

**The Ethicality of Altruistic
Corporate Social Responsibility**

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Abstract *This personal opinion commentary questions commonly held assumptions about corporate social responsibility (CSR). It discusses the morality of altruistic CSR—philanthropic CSR activities that are not necessarily beneficial to the firm’s financial position. Evaluating altruistic CSR from all major ethical perspectives—utilitarianism, rights, justice, and care—leads to the conclusion that, for publicly held corporations, such activity is immoral. This is because altruistic CSR violates shareholder property rights, unjustly seizing stockholder wealth, and it bestows benefits for the general welfare at the expense of those for whom the firm should care in close relationships. The paper also determines that, what are often considered mandatory ethical and social corporate duties, are actually optional activities that should only be undertaken when it appears that they can enhance the value of the firm, i.e., when they are used as strategic CSR. However, using Judeo-Christian principles on the meaning of work, the article also concludes that altruistic activities are appropriate and commendable for private firms and individuals. Suggestions for practitioners of CSR and for future academic research are offered.*

Introduction

In a previous paper (Lantos, 2001) I reviewed and analyzed the literature on corporate social responsibility (CSR), concluding that, unless CSR is expected to yield dividends to the firm, it is not a legitimate endeavor for publicly held corporations. In this paper I shall first briefly summarize that paper as background for further analysis of altruistic CSR activities. This time the inquiry shall be from three major ethical perspectives—teleological, deontological, and virtue theory, with deontological ethical theory (responsibilities, rights and justice) as my primary framework for analysis, but also drawing on the ethics of care. I will once again conclude that, for a publicly held company, altruistic CSR is immoral, because it breaches shareholder property rights, unfairly confiscating stockholder wealth, and it spends money for the general welfare at the possible expense of those the firm should be caring for, notably employees and customers. However, for a private firm and for managers using their own resources, altruistic endeavors are commendable and consistent with certain secular as well as Judeo-Christian teaching on the meaning

and purpose of work. I shall conclude with implications and recommendations for managers in both public and private organizations.

Background

In the first article on CSR (Lantos, 2001), I reviewed Carroll's (1979, 2000) four-part definition of CSR, and related each part to one of three types of CSR that I conceptualized companies practicing (see Figure 1 for definitions of and comparisons between the types of CSR according to Carroll and Lantos). Carroll's *economic responsibilities* include being profitable for shareholders while providing economic benefits to other corporate stakeholders, such as fair-paying jobs for employees and good quality, fairly-priced products for customers. *Legal responsibilities* involve conducting business legally. *Ethical responsibilities* go beyond the law by avoiding harm or social injury; respecting peoples' moral rights; and doing what is right, just, fair (Smith and Quelch, 1993), and caring. *Philanthropic responsibilities* entail "giving back"

Archie Carroll (1979, 2000, 2001) Classification

1. *Economic responsibilities*: Be profitable for shareholders, provide good jobs for employees, produce quality products for customers.
2. *Legal responsibilities*: Comply with laws and play by rules of the game.
3. *Ethical responsibilities*: Conduct business morally, doing what is right just and fair, and avoiding harms.
4. *Philanthropic responsibilities*: Make voluntary contributions to society, giving time and money to good works.

Lantos' (2001) Corresponding Classification

1. *Ethical CSR*: Morally mandatory fulfillment of a firm's *economic responsibilities*, *legal responsibilities*, and *ethical responsibilities*.
2. *Altruistic CSR*: Fulfillment of an organization's *philanthropic responsibilities*, going beyond preventing possible harms (*ethical CSR*) to helping alleviate public welfare deficiencies, regardless of whether or not this will benefit the business itself.
3. *Strategic CSR*: Fulfilling those *philanthropic responsibilities* which will benefit the firm through positive publicity and goodwill.

Figure 1. Types of Corporate Social Responsibility

time and money in the forms of voluntary financial giving and service. However, Milton Friedman (1996) famously argued that a corporation's only social responsibility is its fiduciary duty to maximize shareholder wealth while obeying the law and basic canons of ethics. Here, Friedman laid the groundwork for arguments against Carroll's (2000) philanthropic responsibilities.

Using this framework, I proposed that the confusion about the meaning and legitimacy of CSR could be clarified by suggesting three types of CSR: ethical, altruistic, and strategic. *Ethical CSR* is morally mandatory and goes beyond fulfilling a firm's *economic* and *legal* obligations, to its *ethical* responsibilities to avoid harms or social injuries, even if the business might not appear to benefit from this. Hence, a corporation is morally responsible to any individuals or groups where it might inflict actual or potential injury (physical, mental, economic, spiritual, and emotional) from a particular course of action.

Altruistic CSR is equivalent to Carroll's (2000) *philanthropic responsibilities* and involves contributing to the good of various societal stakeholders, *even if this sacrifices part of the business' profitability*. Firms practicing altruistic CSR help to alleviate various social ills within a community or society, such as lack of sufficient funding for educational institutions, inadequate moneys for the arts, chronic unemployment, urban blight, drug and alcohol problems, and illiteracy, among others. The justification lies in the fact that the modern corporation has been entrusted with massive economic and human resources and has the power to affect many parties beyond the participants in its transactions. Thus, there is an implicit corporate social contract between business and society whereby firms agree to be good stewards of society's resources.

On the other hand, *strategic CSR* involves caring corporate community service activities that *accomplish strategic business goals*. Here, corporations contribute to their constituencies not only because it is a kind and generous thing to do, but also because they believe it to be in their best financial interests to do so, thereby fulfilling their fiduciary responsibilities to the stockholders.

Summarizing points made by Friedmann (1996) and others, I argued that altruistic CSR is not a legitimate corporate activity for many reasons:

- The analogy between individuals being generous and organizations being munificent is misleading. Unlike humans, who are multifaceted with diverse interests, corporations are formed for limited economic purposes that include profit maximization for their owners but not promoting societal welfare. Also, in contrast to wealthy individuals, who are expected to be compassionate and share

their good fortune with the less fortunate, individual stockholders might not be particularly wealthy and could be counting on a profit stream for future private needs such as retirement and college savings (Trevino and Nelson, 1999).

- Although champions of altruistic CSR suggest that business largesse (which they neglect to point out is at stockholders' expense) is preferred to government munificence at taxpayers' forced expense, voluntary altruistic actions by private individuals or private charitable and social service organizations is a better option to both since there is no involuntary taking of others' property. For businesses to take on such duties is to involuntarily charge stockholders (through lower stock prices), consumers (through higher product prices), and/or workers (through lower pay).
- While corporations do not always perfectly fulfill society's needs as Adam Smith's "invisible hand" suggests (e.g., imposing social costs like pollution, producing socially undesirable goods), such shortcomings are *ethical* issues since they entail harms—ethical CSR is mandatory. When government establishes good laws and polices, such problems by and large disappear.
- Business organizations are not usually competent to effectively involve themselves in public welfare issues (Freeman, 2001; Shaw and Barry, 1992).
- Getting agreement on which causes are "socially responsible" is impossible in a pluralistic society (Carroll, 2001), and so stockholders might unwittingly support causes they do not advocate. In fact, even with strategic CSR, firms must be careful to avoid controversial causes such as the pro-life and gun control movements.
- Corporations need not "give back" to society since a business pays taxes in return for any benefits it receives.
- *Strategic CSR*, however, is legitimate. When volunteerism leads to higher employee morale and hence higher productivity, or more loyal customers, attracts customers to a "caring" corporation, or contributes to the local community, making it easier to attract desirable employees, there is a "win-win" situation that benefits both the firm and its constituencies. Strategic CSR is a growing marketing activity that benefits both companies and society, suggesting that marketers should take a lead role in strategic CSR planning and implementation.

This article shall use ethical analysis to further explain why altruistic CSR is not proper for publicly held firms but is for privately owned businesses. It will conclude with recommendations for use of strategic CSR as well as altruistic CSR by private firms and by managers as individuals.

Ethical bases for social responsibilities preclude altruistic CSR

There exist three basic moral theories which are useful for separating a company's *mandatory* moral responsibilities (*ethical CSR*) from its *optional* social "responsibilities" (*strategic CSR* or *altruistic CSR*).¹ One objective is to further clarify the boundaries between ethical CSR, altruistic CSR, and strategic CSR, giving guidance to practicing managers. The primary purpose, though, is to further demonstrate the illegitimacy of altruistic CSR for corporations.

