EXECUTIVE SUMMARY

Corporate Social Responsibility (CSR) has attracted global attention in an increasingly integrated world economy. Proponents of CSR believe that the corporation is obligated to promote social progress due to its dependence on society. CSR opponents argue that these demands are unwarranted and that the corporation’s sole obligation is to maximize shareholder wealth within legal and social norms. This paper argues that consumers via marketplace decisions in a competitive global economy are the ultimate determinant of CSR success and that Consumer Social Responsibility is a more accurate description of the realities of Corporate Social Responsibility.

Keywords: Corporate Social Responsibility, Milton Friedman, Globalization, Apple Inc.

INTRODUCTION

Corporate Social Responsibility (CSR) is a term that has garnered renewed attention in an increasingly global economy, although it is a concept that has been around for at least fifty years (Carroll, 1999). CSR can be described as a belief that corporations have a social responsibility beyond pure profit. As such, corporations should employ a decision-making process to achieve more than financial success on the assumption that CSR is integral to an optimum long-term strategy.

Alternatively, there are those who believe that CSR is a faulty concept altogether. These antagonists argue that CSR is an unrealistic expectation for corporations and that CSR activities should be outside the definition of business. The Nobel Prize winning economist Milton Friedman (1970) is a famous opponent of CSR. He, along with his followers, believes that the sole purpose of the corporation is to maximize the financial return to its owners. The shareholders as individuals can then use these profits for the betterment of society if they choose to do so. Friedman argues it is arbitrary for executives of a corporation to go beyond the legal and social norms which shape the business environment. The executives are merely agents selected to run the corporation according to the will of the owners. Additionally, it is the responsibility of democratically elected governments to make decisions to promote the greater social good. The major contribution to society from a corporation is continual innovation in goods and services provided to the public and the widespread benefits of improved productivities from focused economic decision-making. Pursuing CSR can dilute the focus on competitiveness and potentially cause bankruptcy.

THE EVOLUTION OF CONTEMPORARY SOCIAL RESPONSIBILITY THEORY

While University of Georgia Professor of Management Emeritus Archie B. Carroll (1999) notes that one can find centuries-old evidence of the CSR concept, he says the modern era began in the 1950s with the introduction of formalized and critical literature on the topic. Carroll calls Howard R. Bowen the “Father of Corporate Social Responsibility” for his “landmark” 1953 book, Social Responsibilities of the Businessman (Carroll, 1999). Carroll points out that Bowen’s work and most discussions of CSR stems from “…the belief that the several hundred largest businesses were vital centers of power and