Corporate Social Responsibility as Subsidiary Co-Responsibility: A Macroeconomic Perspective

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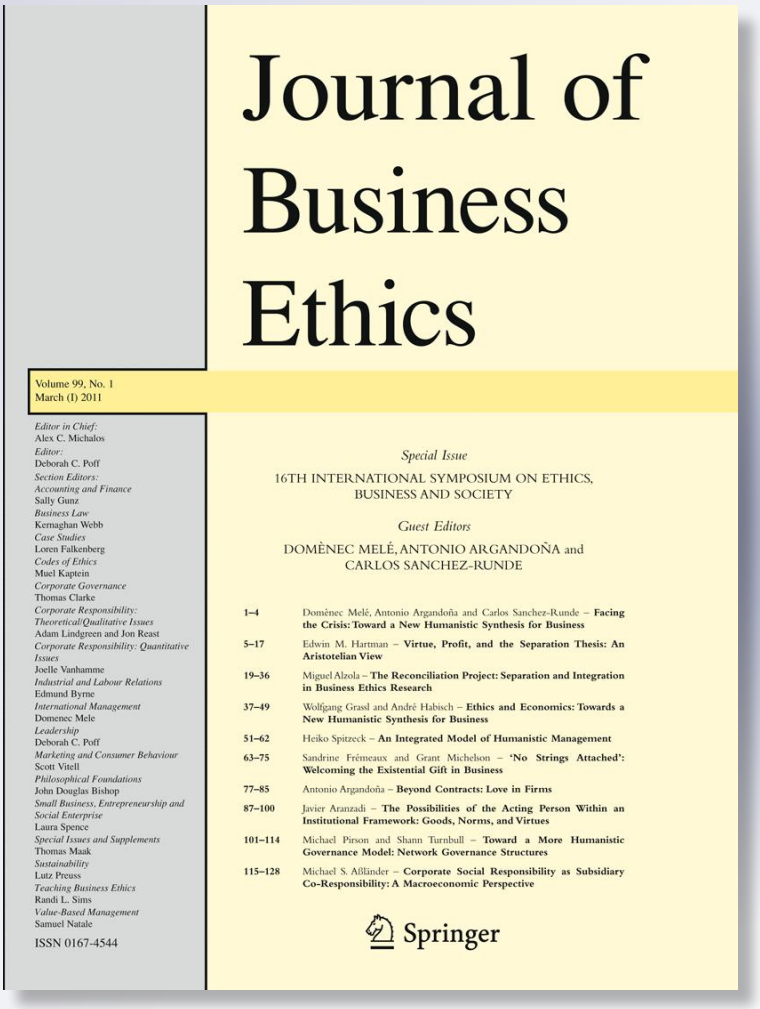

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Corporate Social Responsibility as Subsidiary Co-Responsibility: A Macroeconomic Perspective

Michael S. Aßländer

ABSTRACT. Recent discussion on Corporate Social Responsibility (CSR) mainly focuses on two aspects of CSR: from a technical perspective, CSR aims to improve ethical standards in the organizational decision-making process, and should guarantee that management practices are in accordance with commonly accepted standards of behavior. From a political perspective, CSR describes corporate engagement with ecological and social issues that extend beyond the firm's economic activities. The latter perspective in particular leaves unclear whether such corporate contributions to solve environmental and societal problems should be seen as voluntary additional services or whether corporations bear specific duties in this field. Based on the tenet of subsidiarity derived from Catholic thought, this article emphasizes that the common interpretation of CSR should be extended by a third perspective that addresses corporations as intermediate actors bearing specific subsidiary co-responsibilities in society.

KEY WORDS: Corporate Social Responsibility, subsidiarity, social market economy, globalization, co-responsibility, ISO 26000, Catholic encyclicals

Introduction

In recent business ethics research, Corporate Social Responsibility (CSR) has become one of the most prominent topics in business ethics discussion. Especially in Europe, political bodies like the European Commission have become prominent drivers for CSR. With its so-called "Green Paper" the European Commission (2001) gave a widely accepted definition of CSR and focuses on two different aspects of corporate responsibility: as a management tool CSR should guarantee that CSR-relevant aspects become part of corporations' day-to-day business and are integrated into their governance structures. In this sense, CSR should make sure that corporate policies and procedures are in line with commonly accepted ethical standards and respect stakeholders' rights "in areas such as working conditions, the environment or human rights" (European Commission, 2001, p. 17; see also *ibid.*, pp. 9–12). As a political demand, CSR describes voluntary corporate engagement for a better society and a cleaner environment. In this sense, corporations should not only contribute to economic welfare by providing useful products and services, paying taxes and offering secure workplaces, but they should also engage with society as good corporate citizens by undertaking additional responsibilities (see *ibid.*, pp. 12–16).

