CSR in the USA: A Historic Perspective on the Interplay Between Ideological, Political, and Economic Forces

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Abstract This chapter provides an understanding of the contemporary role of CSR in the USA. To this end, an overview of the historic interplay between ideological, political, and economic forces related to the development of CSR is given, and the role of the four dominant ideologies, paternalism, trusteeship, new deal, and neoliberalism is discussed.

1 Introduction

Corporate social responsibility (CSR) with its myriad approaches—ranging from unilateral and fragmented corporate initiatives to collective public interest-driven national and even international regulations—has been practiced to various degrees for more than 150 years in the USA. However, there is still no common universally accepted definition or understanding of CSR and its activities (Dahlsrud, 2008; Maurel, 2011; Öberseder, Schlegelmilch, & Gruber, 2011). In general, CSR refers to a responsibility of companies that goes beyond making money for their owners. This responsibility should "embody the economic, legal, ethical, and discretionary categories of business performance" (Carroll, 1979: 499). CSR activities can be categorized into having commercial, social, environmental, and stakeholder dimensions (Devinney, 2009). Nonetheless, there is no general understanding or agreement of what this responsibility should entail in terms of policies and practices. The elusive concept of CSR, which is an umbrella term of overlapping conceptions of business–society relations (Matten & Moon, 2008), has been described as "inherently vague and ambiguous" (Schlegelmilch & Szöcs, 2015: 327), regulatory fog (Frederick, 1986), blurry and fuzzy (Godfrey & Hatch, 2007), unclear to consumers

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(Öberseder et al., 2011), malleable, fuzzy, and virtually impossible to validate or refute empirically (Devinney, 2009).

Being a clearly dynamic phenomenon, it comes as no surprise that CSR is perceived and practiced differently today than in the past (Matten & Moon, 2008). That is, the expectations of society in the USA concerning the responsibility of companies have been changing over time. On a concrete, action-based level, the true meaning of CSR in the USA cannot be revealed without a broader cultural, historical, political, and social context. The purpose of this chapter is to provide a brief contextual overview of the historic interplay between ideological, political, and economic forces and the development of CSR with the overarching goal to get a better understanding of its contemporary role in the USA. A historic conceptualization helps to show the ever-evolving nature of CSR as a reaction to economic and political events and—often as a consequence of these events—shifts in dominant ideologies. CSR has always been and still is a moving target.

2 Part I: CSR—A Socially Constructed, Value Laden, and Dynamic Phenomenon

Despite the ongoing internationalization of markets and companies, different cultures still have a different concept of what companies ought to do to benefit the society they operate in (Doucin, 2011). For example, there are noticeable differences in societal expectations about the role of CSR between the USA and other developed countries (Matten & Moon, 2008). Significantly fewer European than US firms have explicitly adopted codes of ethics. There were also striking differences in the content of these codes (Langlois & Schlegelmilch, 1990). Further, US companies contributed more than ten times as much money to their local communities than their British counterparts (Brammer & Pavelin, 2005). These differences are even more pronounced in comparison to developing economies. This is not to say that there is complete agreement on CSR in the USA but rather that there are discernible differences between the USA and other countries.

Different societies have developed a different understanding of corporations' social responsibility reflecting their specific institutions, their customary ethics, and their social relations. The political, financial, legal, and cultural system of a society, all influence the role of CSR in that society (Matten & Moon, 2008). For example, concerning the political system, the power of the state is perceived more critically in the USA than in Europe. Accordingly, the sphere of government responsibilities has traditionally been smaller, and corporations are expected to make up for it. Concerning the financial system, equity financing via the stock market is much more common in the USA, which partially might explain the stronger focus of US companies on shareholders versus other stakeholders. Concerning the legal system, labor markets are less regulated, and workers have enjoyed less legal protection in the USA. This difference in the legal system might help to explain the stronger attention of US companies in their CSR activities on employees and their well-being. In Europe, labor interests are more commonly represented on an aggregate level by unions, trade associations, or state or federal laws and regulations. Finally, concerning the cultural and value system, while Americans are known for rating high on individualism, being skeptical of big government, approving of individual wealth creations, and supportive of a free market economy, Europeans are more collectivist, more embracing of government control, suspicious of individual wealth creation, and more critical of a free market economy. These differences might partially explain the much stronger American ethic of stewardship and of "giving back" to society as well as the more pronounced reliance on explicit, individual, or corporate philanthropy (Matten & Moon, 2008). Clearly, there are also profound differences between the countries within Europe, and the examples above resemble more anecdotal evidence than an empirically verified causal relationship between the role of CSR and the political, financial, legal, and cultural systems of a society. Nonetheless, it is interesting to point out some of the striking differences between two highly developed trading partners—the USA and Europe—when it comes to their expectations concerning the social responsibility of corporations.

While the beginnings of CSR in the USA are often traced back to the 1950s and the works of Howard Bowen (1953), the debate about the social responsibility of corporations has a much longer history. The actual roots of CSR in the USA go back to at least the aftermath of the Industrial Revolution in the outgoing eighteenth century. Taking this broader historical contextualization provides for a better understanding of the current state of CSR in the USA. The interactions between business and society are ideologically framed and evolve over time together with changing values and belief systems. An appreciation of the cultural significance of historical events allows for a better understanding of these belief systems and their corresponding ideologies since "the concept of culture is a value-concept" (Weber, 1994: 19). In turn, this might help to elucidate the current ideological framework and its impact on how CSR is defined, analyzed, and practiced in the USA today. This perspective dismantles the widespread but unfounded assumption that "once upon a time economic and political spheres were stable and separate and that political responsibilities were traditionally the prerogative of states and governments" (Djelic & Etchanchu, 2017: 644). In the end, the meaning of CSR is socially constructed. A society's understanding of CSR reflects a specific ideological framework espoused by the members of society. In this sense, an ideological framework constitutes a shared mental map, a lens through which members of society make sense of the world in general and of CSR, in particular (Djelic & Etchanchu, 2017).

In the following, the interplay between ideologies, which were influential and dominant in the past, and ascribed corporate responsibilities, is being discussed. While it is possible to conceptually separate different ideologies, this should not be interpreted in a way that there was only one influential ideology at a time. Indeed, there always has been an overlap of several influential ideologies at one time. Nonetheless, as will be shown below, their relative influence significantly shifted over time. Arguably, since the second half of the twentieth century, the dominant ideological framework in the USA has been based on Neoliberal thought, calling for a strict separation between the responsibilities of private companies and the government (Harvey, 2005).

