



Aalto University
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Political Corporate Social Responsibility and Its Critique

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Agenda

Part 1: Introduction

Part 2: Business firms as a political actors

Part 3: A framework to contextualize the political CSR.

Part 4: The political interpretations of the CSR discussions.

Part 5: Critique of political CSR

Part 5: Conclusion

Part 1: Introduction

“What Does it Mean to See Corporations as Political Actors? (Néron 2010)”

Corporations as Political Actors



- Corporations as distributive agents
- Corporations as political communities
- Corporate activities and policies as citizenship issues
- Corporations as participants in the political processes

Corporations as distributive agents

- Impact of the firm on the society as a whole
- Powerful social entities (key actors of our time)
- Firms have significant distributive effects in societies
- Firms activities and policies have an impact on many stakeholders and not only on shareholders.

Corporations as political communities

- Firms offer not only jobs but are important sources of meaning for their members.
- Firms populated by employees with different interests, values, and ends in life
- Firms use political mechanism of collective decision making to manage the employees
- Intra-firm relations are administrated relations vs. competitive market relations

Corporate policies as citizenship issues

- Corporations as growing matter of concern for citizens
- Citizenship practices directed toward corporations instead of being directed to governments
- “Better to shop than vote” (Hertz, 2001)
- What happens in firms matters for polis
- More resources to change corporate practices instead of pushing for more and better regulation by states
- Administration of citizenship rights by firms (Crane et al. 2008)

Corporations as participants in politics

- Corporations intentionally influence the public policies and laws through lobbying, participation in public debates, provision of information etc.
- Overlooked aspect in business ethics and CSR studies (Weber 1997)
- Corporate social responsibility to “respect the political process by staying out of it” (Reich 1998).
- “Businesses consistently lobby against regulations that are designed to correct market failures” (Heath 2007).

Business and Politics

- <https://www.youtube.com/watch?v=079LXdfyh74>



Part 2 : New Political CSR

“We suggest that, under the conditions of globalization, the strict division of labor between private business and nation-state governance does not hold any more” (Scherer & Palazzo)

New political CSR

- “The literature on political CSR usually favors a rethinking of the division of moral labor between states and corporations within new forms and patterns of social governance” (Néron 2013).
- “It typically attempts to justify a new set of political tasks and responsibilities for corporations, assuming they will act with an eye to the common good” (Néron 2015)

Review of political CSR

- [Business Ethics Quarterly](#)
- Volume 22, Issue 4, October 2012
- Jukka Mäkinen & Arno Kourula

Pluralism in Political Corporate Social Responsibility



Within corporate social responsibility (CSR), the exploration of the political role of firms (political CSR) has recently experienced a revival. We review three key periods of political CSR literature—classic, instrumental, and new political CSR—and use the Rawlsian conceptualization of division of moral labor within political systems to describe each period’s background political theories. The three main arguments of the paper are as follows. First, classic CSR literature was more pluralistic in terms of background political theories than many later texts. Second, instrumental CSR adopted classical liberalism and libertarian laissez-faire as its structural logic. Third, new political CSR, based on a strong globalist transition of responsibilities and tasks from governments to companies, lacks a conceptualization of division of moral labor that is needed to fully depart from a classical liberalist position. We end by providing a set of recommendations to develop pluralism in political CSR.



New Political CSR



<http://www.youtube.com/watch?v=4P4uvC2BFdU&feature=related>

Globalization blurs the traditional boundaries between the political and economic spheres of society leading to the **politicization** of the business firms.





