

In Search of Ethics: From Carroll to Integrative CSR Economics

Sigmund Wagner-Tsukamoto
School of Business
University of Leicester
University Road
Leicester LE1 7RH, UK

Email: sawt444@aol.com

In Search of Ethics: From Carroll to Integrative CSR Economics

Purpose

Revisiting Carroll's classic CSR pyramid framework, the paper evolved a novel synthesis of ethics and economics. This yielded an 'integrative CSR economics'.

Design/Methodology/Approach

This theory paper examined how to conceptually set up CSR theory, argue its ethical nature, and establish its practical, social and empirical relevance. Economic analysis reached out from contemporary institutional economics to Smith's classic studies.

Findings

The paper reconstructed all of Carroll's four dimensions of CSR – economic, legal, ethical, and philanthropic responsibilities – through economics. The paper discounted a core assumption of much CSR research that economic approach to CSR, including the instrumental, strategic 'business case' approach to CSR, were unethical and lacked any foundations in ethics theory. *Integrative CSR economics* reframes research on viability and capability requirements for CSR practice; redirecting empirical research on links between CSP (corporate social performance) and CFP (corporate financial performance).

Research Limitations/Implications

The paper focused on Carroll as the leading champion of CSR research. Future research needs to align other writers with *integrative CSR economics*. Friedman or Freeman, or the historic contributions of Dodd, Mayo, Bowen or Drucker are especially interesting.

Practical Implications

The paper set out how *integrative CSR economics* satisfies the 'business case' approach to CSR and develops practical implications along: a systemic dimension of the market economy; a legal-constitutional dimension; and the dimension of market exchanges.

Social Implications

Integrative CSR economics creates ethical benefits for society along: a systemic dimension of the market (mutual gains); a legal-constitutional dimension (law-following); and the dimension of market exchange (ethical capital creation). Social benefits are not only aspired to but are achievable since a business case approach to CSR is followed.

Originality/Value

The paper's main contribution is a new synthesis of economics and ethics that yields an 'integrative CSR economics'.

Key Words

Responsible management; corporate social responsibility (CSR); Carroll's framework; CSR economics; instrumental stakeholder management ('business case')

argument); corporate social performance (CSP); corporate financial performance (CFP).

In Search of Ethics: From Carroll to Integrative CSR Economics¹

It may well be in the long-run interest of a corporation that is a major employer in a small community to devote resources to providing amenities to that community. ... There is a strong temptation to rationalize these actions as an exercise of 'social responsibility'. ... [These] expenditures ... are entirely justified in its [the corporation's] own self-interest. It would be inconsistent of me to call on corporate executives to refrain from this hypocritical window-dressing since it harms the foundations of a free society. ... I can express admiration for those ... corporations who disdain such tactics as approaching fraud. (Friedman 1970/1993, 253)

We need to put business into the core of our ideas about ethics. (Freeman and Moutchnik 2013, 8)

Introduction

Do we really need to take Freeman and Moutchnik seriously (2013, 8) when they appeal to managers that 'business needs to be put into the core of our ideas about ethics', to paraphrase them? The paper interpreted their proposition as the call to ponder the 'business case' argument for CSR, as Carroll and Shabana (2010) similarly raised this issue. The paper developed answers by reconciling ethics with economics. A critical question then was what kind of ethics is feasible for this project that grounds the 'business case' argument in CSR economics?

From the outset, the paper here agreed that synthesis is needed, such as a multi-level approach to CSR that integrates ideas (Aguinis and Glavas 2012; similarly, Aguilera *et al.* 2007; Windsor 2006, 94). However, the paper argued the thesis that the approaches that attempted to fully integrate CSR concepts from many research programs into a single model actually contributed to the continuing definitional and conceptual confusion that still plagues the field today despite its long history; such confusion being acknowledged by Aguinis and Glavas (2012, 933, 948); Baden and Harwood (2013, 615, 624); Galbreath (2010, 512); Jia and Zhang (2014, 1118); McWilliams *et al.* (2006, 8, 10); Orlitzky *et al.* (2011, 14); Post (2015, 143-144); Schwartz and Carroll (2008, 149-151); or Schwartz and Saiia (2012, 3). Here, Aguinis and Glavas (2012), Schwartz and Carroll (2008), Post (2015) or Windsor (2006) seemed to aim at grand interdisciplinary projects for unifying CSR concept. In this respect, the paper critically examined whether such projects are ambitiously comprehensive and may be immersed in 'paradigm soup' (a term borrowed from Buchanan and Bryman 2009, 4). Historically, such mayhem is traced by Carroll (1999) or Wartick and Cochran (1985). Carroll and Shabana (2010) made some interesting comments in this respect too. Even so, the paper did not question multi-

¹ The revision of the paper greatly benefitted from feedback of the referees of SRJ. Earlier versions of the paper were presented at two British Academy of Management (BAM) conferences, at the University of Portsmouth, September 2015, and at the University of Newcastle, September 2016. Feedback of the referees and participants of the BAM conferences are gratefully acknowledged too.

paradigm research or the respective contributions that have been made by different disciplinary approaches.

For this reason, the current paper focused on one research program (or ‘discipline’) only: economics. The paper then revisited Carroll’s historic contributions to synthesize ethics and economics for all four dimensions of Carroll’s classic CSR framework: of economic, legal, ethical, and philanthropic responsibilities (Carroll 1979, 1991; also, Buchholtz and Carroll’s 2008). This retrospective, however, aimed at one main contribution: By re-examining Carroll’s framework, a new synthesis of economics and ethics was set out that cleared CSR ‘paradigm soup’ from its chosen (economic) perspective, and developed in its economic terms an ethically argued answer to the ‘business case’ argument for CSR. As a ‘by-product’ of this debate, the paper acted on calls to reconnect management studies to historic retrospective analysis (Hassard *et al.* 2013; Rowlinson *et al.* 2014).

The proposed synthesis is important since it challenges a core assumption of much CSR research: That economic approach to CSR, which in one way or another connects to the ‘business case’ argument for CSR and instrumental stakeholder management, lacks any foundations in ethics theory. The key question then is what kind of ethics can we align with economic approach to CSR? This area of research has remained little studied, even in previous CSR research that favored economic approach. For instance, one can ask what is essentially ethical about applying transaction cost economics or a supply-and-demand model to CSR (e.g. as pursued by Jones 1995; McWilliams and Siegel 2000, 2001; also, Husted and Salazar 2006; Orlitzky *et al.* 2011, 10)? Consequently, these strands of economic research on CSR have been accused of lacking foundations in ethics theory: Audi (2010), Garriga and Melé (2004), or Scherer and Palazzo (2007, 1096-1098), for example, drew out this apparent void of CSR economics, and for this reason argued their disapproval with CSR economics (further references are quoted below). The current study aimed to fill this void, contributing to a better understanding of ethical grounding of economic approach to CSR. Carroll was the chosen reference point to develop this argument. This contested a core assumption and intuitive understandings of many that the economic approach in general, and an economic approach to CSR in particular lacked any underpinnings in ethics.

The paper is then arranged into two main parts. The first part dealt with the main objective and main contribution of the paper, to re-connect Carroll’s CSR framework with a synthesis of economics and ethics. This yielded an integrative CSR economics that is ethically argued for. A second part of the paper discussed further objectives and implications that emerge from this synthesis: The paper discounted hypocrisy accusations against CSR economics and questioned why CSR economics supposedly cannot reflect on ethics. Furthermore, the paper specified that the proposed synthesis meets capability and viability requirements for CSR program, as this is essential for answering the ‘business base argument’ for CSR. Some final comments focused on how we can advance research on empirical links between CSP and CFP.

Integrative CSR Economics: Synthesizing economics and ethics from Carroll’s framework

Debate on responsible management goes back to well before Carroll’s (1979, 1991) seminal works, at least to Bowen (1953), Dodd (1932), Drucker (1954, 37, 381-383),

or Mayo (1933, 1949) (for reviews on the history of CSR research, see Carroll 1999; Chong 2013; Schwartz 2007; Wartick and Cochran 1985). Nevertheless, it was his four-dimensional framework that galvanized the CSR field from the late 1970s onwards. Since then, his works have gained preeminent recognition in management ethics research. His citation statistics reflect this. On Google Scholar, his three most cited papers are Carroll (1979), with some 11,400 citations; Carroll (1991) with 8,700 citations; and Carroll (1999) with 7,700 citations (June 2018). These three Carroll papers also are the three highest ranking papers amid all papers published on CSR (when using search terms like ‘CSR’ or ‘corporate social responsibility’). They are followed by a paper of Orlitzky *et al.* (2003) with 5,900 citations, and McWilliams and Siegel (2001) with 5,900 citations. Friedman’s (1970/1993) famous paper, which excited much debate about CSR from the early 1970s onwards, intervenes in such rankings with some 16,100 citations and the search term ‘social responsibility’. Needless to say, up to today, many have drawn on Carroll’s concepts when discussing responsible management and CSR (e.g. Dentchev 2004; Galbreath 2010, 511-513; Garriga and Melé 2004; Igalens and Gond 2005; Graaf and Herkströter 2007; Orlitzky *et al.* 2011; Snider *et al.* 2003; Swanson 1995, 1999; Windsor 2006; Wood 1991).

Carroll’s (1979, 1991, 2016) framework distinguishes four corporate social responsibilities, each coming with normative expectations (See also Buchholtz and Carroll 2008). Figure 1 summarizes (adapted from Carroll 1991²; also, Carroll 1979, 2016; Buchholtz and Carroll 2008):

Insert Figure 1 about here



Figure 1: Carroll's CSR Pyramid Framework

At the base of his framework, Carroll located economic responsibilities; the firm is meant ‘to be profitable’. Can ethics be drawn upon to justify such a recommendation, and if so, which kind of ethics? Equally, can the idea of economics be restrained to the bottom dimension only? One level higher, Carroll discussed legal responsibilities, again normatively: The firm is expected ‘to obey laws’. Again, critical questions

² Permissions for reprinting Figure 1 are gratefully acknowledged; permissions received © Elsevier 1991: Carroll, A. B. (1991), ‘The pyramid of corporate social responsibility: towards the moral management of organizational stakeholders’, *Business Horizons* 34, p. 42.

include why should a firm obey laws? How could ethics be drawn upon to ground this argument? Would economic considerations come into play? One level higher Carroll placed ethical responsibilities, which reflect in his reading ethical expectations of society that go beyond the fulfilling of laws. The top dimension reflects philanthropic (voluntary, discretionary) responsibilities: The normative recommendation to the firm is ‘to be a good corporate citizen’ through making donations, volunteering, engaging in charitable acts, etc. As it was for the bottom dimensions, the questions are why would a firm be expected to fulfil ethical and philanthropic responsibilities, and can economic argument play any role here?