Three mainstream ethical theories are (1) *teleological* or consequences-based (*consequentialism*), usually using principles of utility (e.g., *utilitarianism*); (2) *deontological* or duty-based, focusing on peoples' duties to uphold norms, using principles of *rights* and of *justice*; and (3) *virtue-based*, considering whether behavior promotes ethical values and good character, and entails caring for stakeholders. We shall see that expansive views on rights, justice, and caring have resulted in spurious altruistic responsibilities being thrust on business organizations. Thus, ethical analysis will show the reader that the parameters for social responsibilities are narrower than what popular thinking claims.

Teleological ethics

Consequences-based philosophy judges morality based on the outcomes of actions—behavior is ethically right if its consequences are good and wrong if its results are bad or evil. According to the most popular theory of consequentialism, utilitarianism, formulated by John Stewart Mill (2000), we should seek the greatest good for the greatest number among the company's various publics.

However, most modern ethicists reject consequentialism as a foundation for ethical CSR. Ethical problems include the difficulty of foreseeing long-term consequences and of measuring and quantifying outcomes; promotion of an "ends justifies the means" mentality; and the fact that logically, morality should not be determined by consequences since they are often due to outside factors beyond the control of the moral agent.

The greatest problem with utilitarianism from the perspective of the ethicality of altruistic CSR is the tendency to let minorities suffer harms so majorities (“the greatest number”) can enjoy benefits. Given all of the firm’s many constituencies— supply chain partners, the local community, the public at large, and even the natural environment—the stockholders and those with close relationships with the firm (notably employees and customers) will be outnumbered every time.

Deontological ethics

Overview of deontology. Unlike teleology, deontology has great value for analyzing ethical CSR and altruistic CSR since its focus is on responsibilities, and therefore it shall be this paper’s major focus. *Deontology* is the branch of moral philosophy that concentrates on duties or moral obligations—it puts the “responsibility” in “corporate social responsibility.” If an action does (does not) fulfill one’s duties, then the action is (is not) an ethical one.

The two major deontological frameworks are: (1) the theory of *rights*, concerned with individuals’ moral rights and the *duties/responsibilities* of moral agents to respect and protect those rights, and (2) the theory of *justice*, dealing with fairness and equity in decision making. It will be shown that popular thinking regarding both of these theories is wrong, with the result being that business is said to have certain social and/or ethical obligations, when in fact what it really has are optional opportunities to practice strategic CSR (and/or, in the case of private firms, altruistic CSR).

Ethical CSR mandates that that corporations have responsibilities to help solve social problems they created or to prevent social harms they could potentially cause. Corporations have special moral obligations to their various stakeholders, who in turn have *rights* to make certain claims on the corporation, such as customers insisting on reasonably priced, safe and effective products, and workers expecting safe working conditions and fair pay for a fair day’s work.

The bases for duties. Deontological duties (indeed, all ethical precepts) have three possible foundations: 1. religious mores (rarely referenced in modern social responsibility discussions), 2. natural law assumptions regarding the nature of humanity (also not very frequently appealed to any more), and 3. rational criteria of moral reasoning (the focus in most contemporary ethics and social responsibility treatises).

First, general duties are prescribed in the sacred literatures of religions such as Christianity, Judaism, and Islam. There is a body of moral values common to all religious traditions (so-called “common morality”: do not lie, cheat, steal, etc.). For example, perhaps the best-known moral maxim, found in virtually all religions, is the Golden Rule model—one should choose the action that treats others with the same dignity and respect that he would expect or like to receive from them. From a deontological religious perspective, our ultimate duty is to obey God and His revealed will.

God’s moral will is revealed through so-called divine special revelation—God speaks to humans directly through a holy book believed to be divinely inspired.² The Founding Fathers, influenced by their Puritan beliefs, thought the Almighty provides Divine guidance in human affairs. Traditionally the majority of Americans believed that the Bible’s moral revelation provides fixed permanent guidelines and a basis for moral consensus. The basic moral truths of Western civilization were explicitly spelled out in the Old Testament (e.g., the Ten Commandments) and the New Testament (e.g., the Sermon on the Mount).

This gives us faith-based ethics, where faith involves belief and trust in God and religious convictions about truths in matters of right and wrong. However, such works as Scripture only offer broad, general principles that must still be intelligently applied to specific business situations. Thus, while the Bible has moral authority, its application is in some scenarios open to interpretation. The Bible, of course, does not deal with altruistic CSR, although it does have some guiding principles for private firms that I shall return to later.

A second source of general duties is *natural law*—an act is morally wrong if it is incompatible with human nature. Natural law is a body of laws that derives from nature (and nature’s Creator, God), and the laws are believed to be binding upon human activity apart from or in conjunction with human-made laws. Thus, truth telling, promise keeping, and compassion are all moral principles—we naturally respect people who exhibit these traits and disrespect people who exhibit their opposite. Nobody admires people who grossly manifest any of the “seven deadly sins”—gluttony, sloth, greed, lust, wrath, pride, and envy—because they violate natural standards of human conduct. While natural law can be applied to ethical CSR, it has nothing to inform us regarding altruistic CSR, which is in the realm of the nature of corporations, not individuals.

The third deontological source is *reason*, advocated by philosophers such as Immanuel Kant in his classic *Critique of Pure Reason* and “Fundamental Principles of the Metaphysics of Morals,” (Kant, 2000), in which he discussed the categorical imperative line of reasoning, and by David Hume in “A Treatise of Human Nature.” Consistent with the Golden Rule, such philosophers believe that the first duty of universals (applicable to everyone) is to treat others as ends, not means, i.e., with respect and consideration. Corporations have duties such as being fair, keeping promises, fulfilling debts to others, respecting professional secrets and confidences, and abiding by terms of a contract.

An executive action is morally responsible if it treats all stakeholders with the same respect and dignity a manager would expect or wish to receive from others. Stakeholders have rights to be treated as ends, not as means to an end (Rae and Wong, 1996). For instance, a company should treat its workers with dignity, as “ends” in themselves, rather than as a “means” toward greater corporate profits. This is likewise true for marketing personnel’s attitude and behavior toward their customers, suppliers, and distributors.

The nature of responsibilities: If we understand the notion of responsibility we will better comprehend the nature of social responsibility. Deontologists distinguish *categorical* duties from *prima facie* duties. Categorical duties are absolutely never to be violated. However, when dealing with issues of CSR we confront multiple constituencies toward which we owe sometimes-conflicting responsibilities. Here, it would seem that obligations are *prima facie* (“on the surface” or “at first sight” duties)—we rank duties owed various parties and obey the stronger or more compelling one when it conflicts with the weaker one. Conceptualized by English philosopher William David Ross (2000), the theory of *prima facie* duties says that there are certain responsibilities that at first sight suggest that an overriding moral obligation is involved. However, such duties might need to yield to more compelling and conflicting obligations. For example, bribery is *prima facie* wrong, meaning there might be considerations that override the duties violated by bribery. This would have been true in the case of a manager who, in violation of company policy (i.e., his or her duties to the company), made a payment to a South African official not to enforce the rules of apartheid, which he viewed as part of his social responsibility to that society. Or, the briber might have duties to preserve himself for the sake of his family when threatened to making a payment.

The difficulty with *prima facie* duties lies in determining which responsibility has priority where there is a conflict among duties. The most fundamental disputed tradeoff is between maximizing shareholder

profits and achieving social responsibility goals. Another is the give and take between higher salaries and lower consumer prices. Or, consider that a program to increase minority employment might reduce efficiency, thereby lowering employee pay and/or raising consumer prices. Or, such a program might be instituted at the expense of investing in pollution reduction. Animal rights advocates might demand that a cosmetics company cease all testing on animals, whereas consumer activists would demand that the business use all known effective measures for guaranteeing to consumers the effectiveness of its products, including animal testing, if necessary, believing that responsibilities to best serve customers exceed duties to not harm animals.