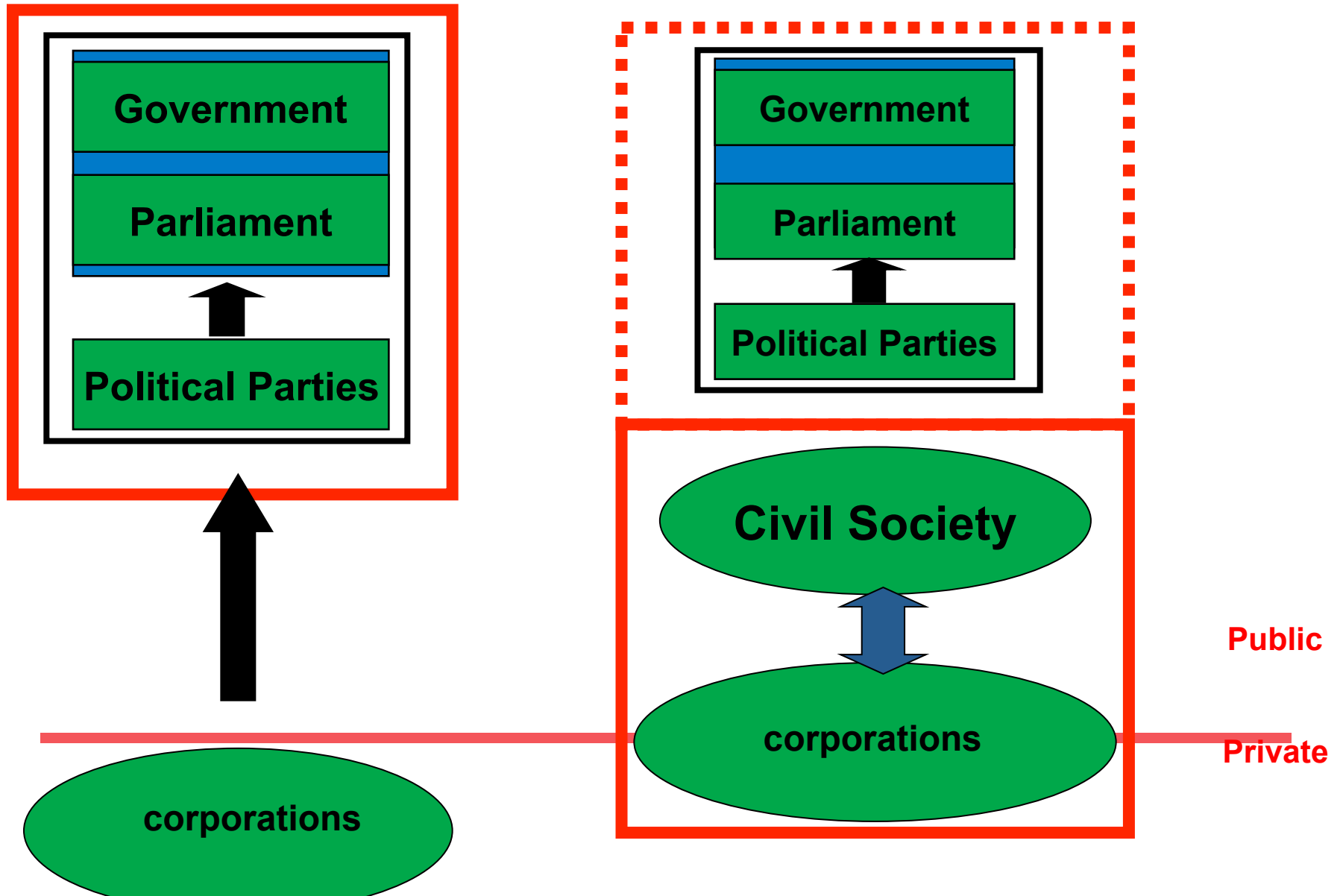
Corporate Citizenship



Private firms take over the traditional governmental tasks of **social regulation** and operate as new providers of **citizenship rights** and **public goods**.



New political CSR adapted from Guido Palazzo



New CSR Paradigm

The traditional picture of firms as **apolitical actors** **focusing on economic roles** in society does not hold anymore. The new political CSR goes beyond the mainstream economic CSR.



Topics for Consideration

- How seriously does the new political CSR challenge the traditional economic understanding of CSR?
- What are the **political implications** of the possible paradigm shift?



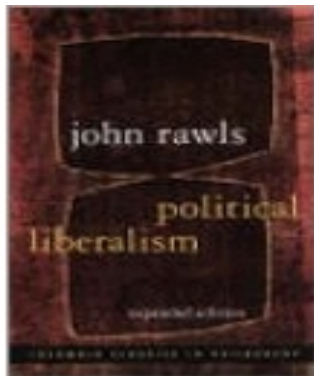
Part 3: A framework to contextualize the new political CSR.

Notion of Division of Moral Labor

- Libertarianism
 - Classical liberalism
 - Liberal Equality
 - Welfare-state Capitalism
- Property-owning Democracy
- Market Socialism

Notion of Division of Moral Labor

Refers to the ways in which responsibilities for the political, social and economic dimensions of society are divided among different political and socio-economic institutions and various actors operating within the structures



Division of moral labor

- Needed if we want to control the concentration of economic power over time in market economies.
- Needed if we want to keep markets efficient and competitive over time in market economies.
- Needed if we want to keep the public sphere of our society democratic over time in market economies.
- Needed if we want to keep our society pluralistic over time.

Division of moral labor and pluralism

- In contemporary societies people do not share a common conception of ends of life.
- In these pluralistic settings, the state need to be impartial with respect to different conceptions of ends of life since the state is not voluntary for its members.
- On the other hand, firms are meant to be voluntary organizations.

State vs. Firm

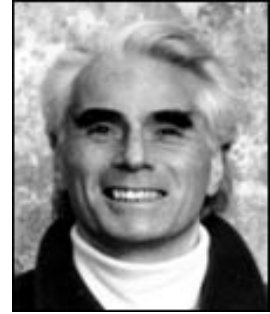
- Freedom of exit: State NO vs. Firm Yes
- Specific aims and purposes: State No vs. Firm Yes
- Assessment of contributions: State No vs. Firm Yes

Political Doctrines

| | <p>Market socialism</p>  | <p>Property-owning</p>  | <p>Welfare-state capitalism</p>  | <p>Liberal equality</p>  | <p>Classical liberalism</p>  | <p>Libertarianism</p>  |
|---------------------------------|---|--|---|--|---|---|
| <p>Division of labor</p> | <p>Real equality demands the public ownership of productive assets and democratic economy. Limited role for markets; addressing allocative efficiency</p> | <p>The democratic control of social life requires the robust public structures of society stopping the concentration of socio-economic power over time and its transformation into political power</p> | <p>The overall welfare of society demands the relatively robust public structures of society taking care of the redistribution of socio-economic power in a society</p> | <p>Free market economy set within the framework of social structures aiming towards equal opportunities</p> | <p>Extensive private sector and markets having a major role in a society Limited state needed for the economic efficiency</p> | <p>Society as the network of private agreements Minimal state or private firms as protectors of private property rights and freedoms of contracts</p> |

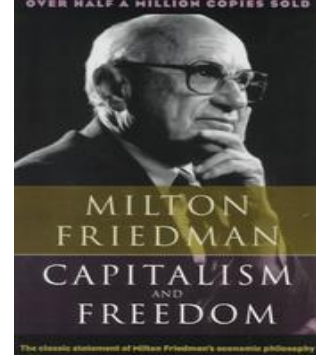


Libertarianism



- The relation of citizens to the state is **like their relation with any private corporation** with which they have made an agreement.
- Terms of citizenship depend on the bargaining powers of contractors.
- Only **minimal state or private firms** needed to protect the private property rights and freedom of contracts.
- Society as the network of private agreements:
Privatization across the board.
- **Entirely blurred boundaries** between business and politics.

