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The Alignment of Morality and Profitability in Corporate Social Responsibility

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1. Introduction

Nowadays most of the big companies pride themselves on their social responsibility. When visiting the websites of IBM, Cisco, ING, Philips, BP, etc., one will easily find a tab called 'corporate social responsibility', or 'sustainability'.[1] Here, companies describe how they contribute to the community and balance their impact on the environment. Why do they do that? There is a long tradition of moral considerations for commerce. In the early days of capitalism, the goal of the business was solely to make profits. This changed when business was challenged by social movements and legislation (Carroll, 1991: 39). Nowadays, business is not only responsive to external pressure, but is rather proactive in its social responsibility. Companies keep extending their responsible agenda, often going beyond legislation. It appears that companies have adopted their ethical dimension. Corporate Social Responsibility (CSR) seems to have found a way to make capitalism work for societies, with businesses driving social betterment.

There is no unified approach to CSR. It consists of a myriad of diverse approaches. However, one popular stream of thought can be identified within CSR literature (Garriga & Melé, 2004: 53). This type of CSR theorising claims that the profitability of CSR supports a sustainable interface between business interests and social interests. It asserts that once it is acknowledged that the social and environmental responsibility of businesses pays off, aligning CSR with the shareholders' interest of making money, it will make the capitalist system work to society's advantage. In other words, provided that companies recognise the profit to be made by implementing CSR policies, their operations will, as usual, be self-interested, but serving society at the same time.

CSR became one of the leading frameworks to think about moral responsibility in business. From the perspective of moral philosophy, CSR can be regarded as a response to allegedly ineffective business ethics based on moral duty claims or appeals to values like equality, justice or rights. CSR has been addressed by companies, governments and supranational bodies like the European Union and the United Nations. CSR comes to the fore especially in areas where legal obligation ends but environmental and social needs remain unmet. So, with many arguing that CSR has already proven its social worth (e.g. Matten & Moon, 2008: 416), it appears that CSR could move the business sector to benefit our societies and our environment.

In order to see the bigger picture, we should, however, consider this claim within the context of changing relation between the state and the market.

There is a trend in the United States and Europe to transfer traditional state functions (education, transport, pension, environmental protection, etc.) to the business sector (Matten & Moon: 415). Scholars argue that this retreat of the state is caused by globalisation. Globalisation causes a 'partial denationalizing of national territory and a partial shift of some components of state sovereignty to other institutions, from supranational entities to the global capital market' (Sassen, 1996: 4). Therefore a distinctive feature of globalisation is a changed division of responsibilities between the state and the market. The state adopts the market ideology as part of the process of 'marketisation'[1] and the market takes on the ethical functions through its 'responsibilisation' (Shamir, 2008). 'Responsibilisation' responds to the missing or ineffective international regulations that would cover global corporate activities and to business lobbying against coercive regulations, but in favour of self-regulation (in the form of CSR).

The retreat of the state doesn't mean that laws no longer work - they often do, but the law does not necessarily have to be at the forefront of social change. State-driven law is not the sole source of regulation anymore; on the contrary, there is a complex system of private and public sources of regulation (Shamir, 2008). In such a matrix, corporations can choose which regulation to apply, for instance which charter to sign or which ranking to participate in. What is more, they are involved in creating these regulations, for example by participating in multi-stakeholder consultations or by sponsoring the agencies that specialise in CSR reporting and accreditation. For that reason, critics of CSR (Shamir, 2008; Kuhn & Deetz, 2008) stress the dangers of an optimistic attitude towards CSR. They doubt that self-motivated and self-imposed regulations of corporate citizens are more effective than state-imposed regulations. It is therefore reasonable to ask: can moral philosophers advise on how to approach CSR, with social goals in mind? These issues can – and should – be investigated by moral philosophy.