The paper addressed these questions by approaching all of Carroll’s CSR dimensions through a synthesis of economics and ethics. On the one hand, this reconstruction was grounded in economics; in particular, in a model of self-interested, instrumental behavior of the firm (comparable to Husted and Salazar 2006; McWilliams and Siegel 2001). The paper here interpreted the economic approach in a classical tradition that reaches back to Smith: His understanding of systemic qualities of the market; how Smith saw market exchange framed by institutions like business laws; and how capital is traded in exchange processes on markets (which were, according to Smith, ‘morality-free’). Smith’s understanding of economics has been developed and updated in many respects by contemporary economics; and the current paper here drew especially on institutional and constitutional economics.

On the other hand, the paper projected an economic reconstruction of all four of Carroll’s CSR dimensions to ethics. The kind of ethics the paper connected to were initially spelled out by Smith (1776/1976) in the *Wealth of Nations*. This ethics departed from traditional ethics, such as virtue ethics, duty ethics, or religious ethics, including Smith’s own version of virtuous, sympathy-based ethics (Smith 1759/1966). Regarding the latter, the current paper questioned how behavioral business ethics research engaged Smith (1759/1966) (e.g. Bassiry and Jones 1993; Werhane 2000; Wilson 1989; Windsor 2006; critically, Wagner-Tsukamoto 2013). Rather, the paper drew on ethics in economic terms, connecting to research at the intersection of social contract economics, constitutional and institutional economics, and studies in management ethics (e.g. Buchanan 1975, 1987b; Homann 1997, 1999, 2014; Luetge 2005; Luetge *et al.* 2016; Vanberg, 2001, 2011; Wagner-Tsukamoto 2005, 2007, 2012). Three complementary dimensions of an economic approach to ethics were then reconstructed for Carroll’s CSR pyramid framework: (1) the systemic morality of the market economy, which mirrors a mutual gains paradigm and which Smith (1776/1976) had already spelled out in great detail (economic growth; ‘public good’; ‘wealth of nations’); (2) the constitutional-legal morality of the market economy, ethics being laid down in institutional frameworks that constrain markets (e.g. constitutions, business laws); and (3) morality inside market exchanges when ‘ethical capital’ is generated and traded on markets. Drawing on these three dimensions, ethics and economics were synthesized and aligned with each of the four responsibilities distinguished by Carroll. Figure 2 summarizes how this synthesis of economics and ethics proceeded and how Carroll’s model translated into *integrative CSR economics*: how now all four dimensions of the CSR pyramid are permeated by both economics and ethics. The subsequent discussion provides details.

=====

Insert Figure 2 about here

=====

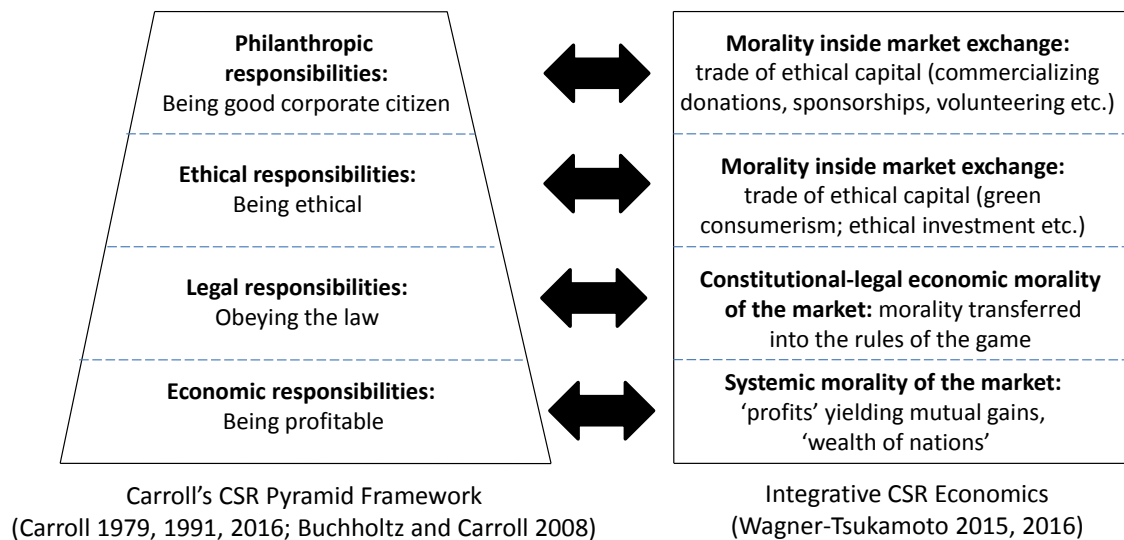


Figure 2: Two Models of Ethical Capitalism

CSR Economics: 'Economic Responsibility' and the Re-conceptualized Carroll Pyramid

Carroll analyzed economic responsibilities as the bottom dimension of his framework. How can 'being profitable', as Carroll spelled this out, reflect on ethics? At a foundational level, the market economy can be thought of as gaining ethical legitimacy because this system yields larger societal benefits. Benefits to society result unintentionally from the point of view of the firm, for example from economic growth in society; the efficient coordination of economic activity in society; the creation of employment; public goods investments of the state, financed through corporate taxation payments to governments; rise in education and rising living standards over time; and from the wider benefits of the innovation of products and services to society. Such incidental gains result 'despite', or to be precise, because of the fact that the market economy already successfully functions when merely building on self-interested 'profit-making' behavior of firms and of those with whom firms trade. Smith's mutual gains program – albeit an unintentional one – is in this respect ethically foundational for the market economy (Buchanan 1975, 1976, 1987a, 1987b; Homann 1997, 1999, 2014; Luetge 2005; Luetge *et al.* 2016; Wagner-Tsukamoto 2005, 2007, 2012). Smith referred to such ethical outcomes of the market economy as the 'wealth of nations' and prior to Smith, Mandeville alluded to 'private vice, public good'. Goodpaster and Matthews (1982) also captured this insight early on when they suggested that the market economy encouraged 'deliberate amorality' of firms to reap the benefits of 'systemic morality' of the market economy through the invisible hand (also Goodpaster 2010, 133).

Already, this questions suggestions of one group of scholars (e.g. Audi 2010; Garriga and Melé 2004; Scherer and Palazzo 2007, 1096-1098), that economic theory that aims to connect to CSR has no normative conception of ethics. The mutual gains program of economics, projected to the bottom dimension of Carroll's framework, explicitly aligns societal ethical goals with self-interested, profit-making behavior of the firm (and Carroll's other CSR dimensions, linked to a synthesis of economics and ethics, as shown in Figure 2 and discussed subsequently, further broaden this

argument). The idea of self-interest is then part of a *moral* program on society. This is not clearly seen by Carroll (1991, 40-41), Schwartz and Carroll (2003), Gaus (2010) or Buchholtz and Carroll (2008, 40) when they discuss economic responsibilities of the firm; and this ethical dimension of the market economy is merely hinted at by much research on responsible management, even by those who connect to economic CSR concepts.

A further ethical quality of Carroll's idea of 'being profitable' (the bottom CSR dimension) also can be connected to the mutual gains program of economics: Namely to the interaction level, when firm and its stakeholders directly negotiate their relationship. It is not only the firm that needs to gain in order to develop and maintain an interaction but the same applies for the stakeholder, such as a consumer, employee, investor, etc. If there is no gain on their side, an interaction with a firm could not materialize or be sustained. In this regard, at the two-party interaction level, an intentional mutual gains-from-trade program is constitutive for market exchange to develop. The idea of profit-making by the firm cannot be isolated from mutually advantageous interactions with stakeholders and the kind of gains they potentially could achieve. This carries ethical significance too.

Although Carroll and Shabana (2010, 100) reviewed 'win-win' outcomes and linked it to the 'business case' argument for CSR, and Schwartz and Carroll (2008, 170) spoke of the firm 'balancing benefits' for society, they did not make explicit the ethical nature of 'balancing win-win' outcomes and how this idea is cushioned in the mutual gains paradigm of economics. Economics here argues for mutual gains as an ethical achievement at the interaction level. This comes in addition to unintentional societal mutual gains effects at the macro-economic, systemic level, as discussed above (the 'wealth of nations' ideal). Both reflect an instrumental concept of ethics and a normative expectation of ethics (Buchanan 1975, 1976, 1987a, 1987b; Homann 1997, 1999, 2014; Luetge 2005; Luetge *et al.* 2016). Both these aspects the current paper assessed much more positively in ethical terms compared to those who question an economic approach to CSR.

CSR Economics: 'Legal Responsibility' and the Re-conceptualized Carroll Pyramid

Institutional economics argues that the conventional place of morality in a market economy is the constitutional and institutional-legal framework that sets up and frames a market economy. In this way, ethical norms are constitutionally or legally enacted on all market participants (Homann 1997, 1999, 2014; Luetge 2005; Luetge *et al.* 2016; Pies 1993; Vanberg 2001, 2011). North's historic institutional economic research is exemplary in that it shows that outcomes like economic growth (the 'wealth of nations'; 'public good') in a market economy rely on the establishment of constitutional and institutional-legal structures that frame a market economy system (North 1990; North and Thomas 1973; North and Weingast 1989; also, Buchanan 1975, 1976, 1987a, 1987b; Buchanan and Tullock 1961; Williamson 1985, 1996, 2000; in degrees, also Friedman 1962). Smith had already offered many insights in these regards (Khalil 2002; Reisman 1989; Viner 1927; Wagner-Tsukamoto 2013), namely that the mutual gains program of the market economy, as discussed above, is to be supported through a framework that sets guidelines and constraints for those who interact on markets. This understanding brings an explicit, normative ethical dimension to Carroll's idea of legal responsibilities. In this reading, laws reflect societal agreement on what is ethically demanded from firms. Clearly this is 'no small

agenda' for CSR research and business ethics practice (Novak 1996, 141). Indeed, this is at the heart of social contract economics and an institutional and constitutional economic approach to social ordering and ethics.