According to Ross (2000), there is no absolute hierarchy of duties; the ranking of duties depends on the situation. However, it would seem that one way to think about where the weakest vs. the strongest duties exist is to envision stakeholders as existing at four levels, from broad and less immediate to the firm to narrow and parties with close ties to the company. First, is the *macroenvironment* or *general environment* level—broad environmental forces and institutions, society at large (the “general public) as well as business, economic, legal, political, technological, natural, media and sociocultural systems and institutions. Second, is the *microenvironment* or *operating environment*—the organization’s immediate environment, consisting of exchange relationship partners (such as suppliers, distributors, and consumers), plus competitors, the local community, and the financial community (stockholders, bondholders, and creditors). Third, are stakeholders within the *business organization*, notably superiors, subordinates and other employees, and labor unions; and fourth are *significant others* of business decision makers, such as family, friends, and colleagues. As we move through these four levels, personal relationships become stronger and, therefore, so do ethical and social duties. This suggests that broad “social responsibility” should often take a back seat to being responsible for the welfare of those with strong relationships with the organization.

Rights theory

Ethical CSR is sometimes framed as a way to respect stakeholders’ rights. It is standard practice to invoke rights in heated disputes about societal issues such as affirmative action, workplace privacy, environmental protection, truth in advertising, and product liability. But, unfortunately, because rights are

not always fully understood, both business and government are charged with protecting rights that perhaps they really are not responsible for.

Being deontological, rights theory is duty based—each *right* has a correlative *responsibility*. For example, if you claim the right to breathe fresh air, then one duty of those who manufacture goods is to insure that they do not cause the air to become unclean. Since to do so might harm you, this is a legitimate claim to make on the manufacturer. The rights of concern here, then are *claim rights*—a person can claim others have a duty toward him without appealing to kindness, gratitude, pity, or good will. Most rights theorists believe that the rights of individuals, i.e., individual moral rights, take precedence over the rights of organizations and institutions, i.e., group rights, such as in the case of racial affirmative action because of the inherent worth and dignity of the individual, who is made in God’s image (Genesis 1:26; 9:6). Rights apply to groups, such as community stakeholder groups, only insofar as the rights derive from those of each individual member.

In the hierarchy of four stakeholder groups to whom duties are owed, rights of significant others are more compelling of those of people within the business organization, which, in turn, are more important than those in the operating environment, which exceed those in the broad external environment. This tends to argue against broad social responsibilities such as donating money to a community organization if it is (as it usually is) at the expense of interests of others closer to the firm, such as workers, who might then receive lower pay, or consumers, who might then pay higher prices.

The wrong expansive view regarding rights which corporations are purportedly obligated to respect stems from a failure to think about, let alone correctly answer, the question: “Where do rights come from?” Traditionally Western civilization believed that rights originate with God (“God-given rights”) because the Bible explains that we are created in God’s image. The Founding Fathers were heavily influenced by the Judeo-Christian tradition’s view on rights, as seen in the fact that the Declaration of Independence’s reference to “self-evident truths” affirms the notion of a deity as the Source of all rights (although some of Jefferson’s colleagues suggested that rights come from “nature,” i.e., rights are inherent in human nature). From the biblical perspective, human rights, such as the right to life and to own property, are derivative of duties, being implicit in biblical commandments such as “Thou shalt not kill” and “Thou shalt not steal.”

However, human rights are now increasingly seen as resting only on constitutions or governmental

enactments, or are agreed upon by social convention (e.g., international conventions on human rights) rather than on being founded upon any sense that there is a divinely constituted Order of Being that is to be respected by all. The modern interventionist view is that government creates and extinguishes rights so long as legislation is adopted under the rules of procedural due process. However, this means that government (e.g., the Supreme Court) could arbitrarily take away our rights, as has happened in the former Soviet Union, Red China, Cuba, and other totalitarian societies, where millions have been killed, imprisoned, or tortured. Thus, Congress can create or expunge a right to a job, to an education, or to food. Thus, if rights are humanly derived, of which human rights can we be certain and how? With today's relativistic approach, more and more rights are being postulated, but many of these are spurious rights with no philosophical or religious foundation.

To determine the legitimacy of a claimed right, one must ask: "At whose expense will this 'right' be enforced and who has the duty to respect the right?" (Hospers, 1996). One way to know if something is a claimed right is to ask if it is possible for all individuals to exercise the right simultaneously. If your exerting a right precludes someone else from exercising the same right at the same time, it is not a right (Baird, 1996). For instance, if you claim a right to a job, there must be another person who has the duty to provide the job. But then that person does not have the same right you do; my right creates a duty for him to undertake some positive action he might not want or be legitimately obligated to undertake. On the other hand, we all have the right to offer to buy or sell labor services—my offering my labor services does not preclude you from offering yours. The same holds true for buying and selling legally produced and sold products. The same test can be applied to the right to food, an education, health care, and other community needs, none of which are rights because we cannot force others to provide for us. To do so is to infringe on their property rights; they are special privileges bestowed upon some people at the expense of others (Poirot, 1996). For instance, with today's "workers' rights" a manager can often no longer fire even a hopeless bungler without fear of being sued; thus the concept of an employer's right to discharge/terminate an employee at will is being taken away.

To discern the traditional rights that good organizational citizens have a duty to respect, we must distinguish between negative rights and positive rights (Hospers, 1996). *Negative rights or liberty rights*, recognized by all rights philosophers, and vigorously defended by Alan Gewirth (2000), suggest that

people should be free from restriction or control, i.e., they have the right to be left alone, both by other individuals and by government, so long as they do not trespass against the liberty rights of others. The moral agent's duty is simply to refrain from *harming* or *interfering* with another person's intended course in life (plus honoring their agreements with others) (Lippke, 1996).

For corporations to breach negative rights is clearly wrong. For instance, job discrimination violates an employee's right to be treated as a free person equal to everyone else. Or, consumers' privacy rights are sometimes violated by direct marketers, who ignore consumers' right to be left alone (they should not have to deal with pitches flooding their mailboxes and phone calls at dinnertime) and who distribute their personal information to other marketers without customers' consent. Of special relevance to this paper is stockholder's property rights being dishonored by altruistic CSR activities.

Liberty rights do not require moral agents to invest time, money, energy, and other resources to assist others. Thus, to refrain from doing so is not ethically irresponsible. However, to expend resources to help others is to respect the second basic category of rights—*positive rights* or *welfare rights*—rights to whatever is necessary to satisfy basic needs, such as health, happiness, and general well being. Other individuals, groups, or society are sometimes said to have the positive duty to provide for welfare rights. Especially business and government organizations, as the two most powerful and wealthy institutions, are sometimes said to have duties to provide for the general welfare.

Most nonutilitarian philosophers believe liberty rights are more important than welfare rights—they see us as having a much stronger obligation to refrain from interfering with people's freedoms than to promoting their happiness or well-being, since to not respect negative rights invokes direct harms (a sin of commission), whereas to not regard positive rights entails indirect harm, at best (a sin of omission). That is, charitable acts related to promoting welfare rights are supererogatory (nonessential), not obligatory. While these actions would be commendable to take, it is not immoral to neglect them. Hence, they should not be put in the category of “ethical responsibilities.”

For instance, a manufacturing company's obligation not to violate OSHA regulations and thereby endanger the safety of its employees is stronger than its obligation to open day care facilities for workers' children, even if the cost for both is the same. Likewise, for a company to violate peoples' rights by despoiling the environment through discharging pollutants would be morally worse than for it to decide not

to expand a new job training program in the inner city, even if expanding the program would bring more total good and cost less.

Many of today's ever-expanding "rights" are not legitimate rights! Welfare rights always come at someone else's (often coerced) expense, making claims upon others that interfere with their liberty rights. We do not have positive rights because we are not owed involuntary servitude from our fellow citizens. If people are entitled to having all our needs met, then we have made one subset of the population (i.e., taxpayers in the case of government and shareholders in the case of corporations) subservient to another. Therefore, altruistic CSR is not appropriate since it comes at the stockholders' expense, results in higher consumer prices, and/or lowers employee compensation, although strategic CSR is laudable since it enhances the bottom line and thereby financially benefits the owners of those funds and can help keep prices down and pay levels up.

As individuals, we should help those who are less fortunate. In fact, we are commanded in Scripture (I John 3:17) to do so. However, that does not mean turning the task over to governments and corporations. True compassion requires the voluntary use of one's own time and money (Ahlseen, 2000). Compassion should happen at a personal level, where "a person is moved by the suffering or distress of another, and by the desire to relieve it" (Olasky, 1996).

Another problem with welfare rights is that where we draw the line is never clear. For example, many claim a business owes its employees a right to a certain quality of life and must pay a "living wage." Or, consider that some argue for the right of inner-city dwellers to be efficiently served by retailers, who nonetheless shy away because of high crime rates in urban areas. One might argue that these welfare rights should not be serviced by business—after all, in free and competitive markets, dissatisfied workers have the right to seek employment elsewhere, and disgruntled customers can take their business elsewhere. However, markets are less than perfectly competitive, and so these options are not always readily available.