In this paper I will examine the proposition that seems to be at the core of mainstream CSR: CSR can integrate market goals and the interests of society by mediating between the two in places where they traditionally come apart.[2] My thesis is that this integration is very unstable due to CSR's primary commitment to market goals. This position places me on one of the sides of the ongoing debate about whether CSR is a reaction to neoliberalism or its product (Lebano, 2010: 14). I suggest that the popular approach to CSR is much closer to a traditional neoliberal stance, most famously articulated by the title of Milton Friedman's in his 1970 article *The Only Social Responsibility of Business is to Maximize its Profits* – in which he claims that 'business needs no ethics', – than what the proponents of this popular approach to CSR would like to admit.

The next section defines what CSR is exactly and what its constitutive features are. The following section, called 'CSR and moral philosophy', places CSR in a wider philosophical debate. Subsequently, in the section on CSR and the business case, I explain what the CSR business case is and explore its relation to the neoclassical concept of market logic. Thereafter I present some instances of conflicting social and business interests - the problem of CSR's empirical grounds, the issue of public opinion preferences and the risks of free riding mechanisms.

2. Defining CSR

The term 'corporate social responsibility' has been gaining popularity since the 1970s, and is associated with a wide range of corporate practices like employee diversity, carbon neutrality, support for local communities, improvement of working conditions in suppliers' factories, socially and environmentally responsible financial investments, etc. Sometimes it is referred to as Corporate Social Performance (Wood, 1991), Corporate Citizenship (Zadek, 2001), or Sustainable Business (Vogel, 2005: 16).

Alan Neal (2008), in his attempt to systematise various definitions of CSR, concluded that most authors agree that CSR makes a normative claim, since it says what ought to be done: '[…] businesses need to integrate the economic, social, and environmental impact in their operations' (2008: 465). The definitions also specify how this should be done - namely, CSR needs to be embedded in 'the way in which businesses are managed' (Neal, 2008: 465). This means that companies need to take into account other stakeholders' interests, such as local communities, customers or trade unions and incorporate CSR in a thorough manner – not as an add-on to their 'business as usual', but by integrating these considerations into the very core of their management strategy. However, these two features are not what makes CSR's concept different from other business ethics approaches. Neal reports the third constitutive feature of CSR – voluntariness and alignment with the organisation's own long-term interest: 'CSR is behaviour by businesses over and above legal requirements, voluntarily adopted because businesses deem it to be in their long-term interest' (2008: 465).

This last feature – voluntariness and being in organisation's interest – informs the 'business case for CSR', which I address in a later paragraph. I take the business case aspect as constitutive of CSR. I am aware that other interpretations of CSR exist which are more in line with traditional business ethics and do not include the business case aspect (see: ethical CSR theories in Garriga & Melé, 2004: 60). I will refer to them in the next section as primarily based on another kind of reasoning – on duty, moral values, rights, etc. When I refer to CSR I will mean only the approach that has the business case at its centre.

But before I discuss the notion of the business case for CSR and its consequences, I would like to show where CSR lies within the wider discussion of relations between morality and business, as well as clarify key terms which will be used throughout the essay.

3. CSR and moral philosophy

CSR can be classified as one of the theories within business ethics. Business ethics is a branch of philosophy and is defined as an 'applied ethics discipline that addresses the moral features of commercial activity' (Marcoux, 2008). Business ethics, if understood broadly as a moral reflection on commerce, has accompanied trade since its origins (Marcoux, 2008). As a contemporary and independent discipline, business ethics is focused on business corporations. These are large, publicly traded enterprises that often operate internationally. In this essay I, too, will speak of corporations, sometimes referring to them as companies, or simply as businesses (when emphasising general market mechanisms which affect both small and big enterprises). In general, I will use these different terms as references to commercial organisations operating in a capitalist system that is characterised by the logic of capital accumulation and competition (Heilbroner, 2008).

Let us now look at how different moral philosophies approach the troublesome relation between commercial activity and morality. Subsequently I will try to position CSR within this context.