In this reading, a firm takes on legal responsibilities because they are agreed by society and incentivized: All firms face the same costs imposed by constitutions and laws (on respective national markets). From an economic point of view the costs expected for breaking a law (through fines or other costs) need to be higher than the gains that could be possible from law-breaking. Here the idea of 'coercion' is not entirely appropriate when examining legal responsibilities in economic terms (as drawn upon by Husted and Salazar 2006; Matten and Moon 2008; Shaw 2010). Rather, constitutional-legal institutions are to be made self-enforcing, already on grounds of self-interested behavior. As North and Weingast (1989, 806) put this: 'The constitution must be self-enforcing in the sense that the major parties must have an incentive to abide by the bargain after it is made.' This economic, legal-institutional program can be transferred to CSR (Vanberg 2011; also, Luetge *et al.* 2016). This is important when discussing competitive markets: Profitability in any discriminatory and competition affecting manner is not at stake unless institutional regulations interfere with key ideas and key mechanisms of the market economy; such as market interactions that self-organize in the face of self-interested choice, or taxation laws that set excessively ambitious standards. This applies for national markets, assuming laws are being properly sanctioned, but not necessarily in international perspective since different nations can live by different constitutions and different laws. Societal agreement on how culture and morality feed into laws can vary from one country to another. The latter raises problems for globalizing capitalism that need to be addressed through international institutional ordering (Vanberg 2001 in economic terms; also, Reinecke and Ansari 2016 for a non-economic, politicized approach).

CSR Economics: 'Ethical Responsibility' and the Re-conceptualized Carroll Pyramid

Reconnecting to Smith's works, it was the verdict of Friedman (1970/1993) or Arrow (1973) that the only social responsibility of management is to maximise profit within the boundaries of institutional-legal rules (Husted and Salazar 2006, 77; Vanberg 2011; Wagner-Tsukamoto 2007). These two concerns translate with modifications to Carroll's bottom two CSR dimensions (economic responsibilities; legal responsibilities). However, in this understanding the market process itself is not moralized; ethics is not a consideration in capital exchange processes as such, neither inside nor outside firms. Conceptually, Smith's, Friedman's or Arrow's theories do not account for this. Carroll's (1979, 1991) approach mirrors this too: The apparent scope for CSR seemingly gets more and more 'restrained' when moving to the higher CSR dimensions, yielding a pyramid concept. In this respect, many writers on CSR, including Carroll (1979, 1991, 1999), have not explicitly set out an economic conceptualization of the highest CSR dimensions, the differentiation from each other remaining somewhat porous. Carroll (1991, 43) or Buchholtz and Carroll (2008, 22, 43-44, 46) focus more on sociological than economic issues; of legitimacy as power to interpret CSR; or invoking duty ethics and 'obligations' (Carroll and Shabana 2010); or Melé (2008, 66, 76) discussed issues of human dignity and rights; or Reinecke and Ansari (2016) suggested humanitarian roles a firm should take on, linking to sociology. Ultimately then, ethical responsibilities (and equally philanthropic responsibilities) merely turn into some slack-based social responsibility

of the firm (Carroll 1989, 5 is explicit; similarly, Reinhardt and Stavins 2010; Harwood *et al.* 2011). They are only hypothetically entertained if profits were somehow left over for these top CSR dimensions. Importantly, the top dimensions do not contribute to profitability in Carroll's thinking; nor do they contribute in conventional economic debate on CSR, including Smith, Friedman or Arrow early on. The subsequent discussion re-examines this issue.

In Carroll's framework, ethical responsibilities reflect expectations of society that have not yet been codified as laws. The paper re-conceptualized such ethical responsibilities in economic terms through the idea of 'ethical capital', which a firm trades with ethically aware stakeholders (Wagner-Tsukamoto 2005, 2007, 2012). In this understanding, a firm profitably 'commercializes' ethics – at a price premium (see also Bagnoli and Watts 2003, 420; McWilliams and Siegel 2001, 124). As compared to 'conventional' products, ethical capital reflects the differential between price premium and increased costs for products and services, such as environmentally-friendly, fair trade, organic, free-range, animal-friendly, etc. (for discussions of such products and services, see Baron 2001; McWilliams and Siegel 2001; Renneboog *et al.* 2010; Smith 2008; Wagner 1997; Wagner-Tsukamoto 2005, 2007, 2012; more abstractly touched upon by Marom 2006). These products and services live up to ethical standards that go well beyond legal requirements (the 'moral minimum', set out by laws and legal responsibilities, as discussed above). Their trade is feasible because a firm can satisfy it profitably: Ethical capital enables a firm to recoup additional costs for producing such products and services by charging price premiums in the marketplace. Here, stakeholders need to be both resourceful (to pay for additional costs of such products and services) and be ethically committed.

To extrapolate Smith's (1776/1976, 37) comments on commercial merchants in a market economy, we then observe that inside competitive processes ethics is no longer distributed through the benevolence of the firm, or merely through economic and legal responsibilities as previously discussed – but through market exchange. Provocatively put, ethics is 'commercialized' and 'for sale'. We do not encounter a tailing off 'pyramid' concept of CSR either. Instead, the top dimensions become drivers of profit-making: Gains from CSR programs can more than compensate a firm for the extra costs accrued when engaging with ethical responsibilities (and similarly with philanthropic responsibilities). In consequence, the scope for that which Carroll termed ethical responsibilities can increase already, on grounds of instrumental, economic rationality. This yields an economic, market-oriented reading of Freeman and Moutchnik (2013, 8) when they recommended that '... we need to put business into the core of our ideas about ethics'.

In this understanding, ethical responsibility is exercised by the firm if it furthers the interests of the firm. This was doubted to be desirable or feasible by Schwartz and Carroll (2003, 512) or Windsor (2006, 94-95). Interestingly, even McWilliams and Siegel (2001, 117) in their otherwise economic analysis of CSR seem to question this too: when defining CSR as 'being beyond the interest of the firm' (restated by Orlitzky *et al.* 2011, 8). But contrariwise to this, McWilliams and Siegel (2001) discussed several examples where companies apparently engaged in ethical marketing that proved to be profitable. The current paper reconstructed this as ethical capital creation and outlines that ethical responsibilities can be approached in this way through economic thinking, yielding a larger synthesis of economics and ethics than the one envisaged by Mc Williams and Siegel (2001), Husted and Salazar (2006) or Orlitzky *et al.* (2011).

Importantly, the CSR approach that emerges is grounded in normative ethics, the mutual gains paradigm of economics and means-oriented approach, which draws on instrumental concept of strategic stakeholder management. Therefore, a model of ethical capital creation has a multiple ethical effect in the marketplace: Not only are moral standards now realized on markets that exceed laws but also a mutual gains program is fostered. We still meet the ethical ideal of social contract economics that promotes mutual gains by organizing exchange through agreement processes (and buffering exchange through institutional rules, as discussed above). Mutual gains result in multiple aspects regarding the satisfying of interests of the firm, of stakeholder interests in general, and of ethical stakeholder interests in particular; as societal benefits are gained from trades in ethical capital.

CSR Economics: 'Philanthropic Responsibility' and the Re-conceptualized Carroll Pyramid

Carroll's framework distinguished philanthropic responsibilities as its top CSR dimension. This set out what is essentially a corporate citizenship program with a view to donations, volunteering, charity, and so on. Such responsibilities do not carry a legal quality; neither do they reflect ethical responsibilities and the creation of ethical capital as was discussed above regarding free-range, organic, fair trade products and services, etc. Yet as for these, a firm can approach philanthropic responsibilities still with profit in mind, differentiating a product or service through ethical capital creation that promotes corporate philanthropy to stakeholders.

Again, the paper argued for philanthropic responsibility through a synthesis of economics and ethics. For example, corporate donations to the local community, for building a hospital or for sponsoring a museum exhibition, are linked to economic reasoning. The corporate donor's name can be promoted to stakeholder groups, such as the media or the employees of the organization that received the donation. Cause-related marketing that communicates philanthropy to stakeholders is a further example (early, Fry *et al.* 1982). In this way, some economic return can be conceptualized for corporate philanthropy and a mutual gains program becomes conceptually and practically feasible.

The approach remains grounded in social contract economics, strategic stakeholder management and the 'business case' argument for CSR. In this respect, it may be difficult to regard corporate philanthropy or CSR citizenship as 'altruistic' (e.g. Windsor 2006, 98); and equally one could question that '...the economic perspective treats ... discretionary CSR as voluntary wealth transfer away from investors', as Windsor (2006, 99) suggested when critiquing economists like Friedman or Arrow. The current paper agrees with Windsor (2006) or Schwartz and Saiia (2012, 5) and others in this respect that Friedman's view on CSR was too narrow; but it disagrees with their conclusions that a broadening of CSR concept could not be achieved through a synthesis of economics and ethics. The paper commented on this critique in relation to Friedman in more detail below, when it assessed hypocrisy accusations against CSR economics and how ethics can still be clearly discerned when all CSR dimensions of the Carroll model are recast in economic terms, particularly the top dimensions.