Classical Liberalism



“First the **scope of government must be limited**. Its major function must be to protect our freedom both from the enemies outside our gates and from our fellow-citizens: to preserve law and order, to enforce private contracts, to foster competitive markets. **Beyond this major function, government may enable us at times to accomplish jointly what we would find it more difficult or expensive to accomplish severally.** However, any such **use of government is fraught with danger**. We should not and cannot avoid using government in this way. But there should be a **clear and large balance of advantages** before we do. By relying **primarily on voluntary co-operation and private enterprise**, in both economic and other activities, we can insure that the **private sector is a check on the powers of the governmental sector** and an effective protection of freedom of speech, of religion, and of thought.” (Milton Friedman 1961)

Classical Liberal Division

The limited public sector with provision of

- monetary system
- police and army
- constitution and parliament
- independent judiciary
- background institutions for competitive markets

Extensive capitalist private sector with voluntary competitive provision of

- the education and healthcare of employees
- education, daycare, and healthcare of employees' children
 - recreational activities for employees
- the care of the least well-off members of the society and prevention of social problems
 - loans and allowances to employees
 - pension schemes for workers
 - housing for workers
 - occupational safety
 - occupational pay policy
 - firm level environmental policy
 - worker consultation
- voluntary and competitive CSR norms
- etc.



Liberal Equality

*Liberal
Equality*

Amy Gutmann

- Worried about the cumulative effects of free market transactions over time on **peoples' equal changes**.
- Sets markets within the framework of **social structures**.
- The task of these structures is to preserve **equality of opportunity**.
- The life prospects of those with the same abilities and aspirations **should not be affected by their social starting positions**.

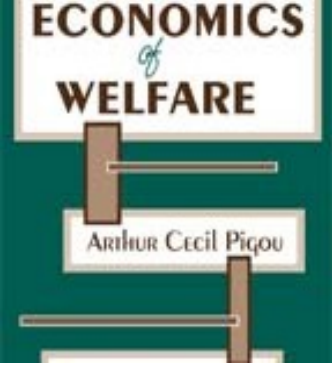
Liberal Egalitarian Division

Egalitarian public sector with provision of

- monetary system
- police and army
- constitution and parliament
- independent judiciary
- background institutions for efficient markets
- egalitarian education system
- general basic health care system
- trade union rights
- student loans and allowances
- anti-discrimination laws and policies
- general policies for helping the poor
- public support of political participation

capitalist private sector with voluntary competitive provision of

- vocational training of employees
- recreational activities for employees
- housing for workers
- firm level environmental policy
- firm level pay policy
- support for egalitarian public sector



Welfare-state Capitalism

- Markets left alone, produce socio-economic inequalities that do not **maximize overall welfare in a society**
- Aims at increasing the overall level of welfare in a society **via redistributive socio-economic programs**
- Allows significant **public sector interventions** to the market allocations.
- Egalitarian social sector and **ex post progressive tax structures and transfer programs** to scale up welfare levels in a society.

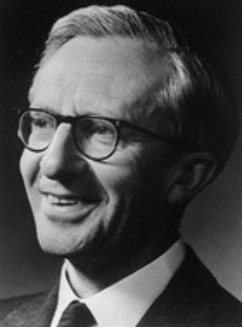
Welfare-state Capitalist Division

The general welfare promoting public sector with provision of

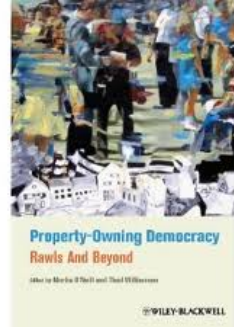
- monetary system
- police and army
- constitution and parliament
- independent judiciary
- background institutions for efficient markets
- publicly funded egalitarian education and health care systems
- trade union rights
- strict occupational safety and health norms
- student loans and allowances
- equality laws and policies
- income transfer programs
 - minimum wage
- a public funding of elections, political parties etc.
- unemployment benefits, the national pension, the mandatory retirement allowance etc.
 - strict environmental laws and norms
 - social security system
 - high level/progressive income taxes
- the support of employment and competitiveness
 - cultural policy
 - housing policy

capitalist private sector with

- the adherence of public laws and norms
- filling the responsibility voids left by the welfare state



Property-owning Democracy



- **The democratic control of social life and economy as a major political goal.**
- Focus on the institutional means of **preserving widespread property ownership in a society** and **stopping the concentration of economic power** over time.
- Inequalities of wealth/power offer **corporations too much room to use the political system** to further their private interests.
- Robust **egalitarian inheritance and gift taxes** needed
- Government policies to promote **equal opportunity**
- The **public financing of political parties** and promotion of **free public discussion.**

Property-owning Democratic Division

The democratic public sector with provision of

-monetary system

-police and army

-constitution and parliament

-independent judiciary

- background institutions for efficient markets

- publicly funded egalitarian education and health care systems

-high level/progressive income, wealth, inheritance, and gift taxes

- social security system

-the promotion of democratic will-formation (public funding of elections and political parties, equal access to media, etc).