2.1 *Neoliberal Ideology: The Social Responsibility of Business Is to Increase Its Profits*

The Neoliberal ideological framework, which has significantly shaped the debate about CSR in the USA for at least the last 50 years, has been succinctly expressed and successfully popularized by Milton Friedman. He claimed that companies are not legitimized to do anything that goes beyond maximizing shareholder value. It is the responsibility of the government to cater to its citizens' needs that are not fulfilled by the profit seeking company. However, the main role of government primarily consists of protecting the market economy by defining and enforcing the rules of the game (free and fair competition). Individual economic self-interest by rational actors is the ultimate source of collective welfare (Richter, 2010). This argument has been prominently advanced by Friedman's famous article *The Social Responsibility of Business is to Increase its Profits* (Friedman, 1970). Friedman argues that

> a corporate executive is an employee of the owners of the business. He has direct responsibility to his employers. That responsibility is to conduct the business in accordance with their desires, which generally will be to make as much money as possible while conforming to the basic rules of the society, both embodied in law and those embodied in ethical custom. (Friedman, 1970: 12)

If executives were to define the responsibilities of the company they manage in broader terms by encompassing goals and actions that go beyond shareholder value maximization, they would impose their own values on society. Since managers are not elected officials, they cannot legitimately deal with societal and common good issues. Only elected government officials are legitimized to act on behalf of their voters by revising laws and regulations to ensure the well-being of their citizens (Djelic & Etchanchu, 2017). Since American legislators are elected, US laws—at least theoretically—reflect the prevailing ethical beliefs and values of the American society. Thus, the values embodied in the laws are democratically legitimized and heeding those values is the only corporate responsibility beyond making "as much money as possible" (Friedman, 1970).

Some of the main assumptions of this—often labeled Neoliberal—argumentation are: (1) obeying the law equates being ethical; (2) individual economic self-interest is the source of collective welfare; (3) corporations should serve their owners; (4) the spheres of business and government are to be strictly separated; (5) the government sphere, which generally is less efficient, should have a supportive and minimal role (Djelic & Etchanchu, 2017; Nill, Aalberts, Li, & Schibrowsky, 2015). Many of these assumptions, which generally do not represent factual knowledge, have often been criticized (Nill, 2003; Richter, 2010; Scherer & Palazzo, 2011; Smith, 2001, 2003).

For example, Smith (2001) showed that "obey the law" is an often necessary but not sufficient requirement for good conduct. Marketers who are not genuinely interested in ethical conduct might look for legal loopholes and their "obedience to the law may be colored by beliefs about whether others obey the law and the possibility of being caught" (Smith, 2001: 8). Paradoxically, the sole reliance on existing laws has spawned a tendency to provoke more governmental laws and regulations restricting the free market. However, governmental control is often costly and inefficient (Nill, 2003).

Further, laws do not necessarily reflect the prevailing norms and beliefs of the society. While all citizens have one vote, not all market participants have the same political clout. Market participants that are well organized, such as big corporations, have a much higher chance of influencing the political process in their favor than do less organized participants such as consumers. Often, it is the well-organized corporations "who are aware of what they want, can articulate it to themselves and others, and have organized in order to get it" (Archer, 1995: 258). Finally, while laws are democratically legitimized in democracies (Gaski, 2001), many companies conduct business in nondemocratic countries.

In today's globalized markets, powerful companies operating across borders make the boundaries between government and business spheres increasingly blurry (Rotter, Airike, & Mark-Herbert, 2014). The relative power of nation states—specifically in the less developed world—has been decreasing, while the influence of multinational companies (MNC) has been increasing. For example, some big MNCs whose market capitalization exceeds the gross domestic product (GDP) of small countries often engage in public health, education, social security, and protection of human rights while operating in countries with failed state agencies (Scherer & Palazzo, 2011). Thus, MNCs frequently take on a political role and, by default, assume responsibilities that have been traditionally reserved for the government (Djelic & Etchanchu, 2017; Matten & Crane, 2005; Scherer & Palazzo, 2011).

The whole argument and its premises brought forward so eloquently by Milton Friedman is not detached from values and beliefs. Rather, they are value laden and reflect a specific ideological worldview. As Max Weber (1864–1920) pointed out:

> There is no absolutely 'objective' scientific analysis of . . .social phenomena independent of special and 'one-sided' viewpoints according to which—expressly or tacitly, consciously or unconsciously—they are selected, analyzed and organized for expository purposes (Weber, 1994: 15).

Nonetheless, Friedman's and similar lines of argumentation that have been informed by Neoliberal thought have been very influential—politically as well as academically—in the second part of the twentieth century in the USA. Indeed, some form of what is often labeled Neoliberal ideology has been ingrained in the US culture for much longer (Harvey, 2005). However, as will be discussed in the following, CSR—the quintessential question of how much should corporations be responsible for the well-being of the society they operate in—has not always been defined by this ideology. Different ideological views in the past have allowed for a different interpretation of CSR.

In the course of US history, the line between the responsibilities of government and corporations concerning the welfare of the society has been changing depending on the prevailing ideology. In the nineteenth and early twentieth century many of the responsibilities now thought of as government authority have been assumed by corporations and, simultaneously, government has been involved in spheres now thought of better performed by private corporations. It may be that the pendulum of how to separate responsibilities assigned to corporations and to government has started to swing back within the last two decades. Responding to changing societal expectations, more and more corporate decision makers no longer restrict their business goals to the maximization of profits and explicitly include social and environmental goals (Schlegelmilch & Szöcs, 2015). Arguably, while the trend toward privatization of government responsibilities came to an end during the last financial crisis a decade ago, CSR is increasingly more broadly defined—explicitly including responsibilities that go beyond shareholder value maximization—than it is in the traditional Neoliberal ideology.

2.2 Paternalism: The Benevolent Owner Knows Best

Despite the widespread adoption of the laissez-faire economic Liberalism ideology, Paternalism has a long history in the USA, dating back to even before the Industrial Revolution. Paternalism assumes a benevolent patriarch takes care of his laborers. The patriarch, like a father figure, knows what is best for his workers in all aspects of life. Early on, Paternalism has been used to justify slavery based on the idea that the slaves—and later the dependent class of poor white workers—are not capable to take care of themselves and are better off under supervision of the plantation—and later plant—owner (Sneddon, 2001). Conceptually, Paternalism has been contested on many different grounds such as its severe disregard of a person's autonomy, freedom, and liberty, and the dubious assumption that individuals do not know what is good for them. From a moral perspective, John Stuart Mill (1806–1873) refuted Paternalism in his treatise on liberty:

> The only purpose for which power can be rightfully exercised over any member of a civilized community, against his will, is to prevent harm to others. His own good, either physical or moral, is not a sufficient warrant. (Mill, 2001: 13)

In the context of CSR, the basic ideological framework behind Paternalism is based on a moral duty that comes with power. After the Industrial Revolution, ownership of production facilities became a source of uncontested power that morally obligated the owner to use this power in a way that also benefits others, specifically those who are under his influence. The company was a family enterprise, its workers were considered extended members of the family. The owner assumed the role of the benevolent patriarch and the workers assumed the role of children in need for direction and protection. The patriarch, knowing what is best, was the ultimate decision maker and was responsible for his family, his workers, and often also for his community. Thus, the company became a father figure with absolute authority. “The logic was that the authority of the owner/father implied a certain form of responsibility to the members/employees/children of the firm that went well beyond the provision of a salary” (Djelic & Etchanchu, 2017: 644). While the zenith of this movement was in Europe in the nineteenth century, it was also influential in the USA. It is still widespread in Europe and in Latin America today, where Paternalism is often based on social Catholicism, marked by the encyclical Rerum Novarum (Doucin, 2011).