It is argued that there are currently three major approaches in normative ethics: virtue ethics, deontology and consequentialism (Hursthouse, 2010). Virtue ethics emphasises moral character. Applying this to business ethics, a moral philosopher who argues for morally bound corporations can do so by claiming that corporations, like natural persons, should have certain moral qualities and can be praised or blamed for behaving accordingly or not. From a deontological perspective, which puts duties or rules in the centre, the philosopher would claim the existence of a certain moral duty that corporations have towards stakeholders. Finally, consequentialists, like deontologists, would argue for attention to stakeholders' interests on different grounds – through an appeal to consequences of corporate actions.

All three moral philosophies can form the normative core of corporate responsibility. They all answer the question as to why 'businesses need to integrate the economic, social, and environmental impact in their operations' (Neal, 2008: 465), albeit in different ways.

In other words, they serve the same purpose of providing philosophically sound reasons for businesses to care about social interests.

How is it done in practice? For example, Adam Smith, in his *Theory of Moral Sentiments*, prescribes strong normative directives – entrepreneurs should act according to virtues like prudence, temperance, civility, industriousness and honesty. Without these virtues commerce would neither work in societies' advantage nor provide ethical progress (Ashley, 2010: 8–9; Wells & Graafland, 2012: 321-323).

This moral quality can be applied not only to individuals but also to collective bodies like a university or a corporation by treating them like moral agents, as if they were individuals. Peter French (Marcoux, 2008) advocates this approach in order to argue that corporations also have a (collective) moral responsibility[3] towards societies and the environment.

An example of corporate responsibility based on the duty approach can be found in the stakeholder theory developed initially by Freeman (Garriga and Melé, 2004: 60). Here the very purpose of the firm is the coordination of and joint service to its stakeholders (Marcoux, 2008).

But CSR as defined by Neal doesn't use virtue ethics or deontology as its justification. This is contrary to the fact that CSR has *responsibility* in its name, which suggests certain duties or obligations that business has towards the *society* (the latter also featuring in the name).

In fact, CSR takes its justification from the third type of normative approach towards business ethics - consequentialism. Consequentialism asserts that whether an act is morally right depends only on its consequences (Sinnott-Armstrong, 2011). This entails that in a moral appraisal of an act we look solely at its consequences, not duties, the moral character of an agent or the intrinsic character of the act or circumstances.

A particular type of consequentialism is represented in Milton Friedman's 1970 article in the New York Times Magazine. Ever since, Friedman's words have been a point of reference for many articles on CSR (e.g. Bird et al., 2007: 190; Carroll, 1991; Garriga & Melé, 2004: 64; Matten & Moon, 2008: 405; Griffin & Mahon, 1997). Friedman argues that 'there is one and only one social responsibility of business - to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud' (Friedman 1970). This is predominantly a consequentialist approach because the activity is not appraised per se, but only compared to a particular end, which equals increasing profits.[4] We can say that Friedman provides yet another take on business ethics – a stand that business doesn't need any ethics, besides the minimum requirement of refraining from deception and fraud.

Why, then, does Friedman call this a *social* responsibility? Because, according to Friedman and all those who followed the neoliberal interpretation of the invisible hand theorem, the pursuit of shareholder value maximization by businesses in a free and competitive market will achieve maximum efficiency and optimally satisfy the needs of the greatest amount of people (Duska, 2007: 53). So the free market should produce the maximum amount of well-being, which is the ethical goal. Pursuing other goals than maximizing shareholders value, according to Friedman, would even obscure market mechanisms, and subsequently force companies into bankruptcy.