-wealth funds owned by the state and managed for the benefit of all citizens

-basic income and the national pension systems

-trade union rights

-strict occupational safety and health norms

-equality laws and policies

- strict environmental laws and norms

-cultural policy

-housing policy

capitalist private sector with responsibility for

-refraining from politics and respect for the democratic rules of the economic sphere

-paying taxes fully

-the acceptance of charity



Market Socialism

- **Combines** the socialist conception of **distributive equity** and **efficiency of markets**.
- **Markets** used to allocate the factors of production but **not to distribute incomes and wealth**.
- **Means of production are publicly owned** and leased to competing firms owned by workers.
- **Distribution of goods by the democratic processes**.
- Democracy extended from the public sector to the private sector: The democratic control of firms.

Part 4: The political interpretations of the major CSR discussions (1950-2011).

- Classic CSR
- Economic CSR
- New Political CSR

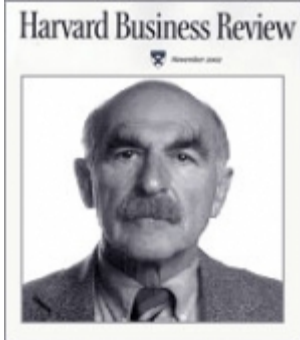
A Framework for Political Interpretation

| Political doctrines | Market socialism | Property-owning democracy | Welfare-state capitalism | Liberal equality | Classical liberalism | Libertarianism |
|---------------------|---|---|--|---|---|---|
| Phases of CSR |  |  |  |  |  |  |
| Classical | Classical CSR discussion from the 1950s and 1970s | | | | | |
| Economic | Dominant contemporary CSR discussion | | | | | |
| New political | Challenger of the dominant CSR discussion | | | | | |



Classic CSR

- Howard Bowen (1953): *Social Responsibilities of the Businessman*
- Keynesian economist and Business School Dean.
- Focus more on **overall social welfare** than firms' profits
- **Evaluating the responsibilities of the businesses in different political systems.**
- Adopting **pluralist position** politically
- Foundation for the later research on CSR



Classic CSR

- Theodore Levitt (1958): *The Dangers of Social Responsibility*
 - American economist and Professor at Harvard Business School, Editor of the Harvard Business Review
 - Idea is to present a **strong rejection of the idea of CSR** based on the **welfare-state capitalist premises**.
 - **Strict division of moral labor:** Task of managers is economic and governments should take care of general welfare.
 - Need for the **strong and extensive democratic state**.
-

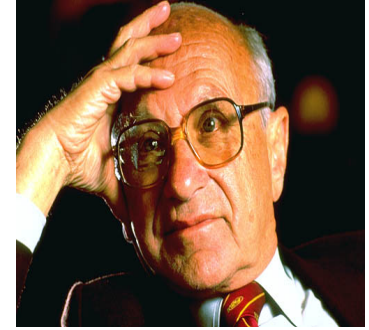
Classic CSR

- K. D. Walters (1977): CSR and Political Ideology
 - Arguing for and against CSR from **conservative and liberal perspectives.**
 - L. E. Preston & J. E. Post (1975): *Private Management and Public Policy*
 - Examination of the **division of responsibilities between public policy and firms.**
-

Political Pluralism of Classic CSR

| Political systems CSR periods | Market socialism | Property-owning democracy | Welfare-state capitalism | Liberal equality | Classical liberalism | Libertarian laissez-faire |
|----------------------------------|------------------|---------------------------|--|------------------|----------------------|---------------------------|
| Classic CSR | | | <p>Narrow CSR: Levitt</p> <hr/> <p>Wider CSR: Bowen</p> <p>Evaluation of CSR within different political systems: Bowen, Walters</p> <p>Examination of the division of responsibilities between public policy and firms: Preston & Post</p> | | | |

Economic CSR



Milton Friedman

- **Limited public structures and narrow CSR** in the same package.
- *“Business of business is business”*.
- The role of the state is to enforce law and order, define ownership rights...
- “Such a **government would have clearly limited functions** and would refrain from a host of activities that are now undertaken by federal and state governments in the USA and other Western countries” (Friedman 1962)

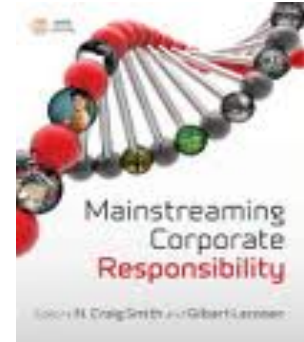
Economic CSR



Michael C. Jensen

- Political Goal: State of affairs where **society uses its resources most efficiently**
- Government and state power should be separated from the particular interests and private advantages.
- The state has limited functions of protection of people and enforcing voluntary contracts and minimizing externalities.
- The role of corporations is to **extend the narrow focus of shareholder value** maximization and **concentrate on the maximization of the long-run total value of firms.**

Economic CSR



Mainstream CSR

- A firm can **do well by doing good**
- Focus on the "business case of CSR"
- Normally **not much political discussion** on the roles of businesses in a society
- Central aim is to **develop a wider conception of CSR** than Friedman's narrow view, without losing his (classical liberal) **voluntarism** and **economic efficiency** emphasis.