The Industrial Revolution marked a major turning point in world, as well as USA history. Technological innovations were imported from Britain in the 1820s and the USA continued to rely on European technological advances for most of the nineteenth century (Stearns, 2007). This period is known for the surge in construction of locomotives and development of factory towns in the USA. Before 1830, only local railways were built, but over 3000 miles of track were laid out in the following decade in the Northeast (Stearns, 2007). This new infrastructure created the foundation for other industrial operations and increased demand for workers in the USA. The higher demand for workers created a labor shortage. Recruitment of skilled workers required creating favorable working conditions such as providing housing for employees and paying fair wages (Stearns, 2007). Thus, the need to attract more workers at a time when there was a labor shortage paved the path for what could be labeled CSR activities. It is easy to see that these nascent beginnings of CSR were based on an instrumental and utilitarian approach. That is, CSR was perceived as a means—an instrument—to a higher end, which was usually to sustain and improve profitability.

An influx of immigrants from Northern and Western Europe as well as migration to the cities eased the labor shortage and contributed to increasingly poor working conditions during the mid-nineteenth century (Gemery, 1989). With more competition for jobs, it was no longer necessary for companies to provide good or even decent conditions for workers. By 1870, there were over 30,000 accidental deaths of railroad employees. The unsafe and poor working conditions lead to labor unrests, strikes, lockouts, and often arson of factories by disgruntled employees. In an effort to improve labor relationships and avoid the most disruptive labor disturbances, the railroad industry became the first to provide benefits for sickness, accidents, and death to families of employees (Eichar, 2015). These benefits were compulsory mutual benefit societies to which both employer and employees contributed monetarily, with the idea that both benefited as well. However, participation in these “relief departments” prevented employees from seeking damages in the event of disability or death in state or federal courts (Gilman, 1899). In line with the Neoliberal framework, self-regulation was perceived as the most efficient way to deal with social problems created by industrialization. At the same time, providing benefits to employees that are unrelated to their work, such as housing and healthcare were more in sync with the ideology of Paternalism.

Some corporations assumed responsibilities that clearly went beyond instrumental CSR. However, the line between instrumental CSR and doing good in its own right is often fluid. Doing good because it is the right thing to do can also contribute to the long-term viability and profitability of the corporation. For example, countering criticism of the free market system by doing good might not have been profitable in the short run but helped to reestablish public trust and avert more drastic reformation (Carroll, 2008). One major criticism corporations facing were the cruel working conditions of child and female labor. As women had not yet gained equal rights, they were underpaid and often excluded from the benefits the white male workforce received (Eichar, 2015). Companies began early reforms to respond to this criticism and to show that capitalism could be humane and provide potential solutions to the social problems it created. For example, one of the earliest documentations of these CSR activities goes back to Merrimac Textiles Corporation, who built boarding houses for its factory girls as early as 1825 (Eichar, 2015).

The National Cash Register Company became well known when they founded the N.C.R. House, where employees and their families received training in home keeping, cooking, gardening, child caring, and responsible spending to provide a better home life (Tolman, 1900). Although a great benefit to employees, these efforts were part of a larger attempt of the National Cash Register Company to pacify its dissatisfied workforce. In the 1880s, they were losing money daily due to labor strikes, lockouts, and arson (Gilman, 1899). Due to their CSR initiatives, by the late 1890s the company was a place of collaboration. Clearly, the National Cash Register was ideologically following the mantra of Paternalism.

Early practices of social responsibility that focused on treating workers better and providing them with more benefits were also often believed to increase productivity. Realizing that men need rest and a good environment to do the best work, and to avoid labor unrests, companies focused on voluntary social responsibility. W. H. Tolman summarizes the sentiment at the time: "…a more vigorous man can do more work, a more intelligent man will do more intelligent work and a more conscientious man will do more conscientious work" (Tolman, 1900: 77). Tolman argues that whatever the motivation of the company, the employees benefited from these practices. Clearly, by morally assessing only the outcomes of these activities in terms of the greatest benefit for the greatest number of people, Tolman followed a teleological approach. A teleological framework, specifically utilitarianism, was and still is reflective of the value system engrained in the culture of the USA (Gold, Colman, & Pulford, 2015). Tolman's book *Industrial Betterment* discusses what employers were doing in the late 1800s to improve the lives of their employees. In the spirit of Paternalism, many of these activities focused on the moral duty to use the power that comes with ownership in a way that benefits workers and community. Betterments include improving working conditions by providing bath houses, lunch rooms and restaurants, boarding, vacation time, apprenticeships, recreational facilities, parks, and employee associations. For example, companies such as General Electric, the Ludlow Manufacturing Company, and the Westinghouse Air Brake Company invested in large lots and built houses, so their employees could purchase affordable housing (Tolman, 1900). Other companies established club houses, held company picnics, and formed teams and leagues to nurture feelings of loyalty, team spirit, and goodwill (Eichar, 2015).

As cities began forming during the mid-nineteenth century, America became aware of the environmental impacts of various industries. Mining was extracting materials from the earth, lumber was cutting down forests, and the butchering of livestock contaminated waterways. However, the focus was on growth rather than protecting the environment, and a majority of the public believed that nature would take care of itself (Carroll, Lipartito, Post, & Werhane, 2012). While most CSR activities at that time were aimed at employees and their families, a group of business leaders founded the Society for the Prevention of Smoke in 1892 to protect the health of the public (Husted, 2015). Poor air quality was a substantial environmental problem in urban industry centers. The way the society was organized is comparable to contemporary self-regulation approaches of the industry. The underlying assumption back then—as is today—was that private market solutions are more efficient than government regulations. Ultimately, the society failed to effectively regulate due to a lack of enforcement mechanisms (Husted, 2015). It is interesting to note that the common law system provides greater security of property rights which limits what the government can do to protect the environment (Mohr, Webb, & Harris, 2001). Even today, common law countries (England and most of its former colonies) are less proactive and more reactive—where regulations are usually implemented after damage has occurred—in protecting the environment than civil law countries (most European and Asian countries) (Kim, Park, & Ryu, 2017). Nonetheless, environmental activism eventually sparked regulation. For example, in the early 1900s, a powerful antismoke movement in Chicago forced the Pennsylvania Railroad to develop strategies for reducing public protest against the company, limiting fines, and blocking legislation forcing railroads to electrify (Stradling & Tarr, 1999).