A primer and outlook for future CSR research

The proposed synthesis yields a CSR framework that is derived from Carroll's classic model. All four dimensions of Carroll's framework are projected to both economics and ethics. The outcome is an 'integrative CSR economics'. However, this approach and its underlying ideas of reconstruction are relevant beyond Carroll. We can investigate any CSR theory (or business ethics theory, or stakeholder theory) regarding whether, and if so how, the four dimensions – the economic, the legal, the ethical, and the philanthropic –, as specified by Carroll (1979, 1991), are economized by a certain study and how claims to ethics are made. The vast body of CSR literature, both the approaches which directly connect to Carroll, and those which do so more indirectly (for example, the triple bottom line approach, or politicized CSR approaches), can be expected to fall between two extremes: of economizing none of the Carroll dimensions, and economizing all of them (For the current paper, the latter formed the conceptual foundation of reconstructing Carroll through an *integrative CSR economics*). Table 1 selectively illustrated this for a few studies. Above all, it offers a primer and outlook for future research into CSR economics, its ethics concept, and its conceptual alternatives. 'Yes' or 'no' were allocated on the basis of whether or not, and how explicitly or implicitly economic justifications were sought by the various authors when discussing CSR dimensions. Primarily, Table 1 functions here as an exploratory and propositional tool for future research, to analyze in more depth the extent and nature of how a certain study did or did not connect economics to the various CSR dimensions.

=====

Insert Table 1 about here

=====

Table 1: The business case argument: Were dimensions for responsible management economized?

	Economic Dimension	Legal Dimension	Ethical Dimension	Philanthropic Dimension
Carroll (1979, 1991)	yes	no	no	no
Friedman (1970)	yes	no/(yes)	no	no
Schwartz & Carroll (2003)	yes	yes/no	yes/no	yes/no
Husted and Salazar (2006)	yes	(yes)	yes/(no)	yes/(no)
Scherer & Palazzo (2007)	no	no	no	no
Galbreath (2010)	yes	no	no	no
Schwartz & Saiia (2012)	yes	no/(yes)	no	no
Wagner-Tsukamoto (current paper)	yes	yes	yes	yes

To take some examples from the table: Schwartz and Carroll (2003) aimed in certain regards to link all four CSR dimensions to economic concept, but in other respects rejected this. To a considerable degree, they left ethical responsibilities and legal responsibilities outside of economic reasoning and they subsumed philanthropic responsibilities under ethical and economic responsibilities (similarly Schwartz and Carroll 2008). Seemingly connecting to duty ethics, their ethics concept remained one of corporate ‘obligations’ regarding ethical and philanthropic responsibilities but did not connect to the mutual gains paradigm of economics (Schwartz and Carroll 2003, 505-506, 515; also, Schwartz and Saiia 2012, 4, 11; Carroll and Shabana 2010). Examples of sociological or political CSR theory that similarly did not economize the top dimensions are Scherer and Palazzo (2007) or Schwartz and Saiia (2012, 21-24). Buono and Nichols (1985) or Windsor (2006, 95) could be added here. As discussed in more detail below, Friedman (1970/1993) – probably surprisingly to many – shared a comparable non-economic understanding of CSR regarding the top two dimensions of the Carroll framework. Such initial findings can prompt further investigation regarding ethics concept of different CSR theories and the widespread assumption that economic approach to CSR necessarily had to fall outside any conception of ethics.

Discussion: Implications of an integrative approach to CSR economics

The proposed synthesis connects to the ethics approach of social contract economics and institutional economics, as it emerged out of Smith’s economic studies (e.g. Homann 1997, 1999; Luetge 2005; Luetge *et al.* 2016; Vanberg 2011). This ethics program may not be everybody’s choice for developing CSR concept and practice. The approach is radical since it builds on the idea that even potentially merely self-interested agents should be put in a position from which they can contribute to build a better society. The proposed CSR economics then differs substantially from traditional ethics, like virtue ethics, duty ethics, or religious ethics, which from the outset exclude the idea of self-interest from the conception of morality. Rather, they make higher demands on human nature for creating the good society, relying on the virtuous, dutiful, religious manager or similar.

The suggested synthesis then offers a coherent way of filling a conceptual void that has troubled economic approaches to CSR regarding their approach to ethics. The subsequent discussion spelled out implications that emerged from this project. First, the paper argued that CSR economics withstands accusations of hypocrisy regarding its supposed lack of foundations in ethics theory. The discussion challenged the assumption that an economic approach to CSR and its instrumental orientation by necessity had to be judged as unethical. Second, implications of CSR economics were outlined regarding capability and viability requirements for CSR program and how this can further inform empirical research on the CSP–CFP link.

Hypocrisy accusations against integrative CSR economics

The proposed synthesis shifted CSR theory towards approach that aligns the idea of self-interest with business morality: It moved towards instrumental stakeholder management concept and the strategic ‘business case’ approach to CSR. Should competing stakeholder claims arise towards any of the four CSR responsibilities that

were discussed, they are negotiated and prioritized by the firm in terms of their potential to economically affect the firm. The implication is that some stakeholders could gain more than others when a company aims to satisfy stakeholder interests. As Buchanan's (1975) social contract economics emphasized, a mutual gains program is not a guarantee of equal gains for all parties involved in social contract. This may give rise to accusations of hypocrisy and of being unethical because of apparent instrumental orientation; because this program does not give equal treatment to all stakeholder claims; and because the ethical nature and ethical relevance of an economic approach to CSR may be generally questioned.

Here, it is worthwhile to remember that early stakeholder theory, e.g. Freeman (1984), was rather strategically, instrumentally oriented (similarly instrumental, Burke and Logsdon 1996; Carroll 1991, Clarkson 1995; Dentchev 2004; Husted 2000; Husted and Allen 2004; Husted and Salazar 2006; Marom 2006; McWilliams and Siegel 2000). In selective respects, the current paper's synthesis could connect to their approaches (regarding the idea of self-interest) but less so to non-instrumental and idealistic ones, like duty ethics-based, virtue theory-based, or religious concepts of stakeholder management (including Freeman's later studies, e.g. Evan and Freeman 1995; also, Aßländer 2011; Brei and Böhm 2011; Desjardins 1993; Desjardins and McCall 1990; Goodpaster 1991; Windsor 2013). Equally the proposed approach parted from communicative ethics (Scherer and Palazzo 2007) or communitarian ethics (Fleming *et al.* 2013, 340), including a behavioral approach to the social contract that follows a communitarian ethics tradition (e.g. Donaldson and Dunfee 1999; Waddock 2010). These theories aim to satisfy claims towards CSR as moral ends, being non-instrumental and idealistic, and discard the idea of self-interest from a moral frame of reference.

However, internal conceptual contradictions and practical problems may result when idealistic, non-instrumental ethics is aimed to be integrated with instrumental economic concept: For instance, when aiming to link the instrumental 'business case' approach to CSR with societal value arguments (Kurucz *et al.* 2008, 1003-106); with duty-based concept (e.g. Carroll and Shabana 2010; Goodpaster 2010); or with humanistic corporate culture that was to make CSR more profitable (Galbreath 2010). Here, the paper's main critique is that CSR concept could not be altruistically, idealistically motivated or strategically, instrumentally oriented *simultaneously*, as pointed out, for example by McWilliams *et al.* (2006, 12). Husted and Salazar (2006) get drawn into this problem unnecessarily when trying to connect CSR economics with altruism (or coercion); principally because, so the argument of the current paper says, their concept of ethics remained unclear.

Are accusations valid then that the instrumental, 'business case' approach to CSR, which connects to economics, merely reveals ethically void 'trash talk' (Bansal and Clelland 2004)? Has this approach lost the battle to set out 'an [ethical] imperative for the justification of business practice' (Baden and Harwood 2013, 616); and that 'ethics [then] takes a backseat', an economic approach to CSR merely echoing 'capitalist ideology' (Fleming *et al.* 2013, 338, also pp. 339-340, 342; similarly Audi 2010; Garriga and Melé 2004; Jensen 2002; Margolis and Walsh 2003; Parker 1998, S28, S31, S35; Roberts 2003, 250; Scherer and Palazzo 2007, 1096-1097; Windsor 2006, 112). We encounter debate about the ethical legitimization of management and how management should or should not connect to economics and especially the idea of self-interest. Porter and Kramer (2011, 4) share such legitimacy concerns regarding 'capitalist business', although their approach to CSR remains

constructive. Such findings generally challenge at its heart the ethical nature and ethical relevance of an economic approach to CSR.

Management ethics research from the conservative right to the critical left is embroiled in this debate, and possibly surprisingly, it is quite united in contesting an economic approach to CSR and how it permits self-interest in its framework. Even Friedman sympathized with hypocrisy allegations against CSR economics. Friedman's (1970/1993) argument that the 'only social responsibility of firms is to maximize profit while staying within legal rules' can successfully be projected in economic terms to the bottom dimensions of Carroll's framework (economic and legal responsibilities). However, Friedman rejected any economic recasting of the top CSR dimensions that relate to ethics and philanthropy beyond the legally expected. And it is precisely these dimensions that are considered by many to be the 'core essence' of CSR (Carroll and Shabana 2010; McWilliams *et al.* 2006; also, Schwartz and Saiia 2012). Indeed, Friedman brandished the 'self-interested exercise of [corporate] social responsibilities' by firms, such as philanthropic ones (reflecting the top dimension of Carroll's model), as 'hypocritical window dressing', 'fraud' and as 'nonsense' (Friedman 1970/1993, 253). Here, apparently, Friedman's concept of ethics was based, in contrast to Schwartz and Saiia's (2012, 22) assessment of Friedman, on traditional ethics, such as virtue ethics, duty ethics or religious ethics. Only on these grounds could Friedman argue for the 'hypocrisies' of corporate philanthropy that followed instrumental CSR economics. This reflects a self-misunderstanding and self-denial from within CSR economics and his failure to successfully align ethics with CSR economics. This is all the more fascinating since many associate Friedman with 'royal', 'imperialistic' Chicago-type economics that aims to reconstruct all social practices through economics. Having reached this point he was not economist enough to discern the ethics approach that draws economic inspiration from Smith to Buchanan (as summarized by Figure 2). He could not relate all CSR responsibilities to economics and ethics but remained caught in ethical conservatism. In particular, he did not use economic theory as a resource to conceptualize ethics as ethical capital that could be traded on markets with stakeholders.