One might ask whether Friedman's quote is not outdated and no longer representative of the proponents of CSR in today's competitive market. After all, no one who wants to seriously advocate CSR would phrase his or her argument as Friedman did. The fame of Friedman's words comes partly from his influence on the discipline of economics, and partly from the bluntness of his formulations, but also from the fact that they encapsulate the whole neoliberal conception of the function and legitimacy of the business. We have to remember here that in accordance with neoclassical economics, the law in most capitalist countries obliges corporations to create maximum wealth for its owners – the shareholders (Heilbroner, 2008). Therefore Friedman's quote does represent the status quo of the 1970's as well as of today, as the corporate fiduciary duty towards owners, known as the 'shareholder theory', roughly equals Friedman's position (Marcoux, 2008). As I will discuss in the next chapter, the position of the business case proves that CSR is in line with shareholder theory. This means that Neal's and Friedman's definitions of CSR are not so far from one another. Both statements come down to the primacy of profit – Friedman's explicitly and Neal's implicitly.

In this section I have suggested that the concept of CSR is closer to consequentialist shareholder theory than to deontological and virtue ethics approaches to the relation between business and society. Subsequently, I will show that the commitment to CSR based on its profitability for business shares the shortcomings of the shareholder theory represented by Friedman.

4. The Business case for CSR

The business case for CSR postulates that socially responsible behaviour brings material benefit to the company. Bob Willard (2002), a promoter of CSR's business value, writes: 'Saving the world and making a profit is not an either/or proposition; it is a both/and proposition. Good environmental and social programs make good business sense.' (Willard, 2002: 3). Duska summarises the business case line of thinking with a slogan 'Good Ethics is Good Business' (2007: 57). Numerous publications discuss the benefits that CSR brings to companies (Orlitzky et al., 2003). The most popular ones are the following: easier hiring and higher retention of top talent, increased employee productivity and innovation, reduced manufacturing expenses, reduced expenses at commercial sites, increased revenues and market share, reduced risk and easier financing (Willard, 2002). Empirical research on these benefits, however, does not always verify the alleged correlation between ethical and financial performance (Bird et al., 2007: 191-193; Crane et al., 2008: 4; Griffin & Mahon, 1997; Trebucq & D'Arcimoles, 2002). Some studies confirm the correlation, some deny it and others find that it is limited to certain areas of responsibility (Kurucz et al., 2008; Bird et al., 2007). Despite this academic dissensus, CSR is a popular theory and a widespread practice. It seems that CSR has gained popularity because of the way it attempts to commit businesses to social and environmental causes. Since duty-, rights- or virtue-based appeals to the business often remain unanswered, the bottom line argument appears to be a good, workable alternative. CSR is associated with the 'soft' (as opposed to 'hard', i.e. legally forced), self-binding and self-perpetuating regulations driven by the market itself. The need for market-fit ethics is described by Heath (2007), who criticizes existing business ethics for being ineffective, anti-capitalist and too demanding (2007: 360). Heath calls for another kind of business ethics that would be compatible with the logic of free market competition. His 'adversarial ethics' (Heath, 2007) aims to stay within this logic, but to arrive at the 'greater good' result. The business case approach to CSR seems to be in line with Heath's objective of aligning goals of competitive players with the greater, common good. CSR should work like this: once the market recognises that CSR pays off and there is 'money on the table', companies will compete to be the most responsible and a 'race to the top'-effect will be triggered. As a result, everyone benefits.

As we can see, CSR rests on a premise that goals of the market and social responsibility are compatible. However, critics of CSR stress that business interests and the interests of society can converge, but may also clash. For example, in his book on CSR and virtue, David Vogel describes this relation as follows: 'CSR is sustainable only if virtue pays off. The supply of corporate virtue is both made possible and constrained by the market' (2005: 2–3). To illustrate, when corporate social or environmental impact suggests doing 'x', but the imperative of profit maximisation points to the opposite, 'y', a corporation is obliged to do 'y' by its shareholder duty. As Duska puts it, 'when good ethics is not good business, so much the worse for good ethics' (2007: 57). He explains that CSR warrants ethical behaviour as long as it makes a profit. What is more, the interests and claims of stakeholders are clearly not weighed equally to those of shareholders. I would like to point out that this is opposed to the concept of CSR as suggested in our definition, initially proposed by Neal ('businesses need to integrate the economic, social, and environmental impact in their operations'). In this light, the concept of CSR seems contradictory: on the one hand it contains a normative claim for respect of other stakeholders' interests, but on the other hand it is based on the primacy of one group over others. One could argue that integrating social impact doesn't necessarily imply equating shareholder and stakeholder interests.[5] That brings us back to the shareholder theory. This situation opens up a difficult question for contemporary business ethics: for how much do certain stakeholders' interests count in the absence of the incentive of profit (Marcoux, 2008)?