After the civil war, Paternalism became increasingly controversial in the USA. It has been widely criticized as being against American values such as individualism and personal autonomy. Undoubtedly, Paternalism is irreconcilable with the basic civil liberties proclaimed in the Constitution of the USA. Further, its conceptual framework is very inconsistent with the laissez-faire economic liberalism that has been ingrained in the cultural fabric of the USA (Husted, 2015). While employees appreciated the benefits of working for a paternalistic corporation, they resented their freedom being restricted. At the turn of the century, Paternalism was accused of structural infantilization of workers that gave employers too much (illegitimate) power and discretion (Djelic & Etchanchu, 2017). While heavily resisted by some company owners, Paternalism eventually gave way to a new ideology commonly called Trusteeship.

Interestingly, at about the same time when the USA adopted Trusteeship, Paternalism fells also out of favor in Europe. The Ideology, which was flourishing in nineteenth century, has been criticized for the unquestioned authority of the patriarch over his community and workers who were treated like children. Paternalism, which was accused of obfuscating the true state of workers' plight and diluting the class struggle, started to lose its ideological dominance to the welfare state in Europe at the turn of the nineteenth century (Djelic & Etchanchu, 2017).

2.3 Trusteeship: Noblesse Oblige

While Paternalism was no longer accepted ideologically by an ever-larger part of the US public, the idea of stewardship or Trusteeship developed at the end of the nineteenth century. As public sentiment shifted toward the perception that unbridled capitalism was at the root of many, if not most, societal problems such as poverty, dismal living, and working conditions for most laborers, increasing divide between rich and poor, and wild economic swings, Trusteeship has been increasingly embraced as an alternative ideology to the traditional laissez-faire economic liberalism beliefs on the one hand and to Paternalism on the other hand. The underlying assumption of Trusteeship was that corporations have a moral obligation to use their wealth on behalf of the public and for the common good (Husted, 2015). The Trusteeship framework focused on the duty of corporations to use their resources to the benefit of society. Carnegie (1889: 661) claimed:

> This, then, is held to be the duty of the man of wealth: . . .to consider all surplus revenues which come to him simply as trust funds, which he is called upon to administer, and strictly bound as a matter of duty to administer in the manner which, in his judgment, is best calculated to produce the most beneficial results for the community-the man of wealth thus becoming the mere trustee and agent for his poorer brethren, bringing to their service his superior wisdom, experience, and ability to administer, doing for them better than they would or could do for themselves. . . (Carnegie, 1889: 661)

Beyond this idealistic call to do good, Trusteeship was also a product of its time in response to the changing economic, social, and political environment in the USA.

Whereas there was little power distance between craftsmen and their apprentices, the Industrial Revolution introduced great inequality between employer and worker. Poor immigrants seemingly had no choice but to consent to poor conditions, long hours, and low wages. However, many of those immigrants came from a system of guild craftsman who had formed trade societies in Europe to protect their rights. This sentiment of "workers must band together" continued to their new homeland as early formations of unions. Unlike in Europe where the class struggle was already in plain sight in the middle of the nineteenth century, access to ownership of cheap land and the influx of immigrants provided relief for American laborers and held them back to collectively oppose the capitalist system in the USA. This allowed, for many years, the majority of the American population to "retire" from being laborers and to become farmers, dealers, or entrepreneurs, while the hard work for wages was done by immigrants (Engels, 1886). However, as Friedrich Engels (1820–1895) pointed out:

> America has outgrown this early stage. The boundless backwoods have disappeared, and the still more boundless prairies are faster and faster passing from the hands of the Nation and the States into those of private owners. The great safety-valve against the formation of a permanent proletarian class has practically ceased to act. A nation of sixty million striving hard to become—and with every chance of success, too—the leading manufacturing nation of the world—such a nation cannot permanently import its own wage-working class. (Engels, 1886: Appendix ii)

Trusteeship and its underlying CSR activates were in part a reaction to the changing public sentiment toward a capitalist system. The poor working class increasingly expressed disillusionment about the free market economy. The American mechanical engineer and management consultant Henry Gantt (1919: 15) commented: "The business system must accept its social responsibility and devote itself primarily to service, or the community will ultimately make the attempt to take it over in order to operate it in its own interest." Gnatt's statement reflects the shifting ideological framework of the society in the USA at the beginning of the twentieth century. In the face of widespread meager living conditions for laborers and, at the same time, hitherto unseen riches of the industrialists, the belief that the forces of the market—Adam Smith's invisible hand—will promote the interest of the society more efficiently and effectually than government began to be questioned. Corporations were increasingly expected to look out for the well-being of the society they operate in. This implied to take on responsibilities that have been regarded as belonging to the sphere of government. Arguably, some CSR activities resembled in part running a public relationship campaign with the purpose of influencing the public, which increasingly expressed disillusionment about the free market economy.

However, in line with the Trusteeship ideology, there were also companies such as Carnegie Steel that more clearly acted out of a moral obligation to use its wealth on behalf of its workers and the general public. The Carnegie Steel Company adopted a contributory savings plan for its employees in 1889 and loaned mortgages for homes (Gilman, 1899). Andrew Carnegie who was concerned about the increasing divide between rich and poor was one of the early adopters of the Trusteeship ideology. He argued: "Great wealth should be redistributed, not by giving small sums to the poor, but by administering wealth for the common good" (Husted, 2015: 129).

In the 1870s, some companies began the practice of profit sharing, in which employees would receive compensation in addition to wages, as a percentage of company profits. In the spirit of the Trusteeship ideology, the concept of profit sharing has been embraced academically as a way to counteract the uneven distribution of wealth and, at the same time, to improve profits. As pointed out by Giddings in the first volume of *The Quarterly Journal of Economics* the concept of profit sharing is found to be morally superior to wages:

> On a prior grounds, then, I think it can be successfully maintained that profit-sharing is presumptively a better arrangement, economically and morally, than the simple wages system because . . . profit-sharing effects a more equitable distribution than can be effected by the unmodified wages system. (Giddings, 1887: 367)

After 14 strikes in 1886, Proctor and Gamble Company began offering profit sharing to establish friendly relations with employees. When Proctor and Gamble Company became incorporated in 1890, it began offering a percent of dividends to employees and based a worker's dividend earning on his or her performance (Gilman, 1899). Brewster & Company of New York City offered 10% of net profits divided among their employees, contingent upon their employees refraining from labor disturbances, but ceased the practice within two years because employees did not meet the requirements (Monroe, 1896). The Bay State Shoe and Leather Company, Lister Brothers, A Mercantile Firm, and others all abandoned the practice after similar findings. Ideologically, profit sharing has been criticized as a "communist" concept that runs contrary to the US culture, which places a high value on individualism. It is interesting to note, that the increasing divide between rich and poor is currently a hot topic in the USA, but arguably profit sharing is no longer considered a potential remedy.

After their profit sharing attempts failed, US Steel attempted to win over the public and their employees with stock purchase plans and welfare plans in the form of employee safety programs in 1906 (Eichar, 2015). Other companies had begun welfare work in various forms: providing sanitary working conditions, offering company recreation, on-site restaurants, community parks and playgrounds, and company health care. No longer having to negotiate for employee rights and benefits, these activities—called welfare work—caused unions to weaken. Taking advantage of the unions' vulnerability, companies "opened shop," or started hiring nonunion workers. Unions attempted to strike against these "open shop" practices, but their efforts initially proved unsuccessful as companies further shifted public sentiment by educating the public on the benefits of their welfare work (Eichar, 2015).