Therefore, for a more complete aligning of Friedman with economic concept on responsible management, Friedman's concept of economics is not the only issue that needs to be contested, as done by Husted and Salazar (2006) in their terms and implied by economic paradigms on CSR in general. Rather, we need to clarify ethics concept and Husted and Salazar's (2006, 87-88) approach to ethics here leaves certain questions unaddressed. For these reasons, the paper argued for a more complete economic recasting of ethics theory for all CSR responsibilities, and the Carroll model was the chosen reference point. Consequently, the paper questioned arguments that Carroll's framework already provided a 'theoretical synthesis of economics and ethics' (Windsor's 2006, 98). It clearly does not synthesize economics and ethics for all dimensions of his framework. Here, Windsor (2006, 95) in the end conceded that her CSR approach was based on traditional ethics, such as virtue ethics, which indeed left CSR concept outside economics (also, Windsor 2013). This is not to say that the proposed synthesis cannot be contested but this may have to happen through meta-ethical debate on which ethics is the 'better' ethics; as Windsor (2006, 94) or Scherer and Palazzo (2007, 1100) hinted. The critical issue here is to debate what constitutes 'proper' and 'effective' ethics in a business and market economy context; and how to make meta-ethical arguments about engaging different ethics theories for CSR research. However, this is a very different debate than pitting traditional ethics

concepts, such as virtue ethics, duty ethics, or religious ethics and their proverbial opposition to self-interest, head-on against CSR economics.

Here it is important to remember that ethics concept of CSR economics connects back to Smith's ethical vision of economics, its mutual gains paradigm, and how it entertains the idea of self-interest for larger moral reasons. More recent research in institutional economics and social contract economics has further developed this agenda regarding institutional frameworks of the market economy, and the trade of ethical capital on markets.

Such lacking meta-ethical debate, which yields hypocrisy allegations against CSR economics, is equally illustrated by debate on 'business ethics oxymora' or 'stakeholder ethics paradoxes' (Bartlett and Preston 2000; Collins 1994; Duska 2000; Goodpaster 1991, 2010; Nash 2000; also, Baden and Harwood 2013; Fleming 2013; Freeman 1984; Freeman and Moutchnik 2013; Galbreath 2010; Harwood *et al.* 2011; Kurucz *et al.* 2008; Reinhardt and Stavins 2010; Roberts 2003; Vogel 1991; Wilson 1989; Windsor 2006). The diagnosis of such paradoxes and oxymora is only feasible when critiquing CSR economics directly through traditional ethics, e.g. virtue ethics, duty ethics, religious ethics, etc. An economic approach to CSR then can merely reflect 'business without ethics' (Goodpaster 1991, 53, 66): because it lacks the ethics concepts of duty ethics, virtue ethics, or religious ethics but engages the idea of self-interest. Interestingly however, Goodpaster (1991, 57, 59, 63, 68, 70) admitted that any CSR approach which sidelined the 'economic mission of the firm' (what the current paper connected to the 'business case' argument and instrumental stakeholder management) yielded the undesirable outcome of 'ethics without business' (Goodpaster 1991, 53, 66). This diagnosis brings the supposed 'business ethics oxymoron' or 'stakeholder paradox' to the point (also, Goodpaster 2010, 134–135). Duska (2000, 124) detected 'moral schizophrenia' here on the side of management. This is so, I would argue, because their ethics concept has remained incompatible with CSR economics and the instrumental 'business case' argument for CSR. And more generally, they did not enter meta-ethical debate about ethics concepts for CSR research. Goodpaster (1991, 2010), for instance, in the end argued for a duty-based resolution of the supposed paradox (as did Carroll and Shabana 2010, when invoking 'obligations').

However, if one acknowledges any economic mission of the firm as Goodpaster did, this leads back to debate on how CSR economics can be ethically grounded: Here, the paper argued for an integrative synthesis of economics and ethics. This yields an important conceptual contribution of an economic reconstruction of Carroll's framework. It clears CSR 'paradigm soup' that arises from claims of hypocrisy, oxymora or paradoxes; and this happens from within economics. This spelled out a route for reconciling 'business with ethics', and it challenged the assumption that an economic approach to CSR that aligns self-interest with morality is by necessity unethical. As noted, the wide spectrum of researchers on responsible management, CSR, business ethics, or stakeholder management that are caught up in this debate is intriguing.

Capability and viability in a synthesis of economics and ethics: Implications for empirical research on the link between CSR and CFP

An important question is whether the proposed synthesis of economics and ethics is just one way out of multiple possibilities of recasting debate about CSR and how to

ethically ground it or is the only way to do so, especially so when still conceding any economic mission of the firm (the ‘business case’ argument) in a given market economy context. For debating this question, a firm’s capability for engaging in responsible management needs to be scrutinized when expectations are raised that the firm could engage in responsible management.

A fundamental concession of any normative conception of ethics is that a moral expectation (‘ought’) regarding responsible behavior implies practical capabilities (‘can’) on the side of the agent (natural; or institutional) (Wagner-Tsukamoto 2005). Without capability, the agent’s intervention may not be viable; in the worst case, the agent may perish when trying to help – because of lacking essential capabilities; for example, a non-swimmer diving into a deep lake to try to save a drowning person. Capability, however, intricately links to viability. Case studies of firms failing in the marketplace despite their owner-managers having enacted even religiously conceived CSR, drawn from diverse cultural contexts and from different times (e.g. Cheung and King 2004; Child 1964; Wagner-Tsukamoto 2008), illustrate this problem: Their CSR programs faced substantial viability problems when meeting the market and competitive forces. This occurred even though capability for CSR had been built up; but apparently only so in behavioral ethical terms (through religious CSR program) however not through CSR economics and its different understanding of ethics.

Much CSR research seems to make concessions to this insight that concerns over capability and viability requirements need to be addressed. Literatures on corporate social performance (CSP) explicated these ideas: They raised the question of societal outcomes and impacts of CSR program and they then aimed to connect to the question of corporate financial performance (CFP); i.e. profitability, economic survival, meeting competition, or however else viability issues may be referred to. The ‘business case’ argument is always looming here. Previous research here experienced mixed success when trying to establish a relationship between CSP and CFP, whether it was positive, negative, or neutral (e.g. Baden and Harwood 2013, 616; Bartlett and Preston 2000; Burke and Logsdon 1996, 495; Clarkson 1995, 95-8; Dentchev 2004, 398, 400; Griffin and Mahon 1997; Husted 2000, 33-4; Igalens and Gond 2005, 131, 136-7; Jia and Zhang 2014, 1118; Johnson and Greening 2001; Kurucz *et al.* 2008, 85; Laan *et al.* 2008; Makni *et al.* 2009; Marom 2006; Moore and Robson 2002; Orlitzky *et al.* 2003; Waddock and Graves 1997).

Interestingly, when CSR program was empirically assessed for viability and for outcomes and impact, the discussion of CSP and how it relates to CFP was frequently not connected to the bottom dimensions of economic and legal responsibilities of the Carroll framework. Yet, profit-generating management as such and the law-abiding behavior of the firm already reflect on CSR; how ethics can be identified and how societal impact can be diagnosed with a view to CSP. Therefore, a conceptual link between CSP and CFP really requires examining in this respect too. Nevertheless, this is not the point the paper wants to prioritize at this stage. Rather, the paper aims to intervene in the CSP–CFP debate, by examining capability and viability issues of CSR programs in a market economy context with a view to the top dimensions of Carroll’s framework.

In my analysis of CSR, ethical responsibilities and philanthropic responsibilities are not necessarily draining away profitability (CFP), as implied by Buchholtz and Carroll (2008, 46), Carroll (1991, 45), Friedman (1970/1993), McWilliams and Siegel (2001, 117) or Orlitzky *et al.* (2011, 8). Rather, they are looked upon as sources of profit-generating management. A CSP program is visible

that builds on ethical capital generation and contributes to CFP. In this vein, Porter's (2003, 42) concern can be tackled regarding the need for '... sound, persuasive argumentation for why corporate philanthropy matters to corporate competitiveness', as he seemingly raised such issues regarding the top dimension of the Carroll framework (similarly, Dentchev 2004, 2009; Hebllich 2010; Kurucz *et al.* 2008; Marom 2006; McWilliams and Siegel 2000; Orlitzky *et al.* 2011; Wagner-Tsukamoto 2005, 2007).

The way the paper reconstructed Carroll's pyramid framework shifted from the outset, from merely researching CSR program towards assessing practices, outcomes and impact of CSR program – upon philanthropy; green marketing; or ethical investment (and also regarding legal compliance; and an appreciation of the systemic morality of the market). The proposed *integrative CSR economics* therefore rather directly projects to CSP because of inherent pragmatic and instrumental orientation of approach. The question of economic viability and CFP is always looming in the proposed economic reconstruction of CSR; at least it is much more so than in Carroll's initial program. From here, research on links between CSP and CFP can be framed differently.

Critical conceptual questions that would then drive research on the link CSP–CFP are: Has the firm developed its ethical responsibilities and philanthropic responsibilities into ethical capital? And has ethical capital been successfully traded in the marketplace, entering an economically viable mutual gains-from-trade program with stakeholders? Put another way, economic gains out of CSR program need to more than offset costs for creating CSR capability. The implication is that only if both capability and viability are assured, would a positive link between CSP and CFP be empirically expected. The critical issue is to trace and project CSR program from the outset to CFP (through economic argument; the 'business case' argument).

A simple example to illustrate: If a firm donated anonymously in a truly authentic altruistic manner to a charitable cause, then ethical capital is not involved, and the market could not create pay-backs to the firm (in contrast to 'egoistic altruism' as analyzed by Husted and Salazar 2006). The firm would face costs for CSR program only. Hence, a negative link between CSP and CFP results (even though CSP capability, in an operational sense, may have been built up by a firm to a significant degree). However, if a firm promoted such donations through internal and external communication, targeting key stakeholders, viability can be created and a positive link between CSP and CFP can result. The same rationale applies for ethical responsibilities of the Carroll model and how the paper reconceptualized this as ethical capital.

As another example, Makni *et al.*'s (2009) findings of lower profitability from socially responsible firms (for certain CSR activities) can be ascribed in this economic reading to the unsuccessful translation of CSR capability into viability; ethical capital was not viably traded in the marketplace; and hence there could be no positive link between CSP and CFP. Nevertheless, one cannot generally dismiss responsible management simply on grounds of empirical findings such as these. Instead, one can ask how CSR may be approached from within an economic perspective that synthesizes economics and ethics and aims to generate both capability and viability.

