

The Market for Virtue: The Potential and Limits of Corporate Social Responsibility

David Vogel

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Corporate Social Responsibility (CSR) is in fashion. Across the world, business communities, mass media, business schools, NGOs, and other elements of civil society are showing concern about CSR. In addition, outstanding companies publish their social and environmental commitments and achievements on corporate Web sites and in reports.

David Vogel, a professor of political science and business ethics at the University of California, has written this book attempting to present “a coherent and informative overview and analysis of the potential and limits of CSR” (x). Vogel has done a good job in reviewing an impressive number of publications related to CSR and in analyzing their contents, which could be very useful for many readers.

In the late 1960s and early 1970s, there was a previous wave of CSR. It responded to strong social movements against capitalism and business. In contrast, in the current wave, which dates from the late 1990s after the Berlin Wall fell and coincident with increasing globalization, businesses are required to adopt a corporate citizenship position not only within the home country but also worldwide.

The author admits that the CSR concept is ambiguous, but he believes that, “activities associated with corporate virtue typically represent firms’ efforts to do more to address a wide variety of social problems than they would have done in the course of their normal pursuit of profits” (4). The author focuses on a range of topics usually featured in current CSR checklists. These include, among others, work conditions in supplier factories in developing countries (mainly related to health and safety and long hours for low wages and lack of freedom of association in industries, such as apparel, footwear, sporting equipment, and toys); child labor; prices of agricultural products in some countries; bribes and questionable payments to corrupt elites and governments; environment abuses; production and/or trading of weapons, greenhouse gas emissions; tropical deforestation; companies withdrawing from countries with a lack of respect for human rights (e.g., Burma); and lower prices for AIDS drugs.

Consistent with the current view of CSR mentioned, the book is centered on large global companies, particularly those generally considered outstanding examples of social responsibility in particular areas. Vogel’s analysis includes corporations such as Ikea (child labor), Starbucks (coffee fair trade), Home Depot (deforestation), British Petroleum and Shell (greenhouse gasses), Nike (working conditions after negative behavior in the past), ExxonMobil (environment protection standards in Indonesia), Chevron Texaco (protection of ecosystem in Papua New Guinea), and some others.

Although this way of understanding CSR—as related to social problems—is quite common, one wonders whether the only social responsibility of business is this or something broader. Perhaps CSR should include the social impact of activities inherent

to the business mission in society, such as providing jobs and maintaining as much employment as possible in a free and competitive market, designing organizations favorable to human dignity and development, providing a valuable service to customers, and so on. These responsibilities have an unquestionable social dimension as well and not only for large corporations but also for small and medium-sized firms.

Vogel claims that “CSR is real and substantive and deserves to be taken seriously by anyone interested in politics, business, or in the relationship between the two” (x). Starting with several current claims in favor of and against CSR, *The Market for Virtue* “examines these claims by analyzing forces driving CSR and their impact on current and future business behavior” (2). These forces include NGOs, consumer associations, ecologists, and other social groups that add to government regulation another “civil” regulation or guidelines for business to avoid risks and earn reputation.

Vogel understands that the “market for virtue” is built around “civil regulation.” It permits companies to make a positive contribution to solving social problems, including those created by business activity. Throughout the book, the author shows that market forces sometimes, but not always, encourage the practice of corporate social responsibility. According to the author, CSR does make business sense for some firms in specific circumstances. However, “the effort to demonstrate through statistical analysis that corporate responsibility pays may be not only fruitless, but also pointless and unnecessary, because such studies purport to hold corporate responsibility to a standard to which no other business activity is subject” (33).

Although Vogel recognizes that some improvements in CSR produce benefits, he insists, “in most cases those benefits would be outweighed by additional costs” (165). Maybe, but beyond the cost-benefits analysis there is the fact, hardly considered in this book, that innovation can bring about activities or firms that are more responsible without additional costs. A new industrial process, for instance, could be less contaminating without being necessarily more costly, or a values-based managerial system could increase human development within the organization and employee motivation without increasing labor costs. Mention must also be made of an innovative approach known as the “bottom of the pyramid” strategy, which basically consists in producing cheap products but with sufficient quality for consumers with low income levels (poor areas or in developing countries). This solves an important social problem with gains for business.

CSR is not only about economics; it is also about ethics. However, this book rarely includes ethical judgments. The author even seems uncomfortable with normative proposals found in his research. He thinks that some written material on CSR “has a strong normative bias, making its value difficult to assess” (x).

In the final chapter, Vogel suggests a complementary relationship between civil and government regulations, pointing out that “not only is CSR not a substitute for effective government, but the effectiveness of much civil regulation depends on a strong and well-functioning public sphere” (170). He also defends the contention that “corporate social responsibility needs to be redefined to include the responsibility of business to strengthen civil society and the capacity of governments to require that all firms act

more responsibly” (172). This is a complex point, although certainly interesting, which would require further discussion, including philosophical grounds for business, civil society and government relationships, and comparisons between the respective approaches of American and European communities regarding CSR. Apart from this question, Vogel is probably right in his concluding paragraph in which he states that “civil and government regulations both have a legitimate role to play in improving public welfare. The former reflects the potential of the market for virtue; the latter recognizes its limits” (173).

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Earthly Powers: Religion and Politics in Europe from the French Revolution to the Great War

Michael Burleigh

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The current environment of the “culture wars” is, as even metaphorical wars are, divisive and often Manichean. According to conventional wisdom, one side promotes theocracy while the other strives to eliminate all religious imagery. One side says that all power comes from the will of the people, while the other asserts that only the divinely elected few can exercise legitimate power. One side believes in the absolute rights of freedom of the individual, while the other wishes to impose rigid moral codes derived from divine revelation. Viewed with this stark opposition in mind, human history is a series of battles between religious and secular forces with little room for compromise or accommodation. The opposing camps yield no quarter and certainly have nothing to learn from each other.

This perspective is especially prevalent in certain readings of European history. At the beginning were the ancient Greek and Roman civilizations, whose power and glory resulted from atheistic philosophers’ defying the gods of the city. Thanks to Christian usurpation of these civilizations by Constantine, the “Dark Ages” of monkish superstition and ignorance followed, only to be broken by the nobly humanistic project of the Enlightenment. Since then, Europe has become ever more secular, ever more humane, and not coincidentally, ever less Christian. The crisis of European culture is simply a manifestation of this centuries-long struggle between God’s party and the people’s party.

Or so the theory goes. Reading history in such a way, it is hard to see how religion and liberty could possibly coexist, let alone benefit from each other. Actual events, however, especially in European history, are much more complicated.

It would be easy to say that the current trends of European secularization have been the direct result of the French Revolution. It would also happen to be true, for the most part, but the great virtue of Michael Burleigh’s *Earthly Powers* is that it takes a more