At the beginning of the twentieth century, the traditional family enterprise—where the owner is the key decision maker—gave way to professionally managed corporations (Weinstein, 1968). Increasingly, American companies were transformed into publicly traded stock corporations which use the stock market as a major source for financing (Berle & Means, 1932; Djelic & Etchanchu, 2017). "The factory system, the basis of the industrial revolution, brought an increasingly large number of workers directly under a single management. Then, the modern corporation, equally revolutionary in its effect..." (Berle & Means, 1932: 5), turned owners into stockholders who surrendered the daily control of the corporation to professional managers.

> The independent worker who entered the factory became a wage laborer surrendering the direction of his labor to his industrial master. The property owner who invests in a modern corporation so far surrenders his wealth to those in control of the corporation that he has exchanged the position of independent owner for one in which he may become merely recipient of the wages of capital. (Berle & Means, 1932: 5)

> In just a few decades, American capitalism came to be re-invented around very large-size firms, oligopolistic competition, corporate ownership, and the managerialization of decision making. (Djelic & Etchanchu, 2017: 650)

The separation between ownership and management had profound consequences for the role of CSR in the American society. While professional managers of a big corporation—unlike owner/key decision makers—had no authority to pursue unconditional CSR activities, they were wielding immense power over the economy in general and the welfare of wage earners specifically. As a consequence, big corporations were conceived as semipolitical institutions with a responsibility that goes beyond serving the interests of the shareholder. In the spirit of the Trusteeship ideology, he was called upon to use this power responsibly as a trustee, not only for the shareholder but also for the society at large. Thus, contrary to the Neoliberal ideology, the professional manager had a fiduciary duty not only toward the owner of the company but also toward its workers, consumers, and society. The ideological framework of "Trusteeship" legitimized corporations—through their managers—to assume quasi political roles. Corporations started to provide public goods such as pension plans, consumer credit, unemployment insurance, and health care (Leon, 2016). Further, corporate philanthropy became a pillar of support for the society in the USA. "By the end of the 1920s, (corporate) business, through its professional managers, had become in the United States a 'key social institution' for the well-being of the community" (Djelic & Etchanchu, 2017: 651).

Workers sought to find strength in unions and attempted to gain negotiation power with companies once again. They proposed trade agreements for fair wages, limited work hours, seniority rules to govern layoffs, and restrict hiring to union members only (Eichar, 2015). The increasing popularity of unions was met with resistance form many corporations. Employer groups such as the National Association of Manufacturers and the National Metal Trades Association presented the American Plan in 1921 to wane unionism by reemphasizing American values of individualism and equal opportunity (Eichar, 2015). Unionization was presented as un-American. Union members were discriminated against and blacklisted within industries and industrial spies reported union supporters within organizations. By 1923, union membership fells by 28.3% (Eichar, 2015) and the American Plan proved temporarily successful.

When the stock market crashed in 1929, Ford increased its wages by 15%. At that time, President Herbert Hoover called on businesses to maintain wages, so the country could uphold market demand and avoid a recession (Taylor, 2003). This example shows how the sphere of corporate responsibility clearly increased at that time. At Ford, the increased wages did not only cure absenteeism and reduce turnover, but they also increased market demand for his product. Seeing the wage increases work in Ford's favor in the factory as well as in the market, other businesses soon followed this example.

Triggered by the Great Depression (1929–1932), the overall sentiment in American society toward the responsibility of corporations underwent significant change again. "The concentration of power—economic, financial, but also political—in the hands of a small number of firms became all the more striking and problematic as conditions were worsening for many across the country" (Djelic & Etchanchu, 2017: 651). A system relying on privately owned, profit-driven corporations were perceived as providing insufficient benefits to society. The Trusteeship paradigm appeared to have failed most workers and society as a whole. Many Americans lost trust in the managers of big corporations who were supposed to be their trustees. President Roosevelt noted:

> Primarily, this is because the rulers of the exchange of mankind's goods have failed, through their own stubbornness and their own incompetence, have admitted their failure, and have abdicated. Practices of the unscrupulous money changers stand indicted in the court of public opinion, rejected by the hearts and minds of men. (Roosevelt, 1933: 2)

Despite the best efforts of many large corporations, which unsuccessfully tried to assure the public that the Trusteeship ideology is well and alive, a general anti-business sentiment developed and triggered political and regulatory changes (Djelic & Etchanchu, 2017).

2.4 The New Deal: Government Guides Business

The New Deal is commonly associated with a series of government programs and initiatives first advocated under the leadership of President Franklin D. Roosevelt with the goal of reordering the economic system in an effort to overcome the social and economic misery of the Great Depression (Nelson, 1990). President Roosevelt suggested in his inaugural speech that this

> can be accomplished in part by direct recruiting by the Government itself, treating the task as we would treat the emergency of a war, but at the same time, through this employment, accomplishing great—greatly needed projects to stimulate and reorganize the use of our great natural resources. (Roosevelt, 1933: 3)

The basic belief behind the New Deal ideology was that government intervention in and regulation of the economy leads to a more efficient allocation of resources. Further, government has the moral obligation to directly support and protect vulnerable populations.

The power of the unions started to grow once again, this time simultaneously with government regulations meant to protect employees. Under the Roosevelt Administration, Congress passed the National Industrial Recovery Act of 1933 to regulate production, ensure stable employment, and guarantee workers the right to organize and bargain collectively over the terms and conditions of their employment (AFL-CIO, 2018). Additionally, unskilled workers could now join unions. At that time, 92% of all the country's coal miners were members of a union. John Lewis, who as president of the United Mine Workers of America (UMWA) from 1920 until 1960 was the dominant voice shaping the labor movement in the 1930s, flooded the coalfields with the message: "The President wants you to join the union!" (AFL-CIO, 2018).

While President Taft only reluctantly established the Department of Labor in 1913 because he was skeptical of the need for government to interfere in employer–employee relations, his successor President Theodore Roosevelt called on the Bureau of Labor Statistics (BLS) to investigate labor unrests and support the efforts of the progressive movement. The steel industry was particularly troublesome. A study of a Bethlehem Steel Company walkout revealed that workers were required to work more than 12 hours, often on a 7-day workweek. Despite objections by the industry, further studies were conducted on other companies, and published as Senate Documents (Goldberg & Moye, 1985). As a result, the government took on responsibilities that were perceived to be the sole obligation of corporations only a few decades earlier. At the same time, corporations, which became increasingly more powerful economically, used their power to influence the government.