On grounds of such clarifications, all three types of links between CSP and CFP that previous research identified – negative, neutral, and positive – can be explained and predicted. Relationships would depend on whether and to what degree ethical capital was created and then successfully traded in market processes with stakeholders; or whether costly CSR initiatives of the firm had been insufficiently

economized in the marketplace. In this vein, we can address calls to research CSR capabilities and how they might link to CSR viability; i.e. Husted and Salazar (2006, 88) on strategic links between CSP and CFP; Galbreath (2010, 519) on linking ‘CSR policy and CSR practice’; Porter and Kramer (2011, 4) on ‘value creation’ for the firm that needs to result from CSR; Orlitzky *et al.* (2011, 7) on the ‘implementation of responsibilities through strategies’. Such calls affirm Aguinis and Glavas’s (2012, 953) complaint about a dearth of CSP research on ‘mechanisms that link CSR with outcomes’ (similarly Hillenbrand *et al.* 2013, 127-128; Jia and Zhang 2014, 1119; Tang *et al.* 2012, 1276). The current paper recast such calls with a view to assessing how CSR program contributes to economic viability. The important underlying issue is a practical-normative, generative one: Rather than examining a link between CSP and CFP as such, empirical research needs to investigate the creation of ethical capital, and whether and how a viable CSR program followed on in the marketplace. In this way, CFP is interrelated with CSR program, and empirical research can be advanced into the link between CSP and CFP. The empirical measurement problems involved may be complex but selective advances have been made, showing that the generation of CSR capability can indeed be a complex process with multiple variables intervening and mediating (e.g. Hillenbrand *et al.* 2013; Jia and Zhang 2014; Pivato *et al.* 2008; Tang *et al.* 2012; also, Carroll and Shabana 2010, 94).

Conclusions

Carroll took the lead in the 1970s when he set the agenda for much CSR research to come. As pragmatic as his framework initially may have been, it correctly identified fundamental ideas and dimensions of CSR. This helps to explain the long-lasting popularity and appeal of his works. The current study drew on his four-dimensional CSR framework and re-examined it. The paper traced ethics into his approach in economic terms: The mutual-gains-from-trade paradigm that already drove Smith’s studies (the systemic morality of the market); cushioned in an institutional economic approach to ethics (the constitutional, legal morality of the market); and an ethical capital creation model (morality emerging inside market exchanges). Figure 2 summarized this. The reconstruction yielded an *integrative CSR economics* that covered all four of Carroll’s CSR dimensions. It sided with social contract economics; institutional and constitutional economics; the theory of the firm; a model of economic rationality (including the idea of self-interest); and instrumental stakeholder theory. Importantly, this synthesis contests the assumption that CSR economics necessarily stepped outside any conception of ethics.

When developing this argument, the paper took a market economy context for granted, although certain modifications of Smith’s ethical vision of economics became necessary, especially regarding ideas on ethical capital and how the paper connected ethical capital creation to Carroll’s suggestions on ethical and philanthropic responsibilities. These are no longer viewed as merely consuming organizational slack resources (should slack be available at all). Also, by necessity, ethical capital generation goes through the market process. The market is not ‘morality-free’ anymore, in direct opposition to Smith’s (1776/1976) approach, and still upheld by Friedman (1970/1993) or Arrow (1973) (see also Luetge 2005, 111; Luetge *et al.* 2016).

The proposed synthesis of economics and ethics reflects both a broader and more precise vision of the ‘business case’ argument for responsible management as

compared, for example, to Kurucz *et al.* (2008) or Carroll and Shabana (2010). My synthesis is wider since it re-thinks all CSR dimensions in economic terms; and it is paradigmatically precise since responsible management remains rooted in one research program, in my case, economics. This may be viewed by many, who come from a surprisingly diverse spectrum, as being hypocritical, paradoxical and giving up traditional ethics approach. Economists are embroiled in this debate too, from Friedman's (1970/1993) hypocrisy allegations to more recent economic CSR research that did not fully align ethics with CSR economics (e.g. Husted and Salazar 2007; Jones 1995; McWilliams and Siegel 2001, 117; McWilliams *et al.* 2006, 12; Orlitzky *et al.* 2011). The paper contributed to filling this void regarding ethics theory for economic approach to CSR. This yielded a renewed understanding of how CSR economics positions itself ethically; it challenged the assumption that CSR economics were necessarily unethical; and it helped to reframe research on links between CSP and CFP.

The underlying questions within this paper are not new and date back much further than Carroll's studies. Since the beginning of management studies, managers have been facing the question of how to align responsible management with the instrumental 'business case' argument. Historic case studies of highly religious owner-managers offer special insight (e.g. Cheung and King 2004; Child 1964; Wagner-Tsukamoto 2008). The depth and sincerity of their personal ethical convictions and what we nowadays may reconstruct as religiously motivated CSR responsibilities may be less in doubt than for the common and plainly professional, non-owner manager. However, their programs for responsible management, in culturally diverse contexts and different times, stumbled against obstacles or failed altogether. We can ask whether even religious owner-managers fall into the category of 'powerless stakeholders' of the firm, as Scherer and Palazzo (2007, 1100) apply this term to critique an economic approach to responsible management? Why were they powerless? Did their companies not generate capability for responsible management, and even if achieved, did they fail to transform it into a viable program of trading ethical capital in the marketplace? Can this tell us something about how concept on competitive processes in a market economy and their relationship to responsible management would have to account for such 'powerlessness'? In this respect, a thesis arising from the present paper is that the creation of capability and viability for CSR program was not handled successfully by these religious owner-managed firms. They seemingly failed to connect CSR program to economics, especially so regarding the top two dimensions of Carroll's framework; of ethical and philanthropic responsibilities.

From here manifold implications result for future research: Conceptual implications regarding theory building on responsible management that is advocated by a certain paradigm; ethical theoretical considerations as to how to normatively ground management ethics and how to question hypocrisy accusations against CSR economics; and practical implications regarding how to generate capability for responsible management and transform CSR capability into viable CSR programs that have economic impact on stakeholders. On these grounds, empirical research on the much-debated CSP–CFP link can be revisited.

References

- Aguilera, R., D. Rupp, C. Williams C. and J. Ganapathi: 2007, 'Putting the S back in corporate social responsibility: a multilevel theory of social change in organizations', *Academy of Management Review* 32, 836–863.
- Aguinis, H. and A. Glavas: 2012, 'What we know and don't know about corporate social responsibility: a review and research agenda', *Journal of Management* 38, 932–968.
- Arrow, K.J.: 1973, 'Social responsibility and economic efficiency', *Public Policy* 21, 303–317.
- Ablander, M.: 2011, 'Corporate social responsibility as subsidiary co-responsibility: a macroeconomic perspective', *Journal of Business Ethics* 99, 115–128.
- Audi, R.: 2010, 'The place of ethical theory in business ethics', in Brenkert, G.G. and Beauchamp, T.L. (eds.), *The Oxford Handbook of Business Ethics*, Oxford: Oxford University Press: 46–69.
- Baden D. and I.A. Harwood: 2013, 'Terminology matters: a critical exploration of corporate social responsibility terms', *Journal of Business Ethics* 116, 615–627.
- Bagnoli, M. and S.G. Watts: 2003, 'Selling to socially responsible consumers: competition and the private provision of public goods', *Journal of Economics and Management Strategy* 12, 419–445.
- Bansal, P. and I. Clelland: 2004, 'Talking trash: legitimacy, impression management, and unsystematic risk in the context of the natural environment', *Academy of Management Journal*, 47(1), 93–103.
- Baron, D.: 2001, 'Private politics, corporate social responsibility and integrated strategy', *Journal of Economics and Management Strategy* 10, 7–45.
- Bartlett, A. and D. Preston: 2000, 'Can ethical behavior really exist in business?' *Journal of Business Ethics* 23, 199–210.
- Bassiry, G.R. and M. Jones: 1993, 'Adam Smith and the ethics of contemporary criticism', *Journal of Business Ethics* 12(8), 621–627.
- Bowen, H.R.: 1953, *Social Responsibilities of the Businessman*. New York: Harper.
- Brei, V. and S. Böhm: 2011, 'Corporate social responsibility as cultural meaning management: a critique of the marketing of "ethical" bottled water', *Business Ethics. A European Review* 20, 233–252.
- Buchanan, D. and A. Bryman: 2009, 'The organizational research context: properties and implications', in Bryman, A. and D. Buchanan (Eds.), *The Sage Handbook of Organizational Research Methods*, London: Sage, 1–18.
- Buchanan, J.M.: 1975, *The Limits of Liberty. Between Anarchy and Leviathan*, Chicago: University of Chicago Press.
- Buchanan, J.M.: 1976, 'Public goods and natural liberty', in Wilson, T. and A.S. Skinner (Eds.), *The Market and the State: Essays in Honour of Adam Smith*, Oxford: Clarendon Press, 271–286.
- Buchanan, J.M.: 1987a, 'The constitution of economic policy', *American Economic Review* 77, 243–250.
- Buchanan, J.M.: 1987b, *Economics Between Predictive Science and Moral Philosophy*, College Station: Texas A&M University Press.
- Buchanan, J.M. and G. Tullock: 1961, *The Calculus of Consent: Logical Foundations of Constitutional Democracy*, Ann Arbor: University of Michigan Press.
- Buchholtz, A.K. and A.B. Carroll: 2008, *Business and Society. Ethics and Stakeholder Management*, Mason, OH: South Western Cengage Learning.

