmental protection.
11. The book's Appendix B provides a list of more than 100 names of executives having produced texts or documents serving as sources for these chapters (pp. 265-270).
12. The same argument will be interpreted negatively by financial scholars in the 1960s, leading to agency theory. Whereas Bowen's position will eventually lead to the opening up of decision making to external "stakeholders," agency theory will refocus it on the sole interests of the shareholders.
13. According to this logic, the less socially responsible corporations would force their more socially scrupulous counterparts out of the market.
14. Bowen subsequently addresses a fifth argument, this time a moral criticism against social responsibility: focusing on social responsibility may give businessmen the impression they are relieved from their personal "moral and religious duties and compassion and concern for the persons with whom they come into actual contact" (p. 122). Whereas he acknowledges the partial validity of this critique—adopting social responsibility principles may create a risk of secularizing traditional religious obligations—he stresses that in social contexts characterized by the increased interdependence of economic actors, powerful groups such as businessmen may affect the life of remote people nearly as strongly as the life of their neighbors and therefore owe them the same kind of "proximate obligations."
15. *Dodge v. Ford* (1919).
16. The term stakeholders first appeared later than the book, but Bowen's description of the corporation is extremely close to that adopted subsequently by stakeholder approaches (Donaldson & Preston, 1995; [Freeman, 1984](#)): "a large enterprise may

- best thought of as a center from which influences radiate in ever-widening circles. In the inner circle are the employees whose whole lives are bound up with business. In the next circles are the stockholders, customers and suppliers, who are directly affected in varying degrees by the actions of the business but seldom are closely associated with it or fully dependent upon it. In the next circles are citizens of the community in which the business operates. [. . .] In the next circle are the competitors, [. . . and] in the outer circle is the general public” (p. 136).
17. Here Bowen mentions the German codetermination plan as an extreme form of this idea.
  18. Interestingly, this idea of social audit would find an empirical illustration in France 23 years later with the 1977 law on the Bilan social [Social Scorecard].
  19. The “businessmen” described by Bowen were all men, most of them influenced by Protestantism, and were also (presumably) all white.
  20. “The way in which graduate education is conducted affects the development of socially responsible men and women as well as their competence” (Bowen, 1984, p. 113).
  21. The 1977 edition of his 1948 book contains an untitled “Afterword” of 19 pages (pp. 331-349) which reproduces the text of a 1972 conference. In it, Bowen develops his 1948 ideas into a provocative new vision. After a harsh indictment of “the new welfare economics” (“Its basic postulate is simply that more is better than less,” p. 333), he calls on economists to seriously take on the question of values, instead of purposefully leaving it aside. Taking his inspiration from a host of “humanistic critics of economics,” among them John Ruskin (the 19th-century British art critic), Thoreau, and even Jesus (in Matthew), he proposes to rebuild economic science around the concept of “life,” by which he means the sum of all the experiences a human being can enjoy throughout his or her life, good or bad. A list of 15 “life” values to be maximized is provided. The paper ends on a telling quote: “As Ruskin (1977) said, [. . .] There is no Wealth but Life” (p. 349).
  22. A “workshop/conference” convened by Edwin M. Epstein and Dow Votaw at the School of Administration of the University of California at Berkeley, March 23-26, 1975. The proceedings are published in Epstein and Votaw (1978).

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