> The rise of the modern corporation has brought a concentration of economic power which can compete on equal terms with the modern state—economic power versus political power, each strong in its own field. The state seeks in some respects to regulate the corporation, while the corporation, steadily becoming more powerful, makes every effort to avoid such regulation. (Berle & Means, 1932: 5)

Nonetheless, after the crisis of 1929, managers of big corporations came to terms with the bigger role of government under the New Deal ideology—albeit reluctantly. It was increasingly accepted and expected that the government intervene in the economy to ensure social welfare and protect civil rights. Clearly, the line between the sphere of government and corporate responsibility shifted significantly again. This shift also led to a hitherto non-existing strict separation between corporate (maximizing the value of the corporation) and government (implementation and administration of civil, political, and social rights) responsibilities, which can still be observed today.

> Even if corporations and their managers could be called upon to take on parts of those political and social responsibilities, the idea that they should be doing this as surrogates of the state emerged during that period and came to progressively impose itself. (Djelic & Etchanchu, 2017: 653)

Companies and unions put their differences aside during WWII. The war increased nationalist sentiment and created feelings of belongingness that temporarily trumped class differences. Wartime demand increased the need for labor during WWII, ending the high unemployment rates of the Great Depression. However, with many servicemen and women returning from the war, it was difficult to sustain the postwar economy (Baker, 2016). Union membership was on the rise once again (Eichar, 2015). The United Auto Workers (UAW) decided to take on General Motors in 1945 when 180,000 workers went on strike after their newly proposed contract was declined. By 1946, almost two million industrial workers in the meatpackers, electrical, and steel workers also followed (Eichar, 2015). Not wanting to promote a greedy public image in the aftermath of the Great Depression, unions decided to negotiate for pension benefits for workers instead of demanding higher wages. In 1949, Ford became the first of many companies to sign agreements including pensions (Eichar, 2015). General Motors signed an agreement with the UAW in 1950 (Jacoby, 1997). The public attributed their rising standard of living in part to the broad unionization of the industry. Unionized companies such as General Motors created employee relations departments to manage day-to-day matters and limit union interference, which became today's human resources departments (Eichar, 2015; Jacoby, 1997). This practice nurtured the relationships between companies and employees, which ultimately weakened unionization. As companies continued to practice welfare capitalism, union membership began declining in the 1950s (Baker, 2016).

The structural economic downturn that started at the end of the Vietnam War marked another change in the economic, social, and political climate of the USA, eventually paving the way for the Neoliberal ideology to become more dominant. On the one hand, technological advances required flexible work systems and more highly skilled employees, which did not fit the rigid system propagated by the unions (Jacoby, 1997). A changing, more educated workforce preferred nonunion firms because they viewed fairness as “recognition of individual abilities” instead of “equal treatment for all” (Jacoby, 1997). On the other hand, the new technologies thinned the need for medium skilled workers and made unskilled workers disposable.

In line with the increasingly more popular and influential Neoliberal ideology, President Reagan embarked on a mission to deregulate business and reduce government interference. Since private companies were believed to be much more efficient than government, many of the tasks traditionally considered as government’s responsibilities were transferred to the private industry. At the same time, the maximization of shareholder value became the ultimate goal for most corporations. Thus, a clear demarcation line between the sphere of government and corporate responsibility was drawn.

3 Part II: The Justification of Corporate Social Responsibility

What are (or should be) the social responsibilities of corporations? This question is still as relevant today as it was 200 years ago. While always somewhat elusive, the answer to this question was different at different times depending on the respective economic, social, and ideological environment of the USA. Investigating the potential justifications behind CSR might further help to illuminate the interplay between ideology and ascribed corporate responsibilities.

At all times, corporations practiced instrumental CSR activities, defined as corporate initiatives that serve a societal purpose and, at the same time, help to maximize shareholder value. Following this framework, corporations should act in line with Kantian hypothetical imperatives, which assess the value of an action by its effectiveness to achieve a given goal. Since the goal itself is not evaluated, acting according to hypothetical imperatives is not necessarily ethical. In the case of instrumental CSR, the goal is to increase shareholder value while the means to this end are CSR activities (Quinn & Jones, 1995). In a more cynical way, the responsibility of corporations toward society ends as soon as the social initiative in question cannot be expected to increase profits. Instrumental CSR is in line with the Neoliberal worldview that corporations should only assume societal responsibilities if they advance the long-term value of the firm (Mackey, Mackey, & Barney, 2007). The instrumentalist conceptualization of CSR is generally more accepted in Anglo-Saxon countries and still dominates the academic debate on CSR (Richter, 2010).

As shown in this brief contextual historic review of CSR activities, corporations tried to: enhance their overall corporate image, create good will among consumers, increase overall competitiveness, sway the public opinion in their favor, avoid unrest and labor strikes, increase employee loyalty, discourage unionization, increase employee productivity, and avert and/or influence government regulation.

Interestingly, while likely to be phrased differently today, these basic arguments behind instrumental CSR are still found and discussed today (Porter & Kramer, 2006; Schlegelmilch & Szöcs, 2015). For example, Porter and Kramer (2006) mention four prevailing justifications for CSR: (1) reputation, (2) license to operate, (3) sustainability, and (4) moral obligation. The first two can easily be subsumed under instrumental CSR. Reputation justifies CSR as a means to improve a company's image, strengthen its brand, and enliven morale. Clearly, all those arguments have already been brought forward in the nineteenth and early twentieth century. The license to operate argument—"every company needs tacit or explicit permission from governments, communities, and numerous other stakeholders to do business" (Porter & Kramer, 2006: 81)—is strikingly similar to Henry Gantt's (1919: 5) assessment: "The business system must accept its social responsibility [...], or the community will ultimately make the attempt to take it over in order to operate it in its own interest." Indeed, CSR is frequently operationalized as (social) risk management (Richter, 2010). The third justification, which "emphasizes environmental and community stewardship" (Porter & Kramer, 2006: 81), is not new either. While environmental concerns only started to take off in the twentieth century, community stewardship—as a means to increase the value of the firm and/or with the objective to do good in its own right—has been around in different interpretations for at least 200 years. Finally, the argument for the "the moral appeal" (Porter & Kramer, 2006: 81) alludes to the need for companies to be ethical. Of course, the perception of what type of CSR activities is ethical depends on the type of moral assessment used. While most people use some combination of teleological and deontological reasoning, there are significant individual differences (Hunt & Vitell, 1986, 2006). Further, what type of moral assessment is being used has always been a child of its time. Nonetheless, it is helpful to briefly look at CSR activities from a teleological and deontological perspective.