Economic CSR



- **R. Edward Freeman**
 - The proper political context of the **wider stakeholder responsibilities** is **libertarian political doctrine**
 - It involves **deep skepticism toward the state** and its abilities to take care of the social background of businesses.
 - The libertarian political setting **emphasizes the role of managers and firms** as bearers of social responsibilities.
 - Libertarianism **distributes moral labor strongly to private firms** and suits well with the political aim of extending the influence of managers over their political and social environment.

Right wing instrumental CSR

| Political systems CSR periods | Market socialism | Property-owning democracy | Welfare-state capitalism | Liberal equality | Classical liberalism | Libertarian laissez-faire |
|----------------------------------|------------------|---------------------------|--------------------------|------------------|--|---------------------------|
| Instrumental CSR | | | | | Narrow CSR: Friedman | |
| | | | | | Middle ground CSR: Jensen | |
| | | | | | Wide CSR: Mainstream instrumental CSR research | Wide CSR: Freeman et al. |



New Political CSR

- Globalization blurs the traditional boundaries between the political and economic spheres of society leading to the **politicization of the business firms** (Scherer & Palazzo).
- Private **firms take over** the traditional **governmental tasks** of social regulation and operate as new providers of **citizenship rights and public goods** (Crane, Matten & Moon).
- The traditional picture of firms as apolitical actors focusing on economic roles in society does not hold anymore (Scherer & Palazzo).
- The politicization of firms in global economy **goes beyond the reach of mainstream economic CSR** (Scherer & Palazzo).



Corporations as Governments



- Instead of governments, corporations become the main providers of the social rights, political rights and civil rights of citizens (= extended corporate citizenship ECC).
- For new political CSR, the process of ECC is relevant in the global economy where states lose their power to corporations.
- **ECC challenges the traditional economic CSR** and its classical liberal conception of division of moral labor in a society **with strict separation between business and politics.**

New political CSR

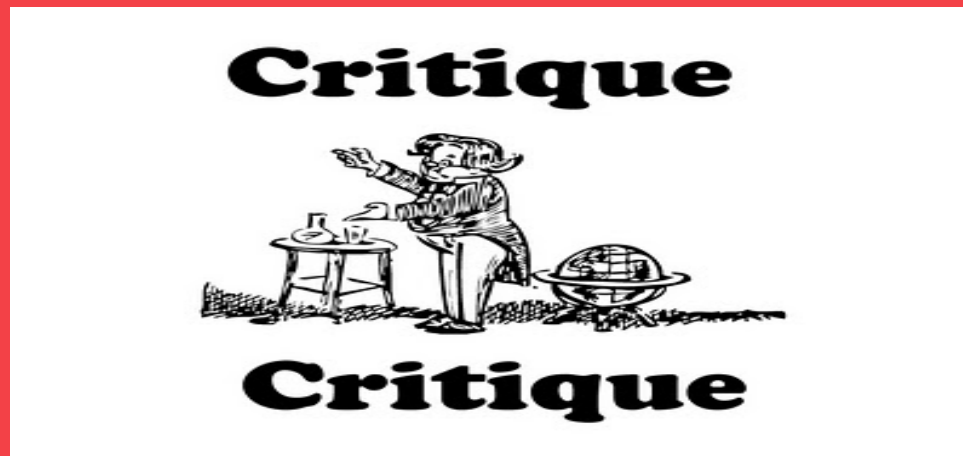
| Political systems CSR periods | Market socialism | Property-owning democracy | Welfare-state capitalism | Liberal equality | Classical liberalism | Libertarian laissez-faire |
|--------------------------------------|--|---------------------------|--------------------------|------------------|--|--|
| New political CSR | Gap: The alternative conceptions of background justice are needed in new political CSR to challenge instrumental CSR and aim towards the deliberative democratic conception of CSR | | | | Benchmark for Scherer & Palazzo: New political CSR attempts to go beyond this view | Political CSR without background justice: Extended corporate citizenship |

Political Map

| Political systems CSR periods | Market socialism | Property -owning democracy | Welfare-state capitalism | Liberal equality | Classical liberalism | Libertarian laissez-faire |
|-------------------------------------|--|----------------------------------|---|---------------------|--|--|
| Classic CSR | | | <p>Narrow CSR: <u>Levitt</u> -----</p> <p>Wider CSR: <u>Bowen</u> -----</p> <p>Evaluation of CSR within different political systems: Bowen, Walters</p> <p>Examination of the division of responsibilities between public policy and firms: Preston & Post</p> | | | |
| Instrumental CSR | | | | | <p>Narrow CSR: Friedman</p> | |
| | | | | | <p>Middle ground CSR: Jensen</p> | |
| | | | | | <p>Wide CSR: Mainstream instrumental CSR research</p> | <p>Wide CSR: Freeman et al.</p> |
| New political CSR | <p>Gap: The alternative conceptions of background justice are needed in new political CSR to challenge instrumental CSR and aim towards the deliberative democratic conception of CSR</p> | | | | <p>Benchmark for Scherer & Palazzo: New political CSR attempts to go beyond this view</p> | <p>Political CSR without background justice: Extended corporate citizenship</p> |

Part 5: The Critique of the Political CSR

1. Libertarianism and Political CSR
2. Globalization and Political CSR
3. Varieties of Regulated Market Economy
4. Republican Justification for Political CSR?