- Buono, A.F. and L. Nichols: 1985, *Corporate Policy and Social Responsibility*, New York: Praeger.
- Burke, L. and J.M. Logsdon: 1996, 'How corporate social responsibility pays off', *Long Range Planning* 29, 495–502.
- Carroll, A.B.: 1979, 'A three-dimensional conceptual model of corporate social performance', *Academy of Management Review* 4, 497–505.
- Carroll, A.B.: 1989, *Business and Society. Ethics and Stakeholder Management*, Mason, OH: South-Western Publishing Company.
- Carroll, A.B.: 1991, 'The pyramid of corporate social responsibility: towards the moral management of organizational stakeholders', *Business Horizons* 34, 39–48.
- Carroll, A.B.: 1999, 'Corporate social responsibility: evolution of a definitional construct', *Business and Society* 38, 268–295.
- Carroll, A.B.: 2016, 'Carroll's pyramid of CSR: taking another look', *International Journal of Corporate Social Responsibility* 1 (3), 1–8.
- Carroll, A.B. and K. Shabana: 2010, 'The business case for corporate social responsibility: a review of concepts, research and practice', *International Journal of Management Reviews* 12, 85–105.
- Cheung, T.S. and A.Y. King: 2004, 'Righteousness and profitableness: the moral choices of contemporary Confucian entrepreneurs', *Journal of Business Ethics* 54, 245–260.
- Child, J.: 1964, 'Quaker employers and industrial relations', *Sociological Review* 12(3), 293–313.
- Chong, D.: 2013, 'The relevance of management to society: Peter Drucker's oeuvre from the 1940s and 1950s', *Journal of Management History* 19(1), 55–72.
- Clarkson, M.B.E.: 1995, 'A stakeholder framework for analyzing and evaluating corporate social performance', *Academy of Management Review* 20, 92–117.
- Collins, J.W.: 1994, 'Is business ethics an oxymoron?' *Business Horizons* 37(5), 1–8.
- Dentchev, N.A.: 2004, 'Corporate social performance as a business strategy', *Journal of Business Ethics* 55, 397–412.
- Dentchev, N.A.: 2009, 'To what extent is business and society literature idealistic?' *Business and Society* 48, 10–38.
- Desjardins, J.R.: 1993, 'Virtues and business ethics', in Chryssides, G.D. and J. Kaler (Eds.), *An Introduction to Business Ethics*, London: Thompson Learning, 136–142.
- Desjardins, J.R. and J.J. McCall: 1990, 'An analysis of Friedman's "social responsibility" article', in Desjardins, J.R. and J.J. McCall (Eds.), *Contemporary Issues in Business Ethics*, Belmont: Wadsworth Publishing Company, 12–21.
- Dodd, E.M. Jr. 1932: 'For whom are corporate managers trustees?' *Harvard Law Review* 45, 1145–63.
- Donaldson, T. and T.W. Dunfee: 1999, *Ties that Bind: A Social Contracts Approach to Business Ethics*, Cambridge, MA: Harvard Business School Press.
- Drucker, P.: 1954, *The Practice of Management*, New York: Harper & Row.
- Duska, R.: 2000, 'Business ethics: oxymoron or good business?' *Business Ethics Quarterly* 10(1), 111–129.
- Evan, W.M. and R.E. Freeman.: 1995, 'A stakeholder theory of the modern corporation: Kantian capitalism', in Hoffman, W.M. and R.E. Frederick (Eds.), *Business Ethics. Readings and Cases in Corporate Morality*, New York: McGraw-Hill, 145–154.

- Fleming P., J. Roberts and C. Garsten: 2013, 'In search of corporate social responsibility', *Organization* 20, 337–348.
- Freeman, R.E.: 1984, *Strategic Management: A Stakeholder Approach*, Boston: Pitman.
- Freeman, R.E. and A. Moutchnik: 2013, 'Stakeholder management and CSR: questions and answers', *Umwelt-Wirtschafts-Forum* 21, 5–9.
- Friedman, M.: 1962, *Capitalism and Freedom*, Chicago: University of Chicago Press.
- Friedman, M.: 1970/1993, 'The social responsibility of business is to increase its profits', *New York Times Magazine*, 13 September 1970, 32–33, 122–126. Reprinted in Chryssides, G.D. and J. Kaler (1993), *An Introduction to Business Ethics*, London: Chapman & Hall, 249–254.
- Fry, L.W., G.D. Keim and R.E. Meiners: 1982, 'Corporate contributions: altruistic or for-profit', *Academy of Management Journal* 25, 94–106.
- Gaus, G.: 2010, 'The idea and ideal of capitalism', in Brenkert, G.G. and T.L. Beauchamp (eds.), *The Oxford Handbook of Business Ethics*, Oxford: Oxford University Press: 73–99.
- Galbreath, J.: 2010, 'Drivers of corporate social responsibility: the role of formal strategic planning and firm culture', *British Journal of Management* 21, 511–525.
- Garriga, E. and D. Melé: 2004, 'Corporate social responsibility theory: mapping the territory', *Journal of Business Ethics* 53, 51–71.
- Graaf, de, F.F. and C.A.J. Herkströter: 2007, 'How corporate social performance is institutionalised within the governance structure', *Journal of Business Ethics* 74, 177–189.
- Goodpaster, K.E.: 1991, 'Business ethics and stakeholder analysis', *Business Ethics Quarterly* 1, 53–72.
- Goodpaster, K.E.: 2010, 'Corporate responsibility and its constituents', in Brenkert, G.G. and T.L. Beauchamp (eds.), *The Oxford Handbook of Business Ethics*, Oxford: Oxford University Press, 126–157.
- Goodpaster, K.E. and J.B. Matthews: 1982, 'Can a corporation have a conscience?', *Harvard Business Review* 60(1), 132–141.
- Griffin, J.J. and J.F. Mahon: 1997, 'The corporate social performance and corporate financial performance debate: twenty-five years of incomparable research', *Business and Society* 36(1), 5–31.
- Harwood, I., S. Humby and A. Harwood: 2011, 'On the resilience of corporate social responsibility', *European Management Journal* 29(4), 283–290.
- Hassard, J., J.W. Cox and M. Rowlinson: 2013, 'Where are the old theories of organization? Prospects for retrospection in organization theory', *Academy of Management Review* 38, 309–313.
- Heblich, S.: 2010, 'Corporate social responsibility in the creation of shareholder value', in Aras, G. and D. Crowther (eds.), *Handbook of Corporate Governance and Social Responsibility*, Farnham: Gower, 489–508.
- Hillenbrand, C., K. Money and A. Ghobadian: 2013, 'Unpacking the mechanism by which corporate social responsibility impacts stakeholder relationships', *British Journal of Management* 24, 127–146.
- Homann, K.: 1997, 'Sinn und Grenze der ökonomischen Methode in der Wirtschaftsethik', *Volkswirtschaftliche Schriften* 478, 1–42.
- Homann, K.: 1999, 'Zur Grundlegung einer modernen Gesellschafts- und Sozialpolitik: Das Problem der Sozialen Ordnung', in Blum, U., W. Esswein,

- E. Greipl, H. Hereth and S. Müller (Eds), *Soziale Marktwirtschaft im nächsten Jahrtausend*. Stuttgart, Germany: Schäffer-Poeschel, 119–148.
- Homann, K.: 2014, *Sollen und Können. Grenzen und Bedingungen der Individualmoral*, Vienna: European University Press.
- Husted, B.W.: 2000, 'A contingency theory of corporate social performance', *Business and Society* 39, 24–48.
- Husted, B.W. and D.B. Allen: 2004, 'Strategic corporate social responsibility and value creation among large firms in Spain', *Conference Paper 15th Annual Meeting of the International Association for Business and Society*, 4–7 March 2004, Jackson Hole, WY, USA.
- Husted, B.W. and J.D. Salazar: 2006, 'Taking Friedman seriously: maximizing profits and social performance', *Journal of Management Studies* 43, 75–91.
- Igalens, J. and J.-P. Gond: 2005, 'Measuring corporate social performance in France: a critical and empirical analysis of ARESE data', *Journal of Business Ethics* 56, 131–148.
- Jensen, M.C.: 2002, 'Value maximization, stakeholder management, and social issues: what's the bottom line?' *Business Ethics Quarterly* 12, 235–256.
- Jia, M. and Z. Zhang: 2014, 'Donating money to get money: the role of corporate philanthropy in stakeholder relations to IPOs', *Journal of Management Studies* 51, 1118–1152.
- Johnson, R.A. and D.W. Greening: 2001, 'The effects of corporate governance and institutional ownership types on corporate social performance', *Academy of Management Review* 42, 564–576.
- Jones, T.M.: 1995, 'Instrumental stakeholder theory: a synthesis of ethics and economics', *Academy of Management Review* 20, 404–437.
- Khalil, E.L.: 2002, 'Is Adam Smith a liberal?' *Journal of Institutional and Theoretical Economics* 158(4), 664–695.
- Kurucz, E., B.A. Colbert and D. Wheeler: 2008, 'The business case for corporate social responsibility', in Crane, A., A. McWilliams, D. Matten, J. Moon and D.S. Siegel (Eds.), *The Oxford Handbook of Corporate Social Responsibility*. Oxford: Oxford University Press, 83–112.
- Laan, G. van der, H. van Ees and A. van Witteloostuijn: 2008, 'Corporate social and financial performance: an extended stakeholder theory, and empirical test with accounting measures', *Journal of Business Ethics* 79, 299–310.
- Luetge, C.: 2005, 'Economic ethics, business ethics and the idea of mutual advantages', *Business Ethics. A European Review* 14, 108–118.
- Luetge, C., T. Armbrüster and J. Müller: 2016, 'Order ethics: bridging the gap between contractarianism and business ethics', *Journal of Business Ethics* 136(4), 687–697.
- Makni, R., C. Francoeur and F. Bellavance: 2009, 'Causality between corporate social performance and financial performance: evidence from Canadian firms', *Journal of Business Ethics* 89, 409–422.
- Margolis, J.D. and J.P. Walsh: 2003, 'Misery loves companies: rethinking social initiatives by business', *Administrative Science Quarterly* 48, 268–305.
- Marom, I.Y.: 2006, 'Toward a unified theory of the CSP-CFP link', *Journal of Business Ethics* 67, 191–200.
- Matten, D. and J. Moon: 2008, 'Implicit and explicit CSR: a conceptual framework for understanding CSR in Europe', *Academy of Management Review* 33, 404–424.