On the one hand, applying a teleological approach such as utilitarianism as it has been introduced by John Stuart Mill (1806–1873) and Jeremy Bentham (1748–1832), one would likely come to the conclusion that instrumental CSR is ethical. Utilitarianism judges the value of an action solely by its outcome. The moral philosopher Mill (1979) argued that one should choose the alternative that leads to the greatest happiness of the greatest number. In the spirit of a utilitarian approach, employee welfare was often perceived as a means to a higher end, which typically is to further the interests of the owners of the corporation. However, regardless of the motivation behind it, as long as instrumental CSR leads to positive consequences—the greatest happiness of the greatest number—it is considered ethical. Utilitarian and instrumental CRS are mainly motivated by strategic considerations. That is, the corporation uses CSR to achieve strategic business objectives with the ultimate goal of increasing the value of the firm. It is interesting to note that teleological approaches toward moral philosophy have historically been more prominent in the USA than deontological approaches which were more dominant in Europe. The difference in ethical reasoning, which to some extent is culturally determined, might partially explain why the Neoliberal framework that—as espoused by Milton Friedman—calls for dominance of the shareholder has been and still is more popular in the USA than in Europe.

On the other hand, following a deontological framework toward moral philosophy, instrumental CSR—doing good in an effort to maximize shareholder wealth—would not be considered ethical. In the Kantian tradition, deontology judges the value of actions only from the perspective of their inherent wrongness or rightness regardless of the consequences. Kant (1724–1804) (Kant, 1965: 10) argued that "being ethical is having ethical intentions without considering the consequences because any result of any action is influenced by uncontrollable variables." Therefore, instrumental CSR could not be considered ethical. Only a categorical approach toward CSR—the moral duty to unconditionally do good—would be of ethical value. Interestingly, Porter and Kramer's (2006: 81) moral obligation argument "that companies have a duty to be good citizens and do the right thing," is in line with this deontological proposition.

What motivates corporations to do good without the expectation to reap economic benefits? The main difference between instrumental CSR and unconditional CSR is that the focus of unconditional CSR is on others: to give to others without getting something back. Arthur Schopenhauer (1788–1860) argued in his positive theory of ethics, which is descriptive and not prescriptive, that the main motivation for truly altruistic behavior is empathy. That is, when the line between the self and the other becomes permeable, even if only for a brief moment, we feel compassion. "Only then will the pain and the misery of the other person affect me: I look at him no longer as something different from me, something about which I do not care, but I suffer with him" (Schopenhauer, 1979: 127). Arguably, the very noticeable hardship and misery experienced by many workers in the aftermath of the Industrial Revolution might have sparked empathy and compassion among business leaders. The altruistic motivation to do good, ameliorate suffering, to share, increase public welfare, and make life more livable without anything in return is not based on rational calculations but on emotions and personal values. As such, it does not fit the classic *homo economicus* assumption, which was and to some extent still is among economists. While the psychological motives that underlie altruism remain diverse (ranging from the ability to reciprocate trust and cooperation to bonding and empathizing with others), altruistic behaviors also have a significant impact on human physiology (Hurlemann & Marsh, 2017). Current perspectives on neurobiology suggest that altruistic behaviors activate the stimulation of the pleasure circuits of the whole brain and improve immune function (Hurlemann & Marsh, 2016). This is in line with the argument that behaving altruistically, improving someone else's life feels good and produces a warm glow (Schlegelmilch & Szöcs, 2015).

While it should not be very contentious when the owners of a corporation engage in unconditional CSR activities that echo their personal values—as was often the case in the USA in the nineteenth century—this is not necessarily true for professionally managed companies. Similar to the critique voiced by Friedman (1970), managers who pursue unconditional CSR activities that are not expected to increase—or might even decrease—the shareholder value of the corporations they manage have little legitimatization to do so. In other words, the decision of who should benefit from CSR activities and how much the goal of maximizing shareholder value should be compromised cannot solely depend on the manager. If indeed managers were to unilaterally decide on CSR activities, there is the danger that these activates become reflective of their own values, which might be completely different from the prevailing values of the society they operate in. Further, there lies the danger that big multinational companies might impose their values on societies in other cultures, which would be akin to a new form of cultural imperialism (Banerjee, 2007). Unfortunately, this is exactly how many corporations make their CSR decisions. A manager's personal sense of social consciousness is often the driving force for making CSR decisions (Campbell, Gulas, & Gruca, 1999). There is a high empirical correlation between the attitudes of decision makers toward specific social issues and corresponding CSR activities (Schlegelmilch & Szöcs, 2015). Nonetheless, it is questionable to generally condemn unconditional CSR for several reasons:

First, the problem goes away if the decision maker is also the owner of the corporation. This is not only the case if the corporation is managed by the owner but also if the shareholders directly make CSR decisions. While giving for social benefit and investing for financial return have historically been practiced as separate and distinct activities in the USA, there are a range of investment strategies available that target both, financial and specific social returns (Brill, 2011). A myriad of rating agencies rank companies on the performance of CSR, providing valuable information to potential investors interested in socially responsible investing (Porter & Kramer, 2006). Socially responsible investing, which refers to investment decision-making that takes into account a company's environmental, social, and governance policies is seen as an alternative to traditional philanthropic giving. The basic idea is that socially responsible investing is more efficient because the corporation extends its core competencies to also achieve social goals. In practice, fund managers often avoid investing in companies found to be unacceptable from a CSR perspective (unacceptable products, services, or corporate governance practices) and entrust investments in companies believed to further specific CSR goals (environment, diversity, fair trade, etc.) (Brill, 2011).

Second, CSR is a time and context dependent, socially constructed phenomenon reflecting the belief system of its time. What was once considered to be unconditional CSR behavior—doing good in its own right—often becomes normalized through institutionalization processes over time. Societal expectations about the acceptability and desirability of corporate practices change over time. For example, child labor was an accepted business practice at the beginning of the nineteenth century. Socially responsible corporations such as the National Cash Register Company practiced unconditional CSR by voluntarily not employing children. Clearly, today it would be laughable to claim a corporation is socially responsible because it refrains from child labor. The same is true for many other practices that were acceptable at one time such as discrimination, 70-hour work weeks, hazardous working conditions, etc. Once these practices turned out to be seen as undesirable and unwanted by an increasing number of people in the society, abstaining from them became a potential means to increase profits. That is, if enough people dislike (or like) a specific practice, refraining from it (or adopting it) might create general goodwill, boost the company's reputation, or improve its relationship with employees. Therefore, what first started out as unconditional CSR evolved into instrumental CSR over time. Finally, many of those practices, once they were recognized as undesirable or unwanted, became prohibited by laws and regulations so that avoiding them is no longer considered CSR at all. In a democracy, the prevailing norms of the society tend to eventually become enshrined in laws and regulations. Once the societal norms and values shift the baseline of acceptable corporate practice also shifts so that corporate activities that are considered to be "unheard of" at one point are considered to be "responsible" at another point in time, "expected" at a third, and "required" at a fourth (Rivoli & Waddock, 2011).

Third, while separating instrumental and unconditional CSR based on motivations is useful for an ethical analysis grounded in moral philosophy and valuable to increase our understanding of the phenomenon CSR, it does not directly correspond with how CSR is practiced. In practice, the separation becomes quite impossible and loses its meaning since "dividing the world into economic and social ultimately is quite arbitrary" (Harrison & Freeman, 1999: 483). Business and society are not two separate entities; their needs are always intertwined. Successful corporations need a healthy society providing a rule of law, enforceable property rights, an educated and healthy workforce, etc. At the same time, a healthy society needs successful companies since the business sector is unrivaled in sparking innovation, creating jobs, and ultimately increasing standards of living (Porter & Kramer, 2006). In the end, a corporation has to benefit the society it is a part of or the society—as Henry Gantt (1919: 5) puts it a hundred years ago—"will ultimately make the attempt to take it over in order to operate it in its own interest."