A Critique of Political CSR




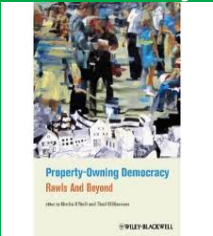
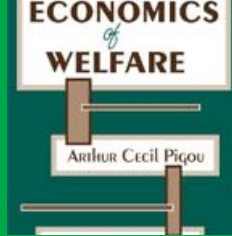
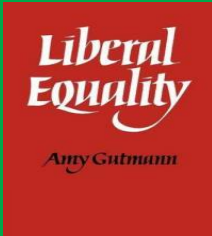
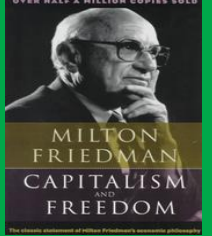
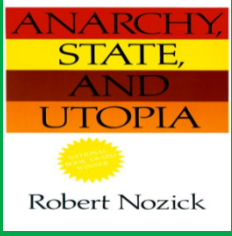
[Journal of Business Ethics](#)

[Jukka Mäkinen](#) & [Eero Kasanen](#)

Boundaries Between Business and Politics: A Study on the Division of Moral Labor

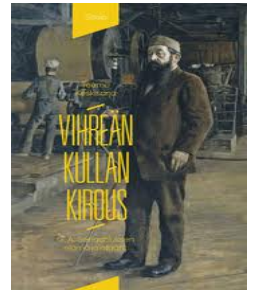
The dominant framing of the political corporate social responsibility (CSR) discussion challenges the traditional economic conception of the firm and aims to produce a paradigm shift in CSR studies wherein the traditional, apolitical view of corporations' roles in society is replaced by the political conception of CSR. In this paper, we show how the major framing of the political CSR discussion calls for a redirection to take international hard legal and moral regulations, as well as the need for the boundaries between business and politics into account.

1. Libertarianism and Political CSR

| | Market socialism | Property-owning democracy | Welfare-state capitalism | Liberal equality | Classical liberalism | Libertarianism |
|--|--|---|--|--|---|--|
| |  |  |  |  |  |  |
| Division of moral labor between Public structures /Private sphere of society | Real equality demands the public ownership of productive assets and democratic economy. Limited role for markets; addressing allocative efficiency | The democratic control of social life requires the robust public structures of society stopping the concentration of socio-economic power over time and its transformation into political power | The overall welfare of society demands the relatively robust public structures of society taking care of the redistribution of socio-economic power in a society | Free market economy set within the framework of social structures aiming towards equal opportunities | Extensive private sector and markets having a major role in a society Limited state needed for the economic efficiency Scherer & Palazzo attempts to challenge this position | Society as the network of private agreements Minimal state or private firms as protectors of private property rights and freedoms of contracts Scherer & Palazzo end up to this position? |

1. Libertarianism and Political CSR

- Libertarianism as a politically progressive doctrine?
 - ✓ Case of the Early Industrial Finland (Mänttä 1880-1950)
 - ✓ Company Towns in USA
- Libertarian political CSR does not go beyond the economic CSR paradigm.
 - ✓ Case of libertarian mainstream CSR
- Libertarian political context does not offer room for the deliberative democracy emphasized by Scherer & Palazzo.





1. Libertarianism and Political CSR



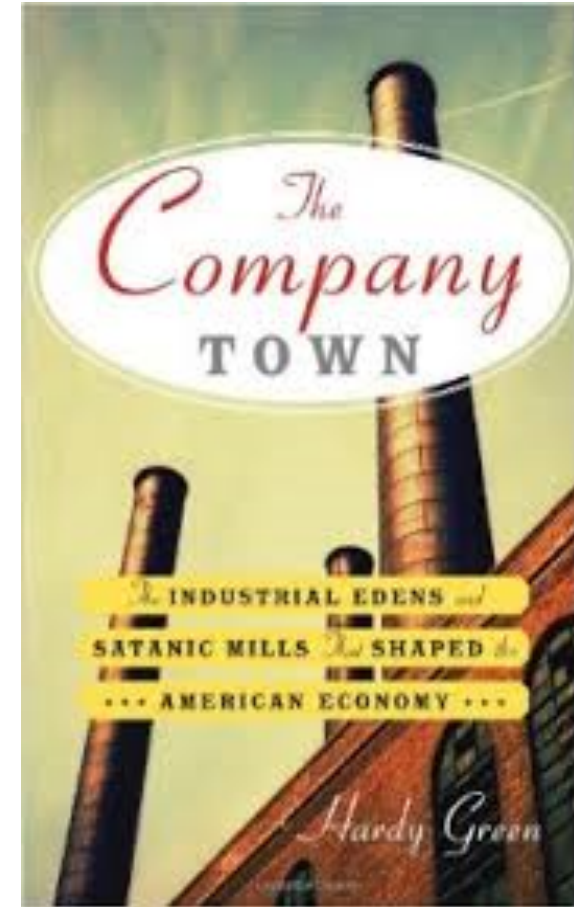
Early Industrial Mänttä

- Company hired the police force and built the fire station.
- The telephone network was maintained by company until 1954.
- Company built roads and railroads and maintained the streets until 1948.
- Company owned ships and brought the first car to Mänttä in 1913.
- Inhabitants bought food from the company store and paid with "Serlachius money".
- The first savings bank got its office and safe from the company.
- Company took care citizens' health by hiring midwife and doctor until 1950.
- Employees used the company's daycare facilities for their children.
- Company had a school in its premises already in 1869 and when became a municipal school continued in company premises.
- Company employees lived in factory apartments starting from 1870 – in 1936 half of Mänttä citizens lived in company apartments.