In conclusion, this understanding of positive vs. negative individual rights provides support for ethical CSR but not for altruistic CSR. For example, it argues that marketers have a duty to tell the truth in marketing communications so as not to harm consumers by violating their negative rights to not be deceived. But, this view of rights also argues against using corporate profits to engage in benevolent community service such as beautifying town parks and contributing to homeless shelters, for such provision

for the community's positive rights violates the property rights of stockholders who do not wish to have their money spent for such purposes. In fact, it even argues against providing financial assistance in retraining workers who are permanently or indefinitely laid off to allow the company to remain solvent, as this would transfer wealth from shareholders to unemployed workers; employees do not have a right to a job beyond what the company has contractually agreed to provide (Miller and Ahrens, 1993). On the other hand, the unilateral and sudden termination of the work relationship without any efforts to ameliorate its effects would seem to be harsh, even inhumane (Lippke, 1976), although if employment is at will this is certainly permissible. Nonetheless, the closer the bond between the employees and the firm (based on factors such as their longevity with the company and degree of commitment to it), the more the company should feel obligated to assist them, even at stockholders' expense.

Of special interest to marketers are John F. Kennedy's "Consumers' Bill of Rights," most of which are positive rights. In 1962 President Kennedy enumerated four basic consumer rights: the right to safety, to be informed, to choose, and to be heard. To them was added by Presidents Nixon and Ford the right to a clean environment, to be in a minority without a disadvantage (i.e., without losing one's rights), and to consumer education. While it might be nice for consumers to have all of these "rights," every one but the right to safe products and to a safe environment are welfare rights that companies are not obliged to provide, whereas providing dangerous products and fouling the environment entail harms which impinge on negative rights.

While businesses' voluntary helping to meet some community needs is perhaps more desirable than forcing fellow citizens to fund such activities through taxes, there is, in the absence of clear notification in prospectuses and other public corporate documents (which few people bother to read in detail anyway), a sense of coercion here, at least among shareholders who aren't "socially responsible" investors. And, even the latter are usually more interested in issues of ethics rather than providing donated community services.

On the other hand, we cannot assume that shareholder property rights always outweigh all other negative rights. Here again we get into the problem of making tradeoffs among the rights of various stakeholder groups. Unfortunately, many who advocate for various rights offer little guidance as to how they are to be prioritized (Lippke, 1996).

Critics might suggest that in some cases, shareholders' money is surplus property, i.e., over and above what they need to survive or even live reasonably comfortably (Lippke, 1996). However, some people rely on such money for purposes such as retirement or college education funding. And, others who might have to "pay" for altruistic CSR, such as customers and employees, might suffer from inadequate information, limited choices (e.g., in the areas of medications or for certain segments such as the urban poor), not being able to voice their opinions, etc.

Clashes between two or more negative rights are more difficult to resolve. For instance, consumers claim the right to privacy in the case of marketing information, whereas marketers assert the right to conduct business in an informed manner—indeed consumer marketers suggest they can better serve their customers the more they know about them. Environmentalists argue that people have a right to a clean environment and that businesses have a duty not to foul our natural resources no matter what the cost, while some businesspeople hold that in some cases this could interfere with their private property rights, such as not being able to cut trees or having to shut down operations in order to help save an allegedly endangered species.

To solve the conflict between negative rights we must undertake the admittedly difficult task of prioritizing rights. Rights, being correlative with duties, are *prima facie*—one can override another in special cases. The general rule is: since rights protect interests, when one person's interests are stronger or more compelling than another person's interests, then the latter's rights can be justifiably overridden by the former's rights. This necessitates examining the relative importance of the interests that each right protects, an admittedly subjective process that will not always lead to agreement. However, the reasons for overriding an individual's right must be very strong—to supersede a right for less-than-overwhelming reasons belittles the value of persons and their dignity. Such consideration should yield results similar to those of the discussion of *prima facie duties* above.

Justice theory

In justice theory there are also some false, expansive views of a company's "social responsibility." Justice is concerned with fairness—a person has been given just treatment when she has been given what she deserves or can legitimately claim. What one party, might deserve, another party has a *responsibility* to provide. Any denial of something to which someone has a right or claim is an injustice. Thus, justice

theory is duty-based (deontological). Notice how the theory of justice relates to rights theory in that a right is something to which to which you have a just claim (a claim right).

Relevant to our discussion is *distributive justice* or *social justice*—the fair distribution of society's benefits and burdens.³ The fundamental principle is that those with an equal claim to resources should receive equally, and those with a greater (lesser) claim should receive more (less).

Altruistic CSR suggests that corporations should make up for at least some of the shortcomings of our capitalist system. Recall that capitalism is based on the principle of equity or exchange justice: each person receives society's benefits according to contributions made to society through productive work. The only standard of fairness in free-market economics is what a willing buyer and seller agree on. The marketplace evaluates contributions through forces of supply and demand, which determine prices and wages. Competition ensures that scarce resources are owned by the most proficient firms, leading to the greatest possible “wealth of nations” and maximizing productivity through competitive incentives. This leaves most people are better off than under other economic systems because the economic pie is bigger, thereby best satisfying the needs of overall society.

Capitalism provides equality of opportunity but not necessarily equality of results. Unfortunately, this means that some people get left behind, creating a “social injustice” which some people feel needs rectifying. Free enterprise does not necessarily satisfy the needs of any particular individual or group, i.e., it fails to provide adequate housing, medical care, education, socioeconomic security, and meaningful participation in economic life for some families, including the disadvantaged (e.g., handicapped, ill, untrained). It also sometimes does not adequately provide for public goods, like parks and schools. Thus, capitalist justice ignores certain claims of need – there is unequal distribution of wealth and global inequalities in resource use because it distributes according to merit (as evidenced, for instance, in exorbitant executive compensation). People are free to give to others in a capitalist economy, but the needy have no real right to demand that their needs be satisfied, for these are welfare rights. Capitalistic justice does not ensure grace, compassion, and generosity, i.e., cases where people do not get what they deserve. To treat people justly is to give them what they deserve, which is sometimes the opposite of generosity and compassion.

Hence, some argue for the need for a government welfare system, and/or Big Business is expected to help rectify the “injustices” of the system through altruistic CSR. However, government handouts often reward irresponsibility and allow politicians to be “compassionate” with involuntarily confiscated taxpayer money, which is often given to special interest groups in exchange for their support. And corporate largesse comes at the shareholder’s involuntary expense, an injustice to those who put their capital at risk. Also, some forms of CSR, such as affirmative action policies and hiring the hard-core unemployed, especially if these groups are less productive, might hinder productivity, product quality, and so on, thereby decreasing the benefits that can be distributed to other corporate stakeholders such as employees and consumers.

Relying on business to be a welfare provider is socialistic, based on the principle: “From each according to his ability, to each according to his need.” Socialistic ideology underlies the communitarian or family model, which says that societies should be thought of as communities in which benefits and burdens are distributed on the model of a family—just as family members willingly support the family, community members (including businesses) should support the community (Rivoli, 1996). However, the family model does not generalize to the community or society since the relationships between people are not as deep, as will be further discussed in the ethics of care below.

Virtues-based ethics and the ethics of care

Virtue ethics discusses a person's *character*—the individual’s unique bundle of virtues (and the opposite vices)—that encompasses elements of moral excellence, rightness, and goodness. A person of good character is a person of virtue, who upholds high moral values. Plato in *The Republic* (2000), Confucius in *The Analects* (2000), and Aristotle in *Nicomachean Ethics* (2000), all advocated virtue ethics.

However, people of good character will not all come down on the same side of difficult political and social issues (e.g., abortion, death penalty, euthanasia, and homosexuality). Good people—people of character—can be either conservative or liberal. For instance, Evangelical Christians and devout Catholics tend to disagree with environmentalists or animal rights activists on the primacy that should be given to the natural environment or animals as stakeholders over people, yet all of these groups can include people of integrity. Thus, proponents of CSR should eschew support of such controversial social causes.