In this section I have shown how the business case for CSR leads to specific moral challenges. I also brought up CSR's paradoxical nature. CSR's definition asks for the impossible – to satisfy both the duty to shareholder and stakeholder interests. In the next section I present a brief discussion of some areas of concern. By doing this, I will try to show that CSR does not ensure sustainable commitment to social responsibility from businesses.

5. Problems with CSR

5.1 Empirical research

I will start with the problem of empirical research into the benefits of CSR. Since the business case is at the core of CSR, the data that supports it is crucial. However, over the years the research results change, new studies are published and previous assumptions are falsified.[6] This makes the business justification for social responsibility unstable. What if in the future some or all of the currently accepted business benefits of CSR are overthrown? The business incentive for responsible behaviour would then be empirically unsupported. Unfortunately, the history of empirical research into CSR performance is full of studies which question the positive correlation between the CSR performance and financial performance.

Interestingly, a study by Bird et al., exploring which CSR practices are rewarded by the market, concludes that only certain CSR activities result in market value increase (e.g. doing the minimum in areas of diversity and the environment, but being proactive in employee relations), while some result in market value decrease (e.g. being proactive in community and environmental protection) and other don't have any effect (2007:

201–204). As we can foresee, a manager wanting to maximise shareholder revenue would follow certain CSR activities, while neglecting or actively avoiding others. In such a case, following the logic of the popular approach to CSR, corporations implementing CSR are unlikely to undertake an action that 'only' has moral advantages. Therefore, CSR can have a negative effect on actions which lack bottomline justification, but do have ethical value.

I would like to emphasise here not only the possible negative consequence, but also the risk of changing recommendations – both of which indicate that the business case for CSR provides no safe ground for social responsibility.

5.2 Shareholder interest

Secondly, I would like to illustrate the supremacy of shareholder interest over stakeholder interest in a situation where CSR is believed to be implemented. It is generally recognised that employee diversity is part of good corporate responsibility. The competitive advantage of having a diverse workforce is discussed in CSR literature, but there is no sound empirical data proving that it brings tangible profits (Tanis et al., 2010). However, on top of the advantage of having diverse teams, a corporation is encouraged to employ members of minorities who may help them to target customers from that same minority. This commercial gain is often mentioned in CSR argumentation for diversity.

In 2005 a case study was conducted in one of the Dutch banks where managing diversity was implemented (Subeliani & Tsogas, 2005). 'Findings show that diversity management has been used primarily to attract ethnic customers to the bank, rather than to advance the quality of working life and career prospects of ethnic minority employees' (Subeliani & Tsogas, 2005: 831). This example shows that corporations might decide to use the CSR findings and its rhetoric to advance only their interests and not necessarily the interests of the stakeholder – the employees.

In another situation, a company can choose to ignore the possible financial gains from CSR, if those are outweighed by the gains from other strategies. This can be observed when a company weighs the costs of lawsuits or fines and reputation loss amongst a population that values responsible behaviour in companies against these gains. CSR is treated here as one of the factors in the cost-and-benefit-analysis, performed from the shareholder perspective (Vogel, 2005).

This can be illustrated with the issue of the number of women on corporate boards (Doldor et al., 2012). Even with the business case supporting gender diversity in the boards, companies still don't decide to follow suit. More is at stake – the interests of current board members, training costs, etc. Responsible behaviour is not given any priority just because of its moral value. Companies estimate the revenue on socially responsible behaviour and consider it against other, non-ethical issues.