1. Libertarianism and Political CSR

Political History of CSR

- http://www.nytimes.com/2010/11/07/business/07shelf.html?_r=0
- Djelic, M-L & Etchanchu, H (2015) Contextualizing Corporate Political Responsibilities: Neoliberal CSR in Historical Perspective, *Journal of Business Ethics*, Online First.



1. Libertarianism and Political CSR



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 - It involves **deep skepticism toward the state** and its abilities to take care of the social background of businesses.

1. Libertarianism and Political CSR



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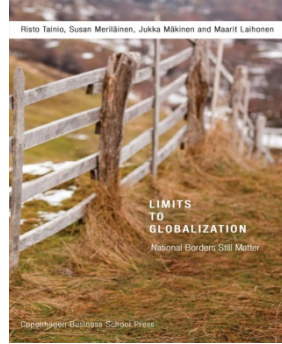
1. Libertarianism and Political CSR

- According to Scherer & Palazzo (2011), Political CSR is in line with the deliberative democracy.
- According to Richardson (2002) and Crocker (2006) deliberative democracy needs institutional background conditions like equal political freedoms and economic equality.

1. Libertarianism and Political CSR

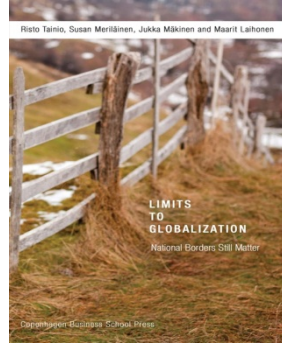
- However, in libertarian political setting there are no background justice needed for deliberative democracy.
- Libertarian political context is not quite suitable for Scherer & Palazzo's political CSR.

2. Globalization and Political CSR



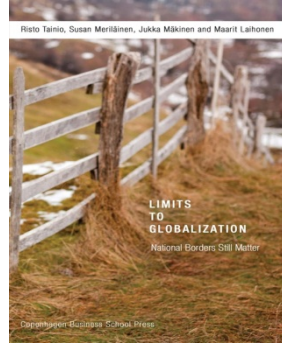
Scherer and Palazzo seems to appeal to the “strong globalization thesis” while arguing against the classical liberal system of division of moral labor.

2. Globalization and Political CSR



According to the “strong globalization thesis” we have entered a new post-industrial era, in which global capital markets and transnational corporations dominate national and regional economies, and undermine the sovereignty of nation states (Sklair 2001).

2. Globalization and Political CSR



However, the “strong globalization thesis” is controversial in globalization studies (See e.g. Hirst et al. 2009; Kollmeyer 2003).

2. Globalization and Political CSR

Weakness of State?

- Most serious human rights violations are committed by governments against their own people (Santoro 2015). Are these governments weak?
- Firms use huge sums of money to lobby public officials and governments. Why do they do these things if public officials and governments are so weak?

2. Globalization and Political CSR

Weakness of State?

- Google needed to follow Chinese censorship regulations when it wanted to provide its Internet services in China (Brenkert, 2009).
- Several countries have legislation that hold corporations accountable for misbehavior abroad (Whitney 2015).
- Thus, governments can also fill some of the governance gaps mentioned in political CSR literature.

2. Globalization and Political CSR

Furthermore, the possible empirical validity of the strong globalization thesis does not necessarily challenge the (classical liberal) idea of the boundaries needed between business and politics.

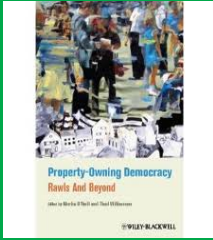
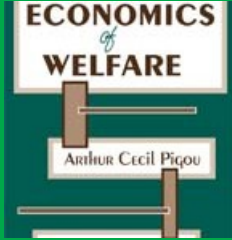
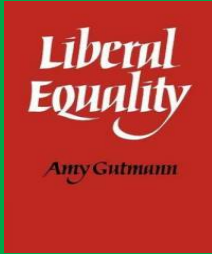
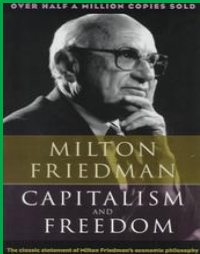
2. Globalization and Political CSR

- To challenge the political position like the classical liberal idea of proper social order you need to offer also relatively robust political argument.
- Empirical descriptions are not quite enough in this type of political debate.

2. Globalization and Political CSR

- In addition, many think that in global economy there is a need for the more firm boundaries between politics and business and urgent need for the hard law regulation of businesses.
- ✓ Deregulation in the USA leading to the financial crises as an example
- ✓ Other examples?