Virtue theory can help corporations to make difficult choices where there are conflicting duties to various stakeholder groups. One way to conceptualize the balancing act is in terms of Aristotle's (2000) *ethic of the mean*. Virtue is not about being perfect but rather about achieving balance. Aristotle defined virtue as the mean or an optimal balance between two extremes that one should seek. An excess or deficiency of any of the key virtues can be troublesome. For instance, an excess of truthfulness can be boastfulness, but a deficiency of truthfulness can be deception. Honesty is a virtue but a certain amount of concealment or bluffing is acceptable in negotiations. So it is in dealing with stakeholders: if you deal with one stakeholder group in an imbalanced way, you do so at the expense of other stakeholders (Singer, 2000).

To determine what is a reasonable balance, Aristotle suggested relying on prudence—the virtue that enables one to know what is reasonable in a given situation. For instance, a company that refuses to close a failing plant or lay off redundant workers and therefore goes bankrupt is not being very socially responsible.

Another way to achieve balance among stakeholder groups and to understand the proper hierarchy of duties is to rely on the fairly recent branch of feminist ethics that became popular in the 1990s known as the *ethics of care* (e.g., Gilligan, 2000). According to Gertrude Himmelfarb (1999) in her book *One Nation Two Cultures*, there are two types of virtue: *vigorous virtues* and *caring virtues*. Vigorous virtues include courage, ambition, and creativity. These heroic virtues transcend family and community, and they characterize great leaders, but not necessarily good friends. The caring virtues include respect, trustworthiness, compassion, fairness, and decency. These are relationship-oriented virtues that make daily life more pleasant with our families, friends, neighbors, and coworkers (Thomas, 2001). It is the caring virtues that are of concern to the ethics of care theory.

A problem with the traditional teleological and deontological approaches to ethics is that both assume that ethics should be impartial, i.e., everyone's interests are considered equally worthy. Consequently, any special relationships that one may have with particular individuals (e.g., relatives, friends, employees, customers, and supply chain members) should be set aside when determining what one ought to do (Velasquez, 1998). For instance, a particular altruistic CSR action might positively impact many Third World citizens while negatively affecting a firm's few employees. Utilitarianism would applaud such an action since so many people are helped, whereas the ethics of care would not since an obligation toward

one's own particular workers, who are to a large extent dependent on the company and whom one personally knows, should override any obligations toward strangers in the Third World.

This view, that we have an obligation to exercise special care toward those particular persons with whom we have valuable close relationships, particularly relations of dependency, is a key concept in an ethic of care. The moral task, then, is not to follow universal and impartial moral principles, but, instead, to attend to and respond to the good of particular concrete persons or groups with whom we are in a valuable and close relationship. Standards of caring should be given greater weight than the impartial standards of utility, rights, and justice in situations involving close relationships (Velasquez, 1998).

The ethics of care models ethics on family relations in which love and nurturing are central. Since business activity (and especially marketing) consists so much of roles and relationships in which such concepts as loyalty and trust figure prominently an ethics of care perspective should help businesspeople to understand the priorities of their various social duties.

The strongest corporate obligations grow out of special relationships that companies enter into with their various constituencies (such as long-term relationships with employees, customers, or strategic partners) or out of significant roles they play, such as employer of people, supplier to retailers, and buyer from vendors. For example, Ben & Jerry's Homemade, Inc. developed the concept of "caring capitalism" and put it into action. Part of the firm's mission is to find creative ways to improve the quality of life for their workers as well as the local community. Means include a sales ratio which limits the salaries of top executives relative to the rank and file, limiting growth to preserve the firm's family atmosphere, and providing employee amenities such as three pints of ice cream a week, free health-club memberships, and use of a partially subsidized corporate day care center (Ferrell et al., 2000).

Some say that the ethic of care should also encompass the larger system of relationships that make up communities. The communitarian framework of social thinkers like Amitai Etzioni (1993) and Pietra Rivoli (1996) views corporations are part and parcel of the communities and social networks that created them. The new business paradigm is "interconnectedness" (Trevino and Nelson, 1999)—organizations are considered as vital components of "an interconnected world community and ecosystem" (Trevino and Nelson, 1999). Thus, communitarian ethic advocates argue that concrete communities and communal relationships have a fundamental value that should be preserved and nurtured.

Although we have seen that it is difficult to generalize the family model to business and societal relationships, nonetheless the ethics of care would seem to argue for the appropriateness of altruistic CSR on an occasional or special basis (Brenkert, 1996), where it is applied to those the organization significantly cares for, most notably its employees, but also in some cases customers and supply chain partners. In terms of the four levels of shareholders, then, the ethics of care would argue for taking care of significant others and those within the business organization, as well as members of the microenvironment closest to the firm. For example, if a longtime, productive employee is facing emergency medical expenses that he or she cannot afford, the corporation would probably not be cheating its stockholders by loaning or perhaps even giving the money to the worker in return for her years of service. Or, if a financially struggling distributor needs an extra ten days to pay the bill, this would not seem unreasonable. But to give resources to the broader community would not seem appropriate, since it must either come out of the hides of these closer stakeholders or from the shareholders. The ethic of care would not, however, seem to give primacy to these shareholder rights, since managers rarely have close relationships with all but the biggest stockholders.

Conclusion on the ethics of altruistic CSR for corporations

Figure 2 provides a summary of how to evaluate any given proposal for a CSR program from the various ethical perspectives. The conclusion is that altruistic CSR is unethical when scrutinized using all mainstream ethical theories:

- Utilitarianism, an immoral theory, will lead to stockholder, employee, and consumer interests being outweighed by those of all other stakeholders for the “greater good” of society, resulting in a socialistic spending of shareholders’ funds.
- The concept of *prima facie* duties and the ethics of care framework both suggest organizations have stronger responsibilities to those closest to them, notably employees, and sometimes other stakeholders, such as customers, supply chain partners, and major stockholders. Distant relief organizations, charitable foundations, and such are lower in the pecking order of concerns, unless they are causes that are near and dear to the hearts of the firm’s closest stakeholders. If altruistic CSR is to be practiced at all, it should be among these groups. Helping them will also most likely benefit the firm, turning altruistic CSR into strategic CSR.