- Mayo, E.: 1933, *The Human Problems of an Industrial Civilization*, New York: Macmillan.
- Mayo, E.: 1949, *The Social Problems of an Industrial Civilization*, London: Routledge & Kegan Paul.
- McWilliams, A. and D.S. Siegel: 2000, 'Corporate social responsibility and financial performance: correlation or misspecification?' *Strategic Management Journal* 21, 603–609.
- McWilliams, A. and D.S. Siegel: 2001, 'Corporate social responsibility: a theory of the firm perspective', *Academy of Management Review* 26, 117–127.
- McWilliams, A., D.S. Siegel and P.M. Wright: 2006, 'Corporate responsibility: strategic implications', *Journal of Management Studies* 43, 1–18.
- Melé, D.: 2008, 'Corporate social responsibility theories', in Crane, A., A. McWilliams, D. Matten, J. Moon and D.S. Siegel (Eds.), *The Oxford Handbook of Corporate Social Responsibility*, Oxford: Oxford University Press, 47–82.
- Moore, G. and A. Robson: 2002, 'The UK supermarket industry: an analysis of corporate social and financial performance', *Business Ethics. A European Review* 11, 25–39.
- Nash, L.L.: 2000, 'Intensive care for everyone's least favorite oxymoron: narrative in business ethics', *Business Ethics Quarterly* 10(1), 277–290.
- Novak, M.: 1996, *Business as a Calling*, New York: Free Press.
- North, D.C. and R.P. Thomas: 1973, *The Rise of the Western World: A New Economic History*, Cambridge: Cambridge University Press.
- North, D.C.: 1990, *Institutions, Institutional Change, and Economic Performance*, Cambridge: Cambridge University Press.
- North, D.C. and B.R. Weingast: 1989, 'Constitutions and commitment: the evolution of institutions governing public choice in seventeenth-century England', *The Journal of Economic History* 49, 803–832.
- Orlitzky, M., F.L. Schmidt and S.L. Rynes: 2003, 'Corporate social and financial performance: a meta-analysis', *Organization Studies* 24, 403–441.
- Orlitzky, M., D.S. Siegel and S.A. Waldman: 2011, 'Strategic corporate social responsibility and environmental sustainability', *Business and Society* 50, 6–27.
- Parker, M.: 1998, 'Business ethics and social theory: postmodernizing the ethical', *British Journal of Management* 9, S27–S36.
- Pies, I.: 1993, *Normative Institutionenökonomik. Zur Rationalisierung des politischen Liberalismus*, Tübingen: Mohr Siebeck.
- Pivato, S., N. Misani and A. Tencati: 2008, 'The impact of corporate social responsibility on consumer trust: the case of organic food', *Business Ethics. A European Review* 17, 3–12.
- Porter, M.: 2003, '[Interview with M. Morsing:] CSR – a religion with too many priests', *European Business Forum* 15 (Autumn), 41–42.
- Porter, M. and M. Kramer: 2011, 'Creating shared value', *Harvard Business Review* 89(1/2), 62–77.
- Post, J.E.: 2015, 'Forty years on: still searching for the corporation-society paradigm', *Zeitschrift für Wirtschafts- und Unternehmensethik (Journal for Business, Economics and Ethics)* 16(2), 136–149.

- Reinhardt, F.L. and R.N. Stavins: 2010, 'Corporate social responsibility, business strategy, and the environment', *Oxford Review of Economic Policy* 26, 164–181.
- Reinecke, J. and S. Ansari: 2016, 'Taming wicked problems: the role of framing in the construction of corporate social responsibility', *Journal of Management Studies* 53, 299–329.
- Reisman, D.A.: 1998, 'Adam Smith on market and state', *Journal of Institutional and Theoretical Economics* 154(2), 357–384.
- Renneboog, L, J. ter Horst and C. Zhang: 2010, 'Socially responsible investment funds', in Aras, G. and D. Crowther (eds.), *Handbook of Corporate Governance and Social Responsibility*, Farnham: Gower, 395–411.
- Roberts, J.: 2003, 'The manufacture of corporate social responsibility: constructing corporate sensibility', *Organization* 10, 249–265.
- Rowlinson, M., J. Hassard and S. Decker: 2014, 'Research strategies for organizational history: a dialogue between historical theory and organization theory', *Academy of Management Review* 39, 250–274.
- Scherer, A. and G. Palazzo: 2007, 'Toward a political conception of corporate responsibility: business and society seen from a Habermasian perspective', *Academy of Management Review* 32, 1096–1120.
- Schwartz, M.S.: 2007, 'The "business ethics" of management theory', *Journal of Management History* 13(1), 43–54.
- Schwartz, M.S. and A.B. Carroll: 2003, 'Corporate social responsibility: a three-domain approach', *Business Ethics Quarterly* 13, 503–530.
- Schwartz, M.S. and A.B. Carroll: 2008, 'Integrating and unifying competing and complementary frameworks: the search for a common core in the business and society field', *Business and Society* 47, 148–186.
- Schwartz, M.S. and D. Saiia: 2012, 'Should firms go "beyond profits"? Milton Friedman versus broad CSR', *Business and Society Review* 117(1), 1–31.
- Shaw, H.: 2010, 'The regulatory and legal framework of corporate governance', in Aras, G. and D. Crowther (Eds.), *Handbook of Corporate Governance and Social Responsibility*, Farnham: Gower, 191–209.
- Smith, A.: 1759/1966, *The Theory of Moral Sentiments*, New York: A. M. Kelley.
- Smith, A.: 1776/1976, *An Inquiry into the Nature and Causes of the Wealth of Nations*, 2 Vols., ed. Campbell, R.H., A.S. Skinner and W.B. Todd, Oxford: Clarendon Press.
- Smith, C.: 2008, 'Consumers as drivers of corporate social responsibility', in A. Crane, A. McWilliams, D. Matten, J. Moon and D.S. Siegel (Eds.), *The Oxford Handbook of Corporate Social Responsibility*. Oxford: Oxford University Press, 281–302.
- Snider, J., R.P. Hill and D. Martin: 2003, 'Corporate social responsibility in the 21st century: a view from the world's most successful firms', *Journal of Business Ethics* 48, 175–187.
- Swanson, D.L.: 1995, 'Addressing a theoretical problem by reorienting the corporate social performance model', *Academy of Management Review* 20, 43–64.
- Swanson, D.L.: 1999, 'Toward an integrative theory of business and society: a research strategy for corporate social performance', *Academy of Management Review* 24, 506–521.
- Tang, Z., C.E. Hull and S. Rothenberg: 2012, 'How corporate social responsibility engagement strategy moderates the CSR-financial performance relationship', *Journal of Management Studies* 49, 1274–1303.

- Vanberg, V.J.: 2001, *The Constitution of Markets. Essays in Political Economy*, London: Routledge.
- Vanberg, V.J.: 2011, 'Corporate social responsibility in a market economy: The perspective of constitutional economics', in L. Sacconi, M. Blair, R.E. Freeman, and A. Vercelli (eds), *Corporate Social Responsibility and Corporate Governance. The Contribution of Economic Theory and Related Disciplines*, Basingstoke: Palgrave Macmillan, 131–156.
- Vogel, D.: 1991, 'The ethical roots of business ethics', *Business Ethics Quarterly* 1(1), 101–120.
- Waddock, S.: 2010, 'The social contract of business in society', in Aras, G. and D. Crowther (Eds.), *Handbook of Corporate Governance and Social Responsibility*, Farnham: Gower, 69–82.
- Waddock, S.A. and S.B. Graves: 1997, 'The corporate social performance-financial performance link', *Strategic Management Journal* 18, 303–319.
- Wagner, S.A.: 1997, *Understanding Green Consumer Behaviour*, London: Routledge.
- Wagner-Tsukamoto, S.A.: 2005, 'An economic approach to business ethics', *Journal of Business Ethics* 60, 75–89.
- Wagner-Tsukamoto, S.A.: 2007, 'Moral agency, profits and the firm: economic revisions to the Friedman theorem', *Journal of Business Ethics* 70, 209–220.
- Wagner-Tsukamoto, S.A.: 2008, 'Contrasting the behavioural business ethics approach and the institutional economic approach to business ethics: insights from the study of Quaker employers', *Journal of Business Ethics* 82, 835–850.
- Wagner-Tsukamoto, S.A.: 2012, 'Updating Adam Smith on business ethics', *Conference Proceedings 4th World Business Ethics Forum* (ISBN 9789881208910), 16–18 December 2012, Hong Kong Baptist University. Publication forthcoming in the *Interdisciplinary Journal of Economics and Business Law*.
- Wagner-Tsukamoto, S.A.: 2013, 'The Adam Smith problem revisited: a methodological resolution', *Journal des Économistes et des Études Humaines* 19, 63–99.
- Wagner-Tsukamoto, S.A.: 2015, 'What ethics? Economizing the Carroll pyramid of corporate social responsibilities (CSR)', *Conference Proceedings, British Academy of Management (BAM) 2015 Conference*, University of Portsmouth, 8-10 September 2015.
- Wagner-Tsukamoto, S.A.: 2016, 'What ethics? An integrative economics ethics approach to corporate social responsibility (CSR)', *Conference Proceedings, British Academy of Management (BAM) 2016 Conference*, University of Newcastle, 6-8 September 2016.
- Wartick, S.L. and P.L. Cochran: 1985, 'The evolution of the corporate social performance model', *Academy of Management Review* 10, 758–769.
- Werhane, P.H.: 2000, 'Business ethics and the origins of contemporary capitalism: economics and ethics in the work of Adam Smith and Herbert Spencer', *Journal of Business Ethics* 24(3), 185–198.
- Williamson, O.E.: 1985, *The Economic Institutions of Capitalism*, New York: The Free Press.
- Williamson, O.E.: 1996, 'Prologue: the mechanisms of governance', in O.E. Williamson (Ed.), *The Mechanisms of Governance*, Oxford: Oxford University Press, 3–20.
- Williamson, O.E.: 2000, 'The New Institutional Economics: taking stock, looking ahead', *Journal of Economic Literature* 38, 595–613.

- Wilson, J.O.: 1989, 'Adam Smith on business ethics', *California Management Review* 32, 59–72.
- Windsor, D.: 2006, 'Corporate social responsibility: three key approaches', *Journal of Management Studies* 43, 93–114.
- Windsor, D.: 2013, 'Corporate social responsibility and irresponsibility: a positive theory approach', *Journal of Business Research* 66, 1937–1944.
- Wood, D.J.: 1991, 'Corporate social performance revisited', *Academy of Management Review* 16, 691–718.