5.3 Consumer preferences and public opinion

Now I will discuss the issue of consumer preferences. In the CSR-business case motivation model, companies pursue CSR because it increases their profits. Companies can increase profits in a direct way, for example by sustaining or increasing the natural resources that they exploit. A fishing company, for instance, would have a long-term interest in keeping the waters clean, so that the fish population remains stable or grows. Here, the state of natural resources presents an operational risk. But CSR literature also gives a lot of attention to another source of profits, namely reputational gain or risk. Here, a company's good name and image are at stake, in other words – its "goodwill". Since profits come from consumer's choices that are influenced on the image of companies, the perceived moral character of a business is thought to translate into material gains or losses. This CSR model is dependent on consumer preferences.

The obvious shortcoming is that the dependency on goodwill doesn't apply to corporations with no visible brands and most "business to business" companies. These organisations are less susceptible to public pressure because they do not sell directly to consumers, who, in turn, are not aware of or have less interest in the social performance of the latter organisations.

This, however, could still be remedied – in part – by transparency of a supply chain, so that the suppliers of known companies are visible to the public. Various CSR standards and "best practices" introduce such transparency, so that more and more companies are in the public eye.

But there is another problem with the reputational risk model: even if consumers had enough information to judge that certain company's actions are against their collective interests, it might be that consumers just don't care or don't want to identify themselves with interests of the community that transcend their group or country. In a similar vein, people disagree about facts and solutions to environmental and social issues. Therefore, their consumer choices would send different messages to the companies.

A way to tackle these issues could be to agree with Hausman and McPherson that preferences that are shaped by mistaken popular beliefs should be confronted by eliciting preferences based on our best-supported estimates of facts and consequences of activities (2006: 286). There are hundreds of active watchdog organisations, governmental or non-governmental, trying to yield this preference change by providing information that customers might lack and trying to explain collective interests (e.g. Bankwijzer in the Netherlands, or Clean Clothes Campaign worldwide). Bankwijzer in its mission statement writes:

> 'The aim of the tool is to initiate a 'race to the top' between banks on the subject of corporate social responsibility (CSR). Ideally, a self-reinforcing process will develop in which social, environmental and economic standards are raised continuously.'[7]

However, the non-profit sector faces obstacles to the real "race to the top", such as the reporting quality, lack of corporate transparency, incompatible data or biased answers submitted by corporate CSR departments.

Moreover, CSR competition (via indexes, comparisons, public shaming) doesn't guarantee that the responsible behaviour is internalised. First of all, there are problems inherent to the competition mechanism, described in the next section (trying to only appear responsible and score well). Secondly, it is not proven that an organisation will internalise the moral principles after a certain time of external pressure. This means that watchdogs would always need to keep guard over businesses to provide the missing incentive for CSR performance.

In this section I have shown that CSR performance depends on customer preference, information and willingness to enact customer's choice. This adds yet another variable to the unstable justification of social responsibility based on the business case.

5.4 Free market competition

Another group of issues that CSR may face stems from CSR's dependency on free market competition. This set of problems is generic to the competition mechanism. Free riding strategies are the collective action problems immanent to competition. This is because rational decision entails finding ways to increase profit and free riding fits into the model. Competition for CSR will have the same side-effects as competition in any other unregulated market.

Frank (2008), Heath (2006) and Wells & Graafland (2012) describe a big range of instances where competition goes wrong. I will mention just a few relative to CSR: 'gaming' the regulations means that competitors are prone to doing the minimum and/or finding loopholes. Moreover, competition in profitable CSR can result in a whole range of competition-related side effects, like lying, window-dressing, and dishonesty (see Wells & Graafland's, 2012 discussion on virtues' distortion).