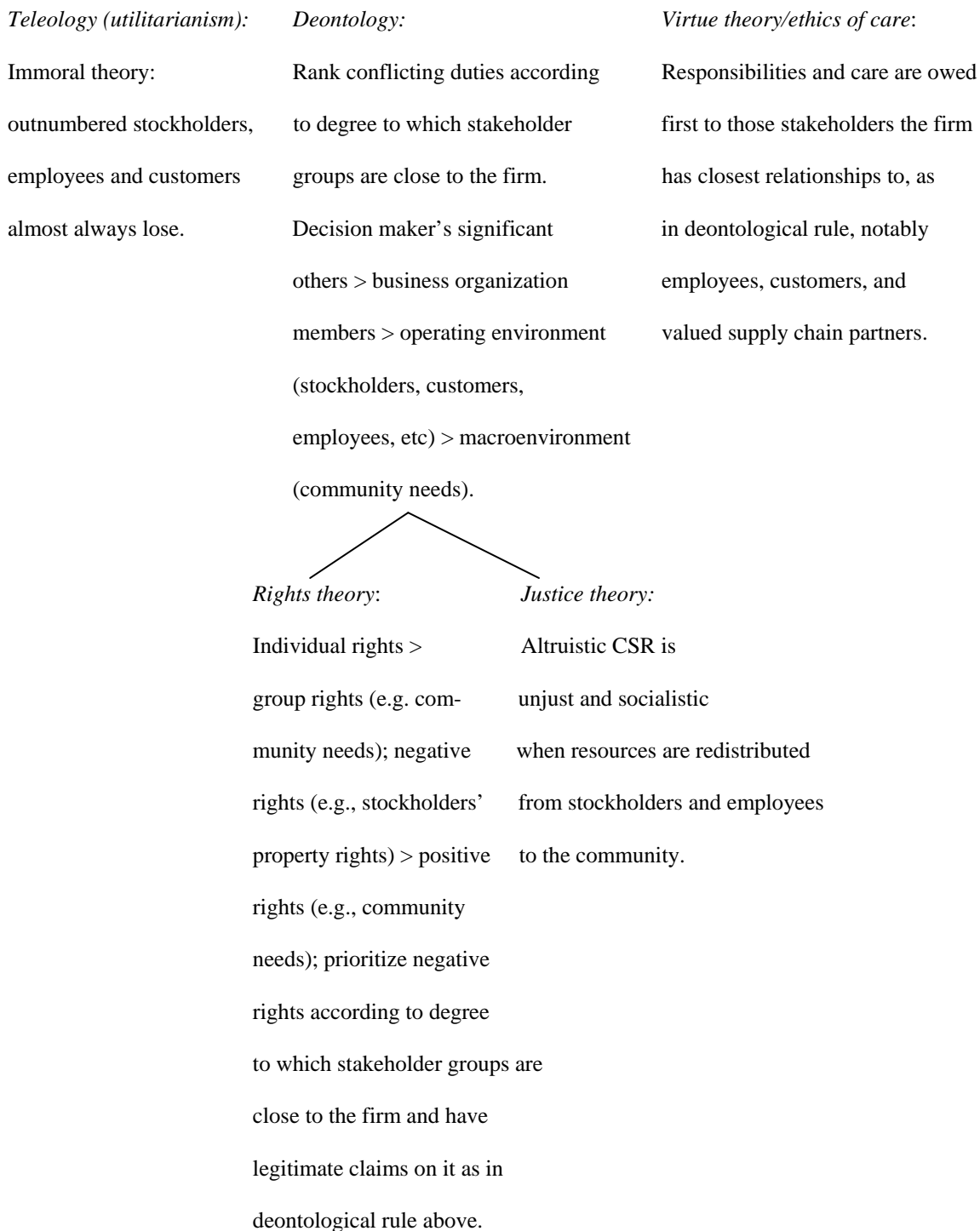


Figure 2. Flowchart for ethical evaluation of CSR proposals

- The primacy of individual rights over group rights also argues against social responsibilities toward worldwide and even community causes at the expense of those closest to the firm, such as its workers and customers. It also suggests that individual shareholder's property rights should not be forfeited for community needs, no matter how pressing.
- The significance of liberty or negative rights, and the spuriousness of welfare or positive rights, suggests that altruistic CSR sacrifices stockholders' legitimate property rights are on the altar of false societal welfare rights.
- As with duties, so must rights be prioritized according to the extent to which stakeholder groups are close to the firm and have legitimate claims on it.
- Justice theory argues against altruistic CSR because it is unfair to take away stockholders' earnings, which are earned at their risk, or to lower employee pay or raise consumer prices, unless these groups are willing to sacrifice for the cause. Individual businesses do not have the responsibility to make up for the deficiencies of capitalism, which leaves some individuals and groups marginalized. To give business such a duty is based on socialistic thinking that the family model of providing for its members generalizes to the community or society at large.
- Virtue theory and its subset, the ethics of care, also suggests that responsibilities are owed first owed to those stakeholders closest to the company, consistent with the ranking of duties and rights owed to various corporate constituencies

Strategic CSR is moral and commendable because it benefits stockholders while helping other stakeholders. Even here, however, controversial causes should be avoided so as to minimize harm to the firm's image and not have stockholders unknowingly fund activities that go against their own values.

Altruistic activities for privately held firms and managers as private individuals

All of this is not to say that business is only about stockholders making money. However, community welfare should not be provided at the stockholders' unrequested expense and to the detriment of employees, customers, and others with valued relationships with the business. Shareholders remain free to donate a portion of their capital to good works of their choosing. And, for private firms, the use of company profits for community needs is a perfectly legitimate and commendable choice, even where no

financial benefits are expected to accrue to the business, because there is no duty owed to shareholders. The owners of an unincorporated business are accountable only to one another regarding use of their earnings, and so they can frame the mission and goals of their organization to include societal as well as financial performance dimensions as long as consumers and employees are informed, as does Newman's Own, Inc. To help private businesspeople to make such decisions, and to assist those in the corporate world to gain perspective on their work and the good deeds they can do in their private lives, let us now examine the meaning and purpose of business from a Judeo-Christian perspective.

The purpose of business

Ideally, prior to making a career choice, asks, "Why am I pursuing a career in business?" After all, the heavy personal commitments of time and energy demanded by our involvement in our work lives can clash with our responsibilities to our God, families, friends, communities, and personal development. And, there is always the risk that rival companies fail and their employees lose their jobs (Johnson 1990).

The top-of mind answer to our question is: "The purpose of business is to make money." However, the profit motive is sometimes viewed as less than virtuous because it emphasizes *self-interest*. Nevertheless, self-interest is not the same as *selfishness*, which emphasizes one's own interests at others' expense. Self-interest is simply a concern for financial reward and is necessary if society is to be maximally productive and efficiently allocate its resources. Profit rewards hard work and innovation, incentives that most people need because otherwise it is irrational to save and invest rather than consume. The profit motive encourages the production of those goods that society most desires. Competitive pressures ensure this will happen at the lowest possible cost, i.e., with the least amount of resources. This is why capitalism has created a more prosperous society than socialism. The profit motive means that resources are not systematically wasted, as under the political motive. And, profits encourage entrepreneurial risk taking: experimenting at private expense for the public good. Therefore, *pursuing profits is socially responsible!* That is why the term *economic responsibility* is not an oxymoron. A "reasonable profit" is one that rewards a business for its contribution to the public good; allows a company to reward shareholders competitively in its dividend payments and return on investment; enables a corporation's stock to compete in the equity market with other stocks and with bonds, certificates, and savings accounts; provides reinvestment for growth in the organization; and recognizes the degree of risk undertaken by the enterprise.

It also assures other constituencies of the continuity of the business and hence the future flow of products, jobs, purchases, and other benefits provided by the enterprise (Carroll, 2000).

Even the Old Testament testifies to the virtue of profits” “In all labor there is profit” (Proverbs 14:23), and “Hard work will result in great rewards” (Proverbs 28:19). Consequently, concern for protecting shareholder wealth against theft by altruistic CSR advocates is justifiable. But should profit be the only or even primary goal of business? In addition to or perhaps even ahead of profits or money, what is an appropriate individual and institutional goal for private business?

In the private sector, most new jobs are in small businesses and entrepreneurships where independence, control, and flexibility outweigh the monetary incentive. In larger private corporations, many, if not most, people seek prestige, status, titles, positions, reputation, influence and power, knowledge, fame, fortune, and other symbols of “success.” Many marketers simply wish to beat their competitors in the marketplace. However, these are all self-centered reasons to be in business.

CSR advocates would also suggest that the purpose of business is “significant societal service” or “constructive cultural contribution” (Sikula, 1996, p. 121). “Significant/constructive” suggests that business behavior can make a difference and be significant, meaningful, and important to others. “Societal/cultural” means lasting, long-term, even posthumous in influence. “Service/contribution” means all individuals and institutions should have a mission of serving not themselves but others (Sikula, 1996). Thus, there are many indicators of an enterprise’s effectiveness and efficiency beyond short-term profitability. Examples would include marketing’s focus on customer satisfaction and establishing long-term customer relationships; ethical relationships with competitors, suppliers and dealers; employee satisfaction and fulfillment; and careful use of scarce resources, among many others.

Pope John Paul II took the societal perspective in the 1991 encyclical *Centesimus Annus*: “The purpose of a business is not simply to make a profit, but is to be found in *its very existence as a community of persons* who in various ways are endeavoring to satisfy their basic needs and who form a particular group *at the service of the whole of society*. Profit is a regulator of the life of a business, but it is not the only one; *other human and moral factors must also be considered*, which in the long-term are at least equally important for the life of a business” (quoted in Novak, 1996, with his emphasis added). Note here the

relevance of the community model to the walls of a business organization, again suggesting that caring for close stakeholders should be a priority.

As *individuals*, successful business leaders have always felt a need to “give back” to society. Although they have been maligned as “robber barons,” the likes of Carnegie, Frick, Mellon, and Rockefeller contributed to society in ways from which we still benefit—colleges, museums, concert halls, and more, doing a more efficient job of redistributing wealth than any government could hope to.

Whether one works for a private- or publicly-held firm, work is much more meaningful and satisfying if one views it not just as a job, position, or career, but rather as a *calling*. While business is about productivity and creativity, providing goods and services for consumers and jobs for employees, and creating wealth, business can also be about values and virtue, about striving to meet some great need or performing some great deed, not just for one’s self or even for one’s employer, but also for others (SimonBusiness, 2000). Business and professional life brings with it opportunities to use personal influence and wealth as a force for positive moral and societal good (Johnson 1990). Whereas the concept of a “career” focuses on *external* rewards and measurements of success such as promotion, prestige, and social recognition, all of which are selfish, a calling says that your work has *intrinsic* meaning in itself because it makes a contribution to the community or society (Bellah et. al, 1996).