3. The Varieties of Regulated Market Economies

| | <p>Property-owning democracy</p>  | <p>Welfare-state capitalism</p>  | <p>Liberal equality</p>  | <p>Classical liberalism</p>  |
|---|---|--|--|--|
| <p>Division of moral labor between</p> <p>Public structures / Private sphere of society</p> | <p>The democratic control of social life requires the robust public structures of society stopping the concentration of socio-economic power over time and its transformation into political power</p> <p>Scherer & Palazzo do not pay attention to this version of regulated market economy</p> | <p>The overall welfare of society demands the relatively robust public structures of society taking care of the redistribution of socio-economic power in a society</p> <p>Scherer & Palazzo do not pay attention to this version of regulated market economy</p> | <p>Free market economy set within the framework of social structures aiming towards equal opportunities</p> <p>Scherer & Palazzo do not pay attention to this version of regulated market economy</p> | <p>Extensive private sector and markets having a major role in a society</p> <p>Limited state needed for the economic efficiency</p> <p>Scherer & Palazzo attempt to challenge this version of regulated market economy</p> |

3. The Varieties of Regulated Market Economies

- The so called weakness of the state argument in political CSR discussion may be relevant only in the case of the classical liberal version of regulated market economy.
- Other political versions of regulated market economies may provide more robust states and more firm boundaries between business and politics.
- The “weakness of the state” may be the result of the one particular political choice and there are alternatives in our political culture.

4. The Republican Justification for Political CSR?

- Scherer & Palazzo appeal to the republican political philosophy and deliberative democratic conceptions of society to overcome the separations of the political and economic realms of society.
- However, there seems to be some tensions between the republican political philosophy and political CSR.

4. Topics in Republican Political Theory

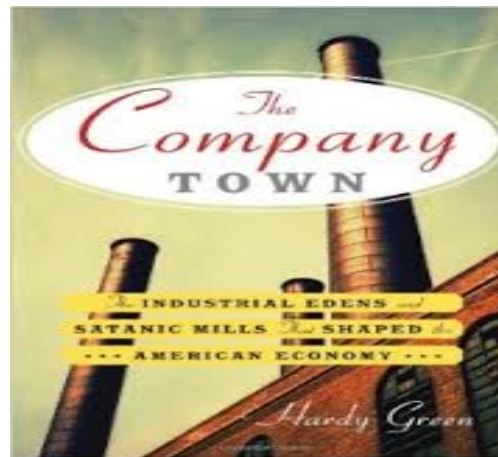
- Active and publicly spirited citizenship as a political goal.
- Against political corruption and peoples' withdrawal from the public political life into private spheres (Thomas 2012)

4. Topics in Republican Political Theory

- Often linked to deliberative democracy underscoring the idea of democracy as public political argumentation going beyond the vote-centric conceptions of democracy (Kymlicka 2002).
- Political freedom seen as the absence of the dependency, domination and arbitrary power (Petit 1996).

4. The Republican Justification for Political CSR?

- The firm-centered political systems allowed/suggested by the political CSR are not quite in line with the republican idea of the political freedom.
- Political freedom seen as the absence of the dependency, domination and arbitrary power .

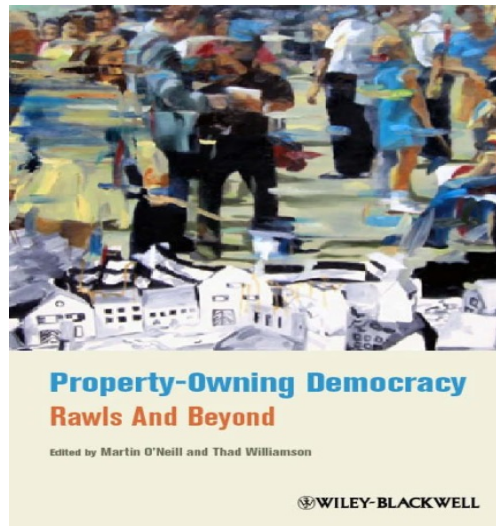


4. The Republican Justification for Political CSR?

- What is the relation between political CSR and republican worry about peoples' withdrawal from the public political life into private spheres?
- Corporations in politics and voter distrust?

4. The Republican Justification for Political CSR?

Contemporary republican political theory is more in line with the idea of regulated market economy (property-owning democracy) than with the political CSR.



4. Political CSR and Deliberative Democracy

Scherer's & Palazzo's description of the global economy having no institutions of background justice is in tension with the institutional background conditions needed for deliberative democracy.

4. Political CSR and Deliberative Democracy

Background justice for deliberative democracy

- Equal political freedoms
- Equality before the law
- Economic justice
- Procedural fairness

(Crocker 2006; Richardson 2002).

Summary of the Critique

1. The libertarian flavor of political CSR.
2. The problematic response to the globalization process.
3. The political plurality of the regulated market economies not taken seriously.
4. Difficult to combine the republican political philosophy and deliberative democracy and private firms as active political citizens.

Team Work

Consider the challenges and opportunities related to the five different distributions of moral labor in a society

1. Extended corporate responsibility (Company Town)
2. Extended public responsibility (Democratic Socialism)
3. Major firms having political issues on their site (Big Tech, Gazprom etc.)
4. Empty spaces between public and private responsibility (problem of the least advantaged)
5. Overlapping public and private responsibility (Tripartite labor politics in Finland)

Part 6: Conclusion

Session Message

- Discussion over **CSR is always political**.
- The **dominant framing of new political CSR faces real political challenges** in its attempt to go beyond mainstream economic CSR discussion.
- There is risk that new political CSR promotes **one particular political** (libertarian) conception of society.

Session Message

- To answer the challenges of political pluralism there is a need to **take a fresh look at the history of CSR** studies and to the contemporary **political theory**.
- Without the **background justice** CSR is easily done solely for the neo-liberals.