Here I would like to recall Friedman's statement that even the free market needs to adhere to some basic 'rules of the game, which (…) engages in open and free competition without deception or fraud' (Friedman, 1970). However, the problem here is that these extrinsic rules don't follow from his market competition logic, which assumes rational choice. Sometimes it is rational to act dishonestly, if there is a gain. Friedman assumes a minimal legal framework, but it doesn't prevent gaming the rules. The same could be said about the business case approach to CSR – in the first place, companies are encouraged to involve in actions beneficial to them.

What are the alternatives? Robert Frank (2011), for example, argues that intervention in competition is necessary for good functioning of groups or societies. Competition mechanism can drive groups against their collective interest (collective action problems). Therefore, a group must steer the competition in an all-benefiting direction by means of laws or incentives. Certain regulations are necessary to solve collective action problems that are likely to occur in a competitive environment.

Conclusion

By presenting the four types of problems above, I have tried to show that CSR based on a business case doesn't always work in the best interest of society. Initially, CSR seems to promise that businesses will always pursue social goals, because in the long run, they all pay off. However, not all social interests pay off. Sometimes other commercial pursuits would be more profitable than ethical ones, unethical business can appear responsible to the public, or certain ethical behaviour can be proven to be unprofitable.

Why is this problematic? Even if CSR doesn't cater to all the social needs, aren't there other mechanisms that take care of them?

The limitations of CSR are indeed not problematic, so long as there are other institutions that deal with the areas that CSR leaves out. These institutions are mostly managed by the state.

But if we consider the retreat of the state from the moral or social domain and the freedom that the voluntary regulation grants businesses, as described in the introduction, it is possible that certain social interests would be addressed by neither the state nor businesses. This is because the state might not be the main regulator anymore in certain social areas, while businesses would not choose to cater to these interests because of their weak business case.

In conclusion, I have argued here that CSR does not always bring together the market goals and interests of society. I explored the alignment of ethically good and profitable actions of the business and concluded that it is theoretically unstable and leaves space for unethical business behaviour. CSR inherits some of its weakness from its constitutive elements, like competition, shareholder supremacy and the assumption of a rational consumer. The next question arising from these conclusions is whether in order to make capitalism truly work to our advantage, the goals of the business world would have to be shifted.

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Notes

1. 'The term "marketisation" refers both to market ideologies and market-oriented reforms. A market ideology reflects the belief that markets are of superior efficiency for the allocation of goods and resources. […]Market-oriented reforms are those policies fostering the emergence and development of markets and weakening, in parallel, alternative institutional arrangements' (Djelic, 2006: 53).

2. Employee protection and environmental externalities are the examples of business interests and social interests coming apart. While greater employee protection and minimising the negative externalities are in the interest of society, it is usually against the interest of businesses.

3. Collective moral responsibility refers to arrangements appropriate for addressing widespread harm and wrongdoing caused by the actions of groups (Risser, 2004).

4. It could be argued that Friedman's position is not entirely consequentialist because it also includes the minimal procedural constraint of having to conform to the legal framework and basic ethical custom of society (Carroll, 1991). I would argue, however, that the consequentialism of increasing profits clearly has a ruling position here and even the basic constraints can be subject to the main objective of profit making, because the constraints are not grounded in any other meta-justification, i.e. a normative core of neoliberalism. The profitmaking is in the normative core of neoliberalism. Therefore laws and ethical custom could also be subordinated to this consequentialist principle.

5. Stakeholder theory claims that shareholder and stakeholder interests are equal. 'Normative ethical stakeholder theory articulates the view that a business firm ought to be managed in a way that achieves a balance among the interests of all who bear a substantial relationship to the firm – its stakeholders. In Freeman's account, the very purpose of the firm is coordination of and joint service to its stakeholders' (Marcoux, 2008).

6. For example, the two important studies (Griffin & Mahon, 1997; Orlitzky et al., 2003) which assessed the methodological accuracy of the existing empirical research on financial performance and CSR, came up with different results – one of them claimed that most of the studies didn't prove financial viability, and other one denied it.

7. www.eerlijkebankwijzer.nl [accessed 23 January 2012].

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