The purpose of business can thus be viewed as to “do something which is of value,” “accomplish something collectively,” and “to build community” (Novak, 1996, pp. 36-37). Business people sometimes see their ventures as a way of giving back to society, both via products sold and philanthropy practiced courtesy of the new wealth business generates. For example, when private individuals see a local community characterized by “haves” and “have nots,” and believe they can do something to remedy the situation by employing the hard-core unemployable, even at the expense of their organization’s monetary success, they should be encouraged to do so.

Getting back to virtue ethics, a calling should also be viewed in light of one's *character*—the kind of person one has become or would like to be. A person of character values who they are above what they do. Their self-identity is not exclusively bound up in their work, although that can certainly be a part of it. The individual of good character recognizes that he or she plays other roles in life—son or daughter, husband or wife, father or mother, friend, etc.—and reveals his or her character in how these roles are all played. Thus,

for someone who adopts a calling orientation toward work, the job is considered inherently valuable and motivating, although it does not become the all-consuming portion of one's life. This too conflicts with the conventional wisdom, with its emphasis on self-esteem and self-fulfillment through work (the gospel of the human potential movement in the workplace: employees should become fulfilled human beings within the context of their jobs).

Thus, fulfillment comes from being a person with character and having a clear sense of purpose and meaning in one's job. As Campola (1992) observes, "Who among us has not encountered those persons who are devoid of any identity or meaning to their lives because all they were was synonymous with their jobs? So many, particularly men, die very shortly after retirement simply because they cannot figure out any good reason for living" (p. 33).

A faith-based perspective on CSR for privately held firms

In many cultures, religion is largely viewed as irrelevant and possibly inappropriate as part of the work environment. In fact, deliberate efforts can be found to exclude religious tenets from business decisions. However, insights for conducting business in a socially responsible manner can be gained from the Judeo-Christian tradition. Recently, in fact, there has been a trend to bring spirituality into the workplace (Gunther, 2001).

Moreover, God is interested in all aspects of our lives, including work, since it consumes a great portion of our waking hours—He wants to be Lord of all of life (Sherman and Hendricks, 1987). The Judeo-Christian lifeview regards business as part of God's work in the world and a major part of how we conform to God's will (Johnson, 1990). Those who love God associate going into business with fulfilling God's will for them, making Him Senior Partner. God ordered people to work, gave man dominion over the earth, and entrusted stewardship of His creation to humans (*The Word on Management*, 1989, with cited supporting verses including Genesis 1:28, 2:5, 15, and 3:17-19; Exodus 20:9).

Work is a good institution made by God that was designed to satisfy a plethora of human needs beyond economic necessities (*The [Life@Work](#) Book*, 2000), i.e., we have more than just *economic responsibilities*. If we are doing what He calls us to do, then our work is "the Lord's work" (Colossians 3:23-24 says, "...do your work heartily, as for the Lord rather than for men, knowing that from the Lord you will receive the reward of the inheritance"), and our career contributes to His eternal plan (*The [Life@Work](#) Book*, 2000).

Business is, after all, an institutionalization of God's intention for us to work and thereby serve each other. "If we can elevate the good things we do above the merely mundane and pragmatic, by keeping an eye on how best to use the opportunities to help our fellow human beings, would not work then take on the aspect of what theologians call 'charity,' that is, a love for others seen both in their need and in their imaging of God Himself?" (Johnson, p. 120).

The belief that God created us to be servants and stewards over His creation can give us a radically different view of business than that of the conventional wisdom. The *stewardship principle* is a biblical doctrine that requires businesses and wealthy individuals to see themselves as stewards or caretakers, not just of shareholder's financial resources, but also of society's economic resources, holding their property in trust for the benefit of society as a whole. This principle is based on the idea that God ultimately owns everything (Leviticus 25:23) and has given us the responsibility to manage the earth's resources to provide every person a meaningful, productive, and fulfilling life. The Bible teaches that God gives us freedom, within guidelines, to make decisions in administering His property. However, with that freedom comes responsibility: as stewards, we are accountable for how we employ those resources on God's' behalf (Chewning et. Al, 1990).

Businesses should be good neighbors and remember the Second Greatest Commandment: "Love your neighbor as yourself" (Leviticus 19:18; Matthew 19:19). Work is an important means toward fulfilling this responsibility (Gunther, 2001). We can love others by serving their needs through the goods we produce or distribute, or the services we provide (Sherman and Hendricks, 1987). The greatest commandment is, "You shall love the Lord your God with all your heart and with all your soul and with all your might" (Deuteronomy 6:5; Matthew 22:37). Serving God honestly through our work, where we help others, can be the greatest motivation to work.

What, then is a faith-based perspective on the purpose of work? Colson and Eckerd (1991) give a concise and complete answer:

"Because work gives expression to our creative gifts and thus fulfills our need for meaning and purpose.

Because work is intrinsically good when done with the proper attitude and motive.

Because we are commanded to exercise stewardship over the earth, participating in the work of creation in a way that glorifies God.

Because we are citizens of this earth and have certain responsibilities to our fellow citizens." (p. 178)

It is this view of work that suggests that our careers are not just jobs—they are a calling. From a Judeo-Christian perspective to view one's profession as a calling is to see it as fulfilling God's purpose or mission for one's work life. As management consultant Jose Zeilstra observed, "There is no higher calling than to serve God, and that does not mean only within the church. Ultimately, your life, whether its work, family, or friends, is part of a larger plan" (Gunther, 2001, p. 68).

This relates to the larger question: "What is the purpose of life?" Aquinas answered this question in "Summa Contra Gentiles" (2000) by arguing that God is the end of all things and that to know God is the end of every intelligent substance. Judeo-Christian teaching says the purpose of life is not happiness (although it is good to be happy) but to live in God's will and please Him by serving others and doing our work ethically (i.e., holiness). Happiness is a condition of the soul that comes from self-denial, giving oneself to others (e.g., "It is more blessed to give than to receive"), and constantly doing what is right. This leads to success in business and in life *as God defines success*.

Our careers should fit into our conception of the "good life," which from a Judeo-Christian perspective "involves living out our calling with excellence, becoming more godly in personal character, being committed to our family and community, and living out goals that are consistent with our calling. This is a very different conception from that which dominates the marketplace today—placing value on a person and one's life based on position, prestige, and net worth" (Rae and Wong, 1996, p. 649). The purpose of business is to serve God by serving others' needs and contributing to the community. Such a person is very clearly committed to the concept of CSR, be it ethical, strategic, or even altruistic.

Believers who view their work as a calling will also focus on the intrinsic worth of their work, but as means to glorify or please God. This means that even if we are not "successful" by the world's standards or traditional measures of business performance, we can still get meaning from our work. As Mother Theresa reportedly said, God calls us to be faithful to His call, not necessarily to be successful.

Even nonreligious individuals can agree that moral managers should act as *stewards* or trustees for their firm as well as other stakeholders. Thus, for people to embrace community service-contribution, they must also accept *servanthood* and *stewardship*. . The moral manager performs a service for his or her employees and company as well as for society in general, viewing business duties as helping to make a contribution to society.

The Bible cautions about allowing money to become a life purpose. 1 Timothy 6:10 says, “For the love of money is the root of all kinds of evil. Some people, eager for money, have wandered from the faith and pierced themselves with many griefs.” We must be careful not to fall in love with maintaining our own personal material success. If we look to money for security or prestige, it will make us slaves. We will never have enough. In fact, Jesus talked about the dangers of becoming attached to money more than any other subject except the Kingdom of God. On the other hand, if we see money as a gift from God to serve others, we can use it for God's glory.