4 Part III: Conclusion

Triggered by economic, social, and political events, the prevailing ideology—the overarching belief system—of the American society has been constantly changing. At the same time, in line with changes in those underlying beliefs, different societal expectations about the role of CSR developed throughout the post agrarian history of the USA (see Table 1).

The spheres between government and corporate responsibilities have been changing quite drastically over time in line with their respective ideological framework. The role of government in ensuring societal welfare has been minimal in Paternalism, moderate in Trusteeship, large in the New Deal, and again minimal in the Neoliberal framework. Similarly, society's expectation of corporations varied widely ranging from almost total responsibility for societal welfare in Paternalism, moderate responsibility in Trusteeship, co-obligation together with the government in the New Deal, to an indirect responsibility in the Neoliberal framework. While, unsurprisingly, instrumental CSR has been widely adopted under all ideologies it is the only legitimate CSR activity in the neoliberal framework.

Without considering its time, context dependent and socially constructed nature, the neoliberal framework—which only supports instrumental CSR—tends to become entangled in a logical trap. Since instrumental CSR activities are expected

Table 1 The historic interplay between ideology and ascribed responsibilities for corporations and government

Ideology	Paternalism	Trusteeship	New deal	Neoliberal
Main belief	The benevolent patriarch is responsible for well-being of his workers and community. He is the ultimate decision maker, who knows what is best for everybody.	Noblesse oblige: Corporations and their owners have a moral obligation to use their wealth on behalf of the public and for the common good.	Government should intervene in and regulate the economy and directly support and protect vulnerable populations.	Responsibility of business is to increase its profits while obeying the law and prevailing norms. Individual economic self-interest is source of collective welfare.
Role of corporation	Responsible for welfare of the family enterprise, its workers, and the community around it.	Fiduciary duty not only toward the owner of the company but also toward its workers, consumers, and society. Big Corporations are semipolitical institutions.	Business and government are both responsible for societal welfare. Business is a social institution.	Most efficient allocation of resources leading to higher standard of living through economic self-interest. Responsibilities between government and business are to be separated.
Role of Government	Minimal role of government. Government responsible for national security and basic services.	Small role of government. Government responsible to enforce the rules of the game.	Big role of government. Government responsible to direct and regulate economy and support vulnerable populations.	Government, which generally is less efficient, should have a minimal role, enforcing the rules of the game.
Instrumental CSR	Yes	Yes	Yes	Yes
Unconditional CSR	Yes	Limited	Limited	No
Main societal expectations for CSR	Patriarch takes care of his company, his family, his workers, and the community around it in all aspects of life.	Wealthy members of society support their less fortunate brethren on a voluntary basis.	Government and business work together to ensure a stable economy and social welfare.	Make profit, obey the law, obey prevailing norms, and engage in fair and free competition. Increase innovation and standard of living.

to increase profits, calling those activities socially responsible seems to be disingenuous. Rather, these activities should be described as good business practice, or "intelligent operation of the business" (Rivoli & Waddock, 2011). However, if the corporation is not legitimized to pursue activities that are not necessarily expected to be profitable—as is the case for unconditional CSR—then the discussion about CSR becomes pointless. If an activity is profitable, it is good business practice to pursue it anyways with no further discussion needed. If it is not profitable, there is no legitimization to pursue it. If pursuing this activity is perceived as important by society, it should be imposed on all competitors using laws or regulations, in which case such activities are no longer CSR (Rivoli & Waddock, 2011). Clearly, this paradox is being dissolved by accounting for the dynamic nature of CSR. As demonstrated in the brief overview of the historic interplay between ideological, political, and economic forces and the development of CSR, many activities that started out as unconditional CSR—such as not putting children to work—ended up being mandated by laws and regulations.

CSR is a truly dynamic phenomenon, constantly changing as a response to social, economic, and political events and—often as a consequence of these events—shifts in prevailing norms and beliefs. The increasing globalization of markets might contribute to another change of societal expectations about the responsibility of corporations. At the end of the nineteenth century, the USA was still an emerging economy. Interestingly, contemporary discussions about CSR in today's emerging economies are somewhat similar to the debate back then in the USA. In both cases, the line between government and corporate spheres of responsibilities was more fluid and CSR activities were often a response to the lack of laws regulating business conduct. The regulatory landscape of the nineteenth and early twentieth century in the USA is somewhat comparable to today's situation in many developing markets. (Husted, 2015). Today, many big MNCs are taking on responsibilities in emerging markets that were usually thought of as government responsibilities such as providing support to the local economy in crisis, just as Ford did in the USA under the Hoover administration. Also, big MNCs are often expected to provide basic public goods such as education, power, or clean water (Djelic & Etchanchu, 2017).

The concept of big MNCs taking on a political role and pursuing quasi government tasks in developing nations is conceptually similar to some factory towns in the early nineteenth century in the USA that have been governed by a "benevolent" patriarch who took care of his workers and the community around it in all aspects of life. As it was true back then, this political role of corporations—while conceivably beneficial to the immediate well-being of workers and community—comes with potentially severe limitations of people's autonomy and liberty. If the traditional separations between various spheres of life—for example, between work and nonwork—are removed by a patriarch or a big MNC, people become quite vulnerable since these boundaries between the spheres of life serve as buffers protecting individual freedom (Mäkinen & Kasanen, 2016). As illustrated by some rather extreme historic examples of Paternalism, the call for a more political role of corporations should not be adopted without reflection. At the very least, there should be an open value-oriented discussion about the role of government versus the role of corporations. Should corporations become partially a substitute for government (as in Paternalism), should they supplement government tasks as in Trusteeship, or be primarily concerned about shareholder value as in Neoliberalism? As shown, all approaches toward CSR are socially constructed and intractably intertwined with an ideological framework. In the end, the responsibilities ascribed to corporations have always been ideology driven.

A fruitful debate about the social responsibilities of corporations in today's increasingly global economy necessitates not only a discussion of economic, political, and social factors but also of the underlying ideological framework and value structure. A meaningful discussion is not possible without admitting to the necessarily value laden character of CSR. Indeed, the claim of neoliberal economic thought that the analysis of the role of a firm should be held free of value judgments is in itself a value judgment (Richter, 2010). Disagreement about the values behind CSR is not the problem; "avoidance of the topic and/or failure to engage in a collaborative dialogue is" (Drumwright & Murphy, 2009: 103). An open dialog, which is characterized as a sustained collective inquiry into the assumptions, beliefs, and values that compose CSR, can potentially help mangers to devise guidelines for CSR.

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