Thus, it is not enough to look at the bottom line of the financial statement to determine how well a company is doing. We must go beyond the bottom line and also look at such factors as how the firm treats its employees, whether or not it uses its resources in an environmentally sound way, and whether or not its products really make life better for those who use them. On a personal level, we should measure success in terms of how we serve others we have personal contact with (e.g., how well we relate to others, how well we care for our families, etc.). This is important because ultimately we will have to account to God for how we have managed our time, our talents, our treasure, and our other resources. For instance, Romans 14:12 says "So then, each of us will give an account of himself to God." Thus, we should not be proud if our business is successful or engage in "conspicuous consumption," especially in light of the fact that riches can be fleeting—here today, gone tomorrow, due to bad luck or circumstances. Instead, we should take an eternal perspective and share with others if we have been blessed with wealth, thereby storing up treasures for heaven. In fact, Scripture suggests the altruistic dimension of CSR in that it explains that diligent work helps one create a surplus that he can share with others (*The Word on Management*, 1989). For instance, the Old Testament commanded harvest workers to deliberately leave some food for the poor (Exodus 23:10-11; Leviticus 19:9-10; Deuteronomy 24:19). Also, in Psalm 37:25-26 the writer reflecting on his life, writes: “I have been young, and now I am old; yet, I have not seen the righteous forsaken, or his descendents begging bread. All day long he is gracious and lends; and his descendents are a blessing.” The New Testament exhorts, “Let him who steals steal no longer; but rather let him labor, performing with his own hands what is good, in order that he may have something to share with him who has need” (Ephesians 4:28). Giving a portion of one’s income away is a discipline and a privilege taught by Scripture

(Sherman and Hendricks, 1987). However, these words are directed at *individuals*, not *corporations*.

Nonetheless, they can be applied to individual shareholders who have prospered through their stocks.

In short, most of us have been taught at some point that we are not put on earth to be alone, but rather to live in communities, and that each of us should use the talents God has given us to the fullest extent. Those of us in positions of leadership in business or in academia have wonderful opportunities to help others realize the wholeness of their own lives, including the ethical and social responsibility dimensions of their jobs. This too, is part of our calling (Johnson, 1990).

Observant Jews and Christians would say that our first duty is to doing God's will, especially as revealed through His commandments and teachings in Scripture. The biblical law of responsibility or stewardship of life is spelled out in Luke 12:48: "From everyone who has been given much, much will be demanded; and from the one who has been entrusted with much, much more will be asked."

Managers should monitor the impact of their company on the community's welfare, avoiding seeking benefits for the firm that come at the community's or natural environment's expense (Chewning et. al, 1990). The Old Testament concept of shalom—living in harmony with God, our neighbors, and the created order—is a useful idea to remember (Chewning et. al, 1990), and it is consistent with the idea of ethical CSR.

Suggestions for Managers and Researchers

Managerial implications

The discussion above suggests the following:

- Ethical publicly held corporations should not practice altruistic CSR, no matter how noble it seems. In fact, it appears that few firms do so (Smith and Quelch, 1993). When socially responsible practices can be demonstrated to yield benefits to the firm (e.g., enhanced employee morale or more loyal customers) commensurate with their costs, then they are justifiable, as they are consistent with the firm's primary role as an economic institution.
- Ethical duties of firms do not entail providing for stakeholders' welfare rights or making up for the injustices of the free enterprise system. These are optional philanthropic "responsibilities" which should only be undertaken when they are expected to enhance the firm's value. Kenneth Mason,

former CEO of Quaker Oats, distinguished corporate responsibility from corporate philanthropy when he wrote:

“It is useful to begin by identifying what corporate responsibility is not. Giving generously to the Crusade of Mercy is not an act of corporate responsibility, nor is providing financial support to one’s local hospital, museum, or symphony orchestra, nor sending a shipload of food to help the hungry in third world countries. These are acts of corporate philanthropy...The definition of corporate responsibility I would like to suggest is this: corporations that control the use of socially important assets have the responsibility to use those assets in a way that makes social sense.”(Laczniak and Murphy, 1993, p. 226)

Marketers, through communications of trade associations and industry groups, have a duty to educate a public which increasingly expects businesses to undertake community service projects, on the fact that it is unfair to expect stockholders, employees, and customers to pay for such benevolence.

- A firm should exhibit a certain level of corporate care for constituencies closest to it (e.g., special treatment of long-time employees, loyal customers, and partnering retailers) who have enabled it to prosper in the past, justifiable as a sort of *quid pro quo* before the stockholders in annual reports and other corporate communications. For instance, rather than purchasing advertising time and space, Ben & Jerry’s works to obtain publicity regarding how they treat their employees and the ways they get involved in the local community.
- Private firms and individuals are encouraged to follow the example of the great industrialists like Carnegie and Rockefeller who did “give back” to society some of their good fortune. To do so will win the approval of God and people and create that “warm glow” from helping others. In fact, history is not kind to those who get rich, then do little else, as for instance John D. Rockefeller found out when, prior to turning to philanthropy, he was characterized as an evil titan (Jones, 2001).
- As the business function most closely related to satisfying and communicating with most of the organization’s constituencies, marketing should take a leadership role in responsibility for strategic CSR, where philanthropic giving to societal and community needs is tied to organizational objectives and strategy. Unfortunately, such decisions are often made by other areas in the organization which lack a marketing perspective. For marketers, the greatest benefit to the firm of such activities lies in their marketing communications value and accrued goodwill among publics. Strategic CSR activity should improve corporate image and increase motivation and loyalty, primarily among employees and

customers, but also among other key constituencies such as suppliers of marketing services and retailers.

A classic example here is Ben & Jerry's Homemade, Inc., which has become very successful, yes, because they have sinfully delicious ice cream, but also because from the beginning its founders, Ben Greenfield and Jerry Cohen, incorporated into their business a strong sense of social responsibility to their employees, the community, and the world at large. Their mission statement includes this telling sentence: "As we help others, we cannot help but help ourselves" (Ferrell et al., 2000, p. 277). Cohen noted, "What a strange thing we're discovering. As our business supports the community, the community supports us back" (Ferrell et al, 2000, p. 278). Other high-profile examples of companies that successfully distinguished themselves in the marketplace via strategic CSR include the Body Shop and Tom's of Maine.

Suggestions for future research

Opportunities also abound for empirical work in this field. A review of research on socially responsible consumption by Smith (2001) reveals that research by marketing scholars to examine whether CSR influences consumer behavior was mostly conducted in the 1970s. Although many findings were equivocal and inconsistent between studies, there is some evidence that firms must respond to consumer demands for greater attention to CSR. The most recent study cited was one James Roberts published in 1996, which found that large segments of socially responsible consumers exist, although they are not readily identifiable. Thus, we have quite a few opportunities for research:

- We should learn to what extent the general public as well as specific market segments are concerned about and responsive to CSR. Because the validity of existing scales to measure social responsibility has been questioned (Smith, 2001), academic researchers must work to develop scales that have predictive validity for finding consumers who patronize socially responsible companies. Also, the nature of the benefits consumers receive from CSR needs to be determined (Drumwright and Murphy, 2001).
- We need to know more about managers' viewpoints and practices regarding CSR. This would entail surveys of consumer marketers to obtain answers to questions like:

- ◆ What do they view regarding the legitimacy and boundaries of altruistic CSR and why? How do they respond to criticisms of altruistic CSR raised in this paper?
- ◆ Which of the commonly considered ethical “duties” discussed in this article do they agree and disagree with and why? Do they approach ethical and CSR decision making primarily from a utilitarian, deontological, or ethics of care perspective?
- ◆ To what extent do they practice strategic CSR as opposed to altruistic CSR and why?
- ◆ Are there differences in the answers to the above questions between managers in publicly held vs. privately owned firms?
- Efforts can also be made to see if firms that are heavy practitioners of altruistic CSR do, indeed, seem to taking resources from stockholders, employees, and consumers. This would require correlational analysis on data regarding profitability, employee compensation, and consumer prices between high-altruistic-CSR and low-altruistic-CSR firms within given industries. Such comparisons could also be made between publicly held and privately held firms.
- As is true of public relations activity and most advertising efforts, the monetary value of most such pursuits is difficult to determine, and results of empirical studies have been equivocal, usually showing at best a weak positive relationship (Drumwright and Murphy 2001). There is need for more research from a marketing perspective here too.

NOTES

¹ Given that the term “responsibility” suggests something that is mandatory, the idea of “optional social responsibilities,” such as strategic CSR and altruistic CSR, is really an oxymoron. However, society seems to be elevating such largesse to the position of being obligatory upon firms.

² There is also “general revelation, whereby God speaks indirectly through the created order, as well as through other special revelations through dreams, visions, angels, and other supernatural phenomena.

³ The other two types of justice that were proposed by Aristotle, retributive justice and compensatory justice, are beyond the scope of CSR.

⁴ For an explanation of why the Bible can be trusted as containing the truth, visit my Website at <http://faculty.stonehill.edu/glantos/index.htm>. Click on the Here link, next the What is the truth? Link, and then the Is the Bible God’s word? link.

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