Although such voluntary engagement might be seen as a desirable and laudable contribution for communities' societal and ecological development, it raises some fundamental questions concerning the role of corporations in society. As the European Commission describes such engagement as voluntary, it remains unclear whether corporations have to *substitute*, to *supplement*, or to *compensate* governmental efforts, and in which fields corporations must, should, or can contribute to social and ecological affairs. While increases in corporations substituting or supplementing governmental activities seem to be less problematic, compensating for governmental duties by corporate activities in these areas causes serious problems for at least two reasons: on the one hand, corporations act in these fields as quasi-governmental actors, taking over governmental duties without democratic legitimization. On the other hand, such corporate activities are considered to be voluntary, which means that it cannot

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be taken for granted that corporate activities will compensate for a lack in governmental services in all relevant areas on a sustained basis.

To define the status of corporations as societal actors and to clarify who bears which responsibilities in society, a regulatory principle is needed that offers clear rules for corporate and governmental task-sharing. In this context, the tenet of subsidiarity might function as a regulatory principle which would add a third perspective to the present CSR discussion. Subsidiarity would allow for describing corporate duties that go beyond good management practices and which are more concrete than voluntary engagement. From this point of view, as we will explain below, corporations bear a subsidiary co-responsibility in society and can be described as intermediate actors who must carry out concrete duties in a system of subsidiary societal task-sharing.

To clarify the specific European understanding of CSR, the second section delimits different interpretations of CSR against each other, especially in the European and the American context. In the third section, which we term *CSR as ''Parallel Universe''*, two different aspects of the European understanding of CSR are exemplified: CSR as a demand for honest business practices and CSR as voluntary corporate engagement with society. We discuss how such voluntary engagement causes difficulties if corporate activities are used to compensate for missing governmental capacities. Thus, in the fourth section, the tenet of subsidiarity is introduced as regulatory principle allowing for distinguishing corporate duties and voluntary activities. Subsequently, CSR should therefore be completed by a new aspect, which can be described as corporate subsidiary co-responsibility, defining corporate duties in society going beyond their economic activities.

Different interpretations of CSR

Although there are increasing numbers of publications on this subject from various perspectives (e.g., Blowfield and Murray, 2008; Crane et al., 2008, 2009a; Scherer and Palazzo, 2008a; Werther and Chandler, 2006), CSR still lacks a commonly accepted definition. The reasons for this shortcoming are manifold. The first problem derives from different economic traditions in the Anglo-American and European contexts, leading to different interpretations of what corporations are responsible for. Where the American perspective of CSR, despite economic and legal obligations, mainly focuses on ''ethical responsibility'' and ''corporate philanthropy'' (Carroll, 1979, 1998), in most European countries with developed welfare systems, such responsibilities are primarily seen as governmental tasks (Matten and Moon, 2008). This means that governments either have to guarantee good corporate behavior by law or support socially and economically deprived groups by governmental programs. In a recent publication, Carroll (2004, p. 118) states:

> While presenting this idea in Helsinki, Finland, for example, I found that the Finns do not regard philanthropy highly because in their system, high taxes are thought by business to more than take care of these kinds of citizenship expectations.

In addition, the European understanding of CSR is shaped to a great extent by the idea of sustainable development and the so-called ''Triple Bottom Line'' (Elkington, 1999, 2004). As Bowie and Werhane (2005, p. 114) point out, an orientation toward the triple bottom line and the obligation to discuss corporate policy with stakeholders is one of the basic differences between American and European understandings of corporate responsibility. Reflecting on American CSR practices, they plead for a move from corporate philanthropy to sustainability in order to reach the next level in socially responsible business practices.

A second problem arises from the different intentions for developing and enacting CSR programs in corporations (Garriga and Melé, 2004): (a) From an instrumental point of view, CSR is seen as a tool for successful management which allows the building of reputation capital, thus serving the economic interests of companies. (b) Political CSR theories focus on the relationship between business and society; corporations are interpreted as political actors who ought to engage with the communities they live in. (c) Integrative approaches to CSR stress the fact that corporations' license to operate depends on societally acceptable corporate policy, which by and large contributes to the common wealth. (d)

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Ethical approaches emphasize that corporations, like all other members of society, are obliged to follow ethical principles.

Such diverse interpretation of what CSR should describe and be used for leads to confusion in the CSR discussion. For example, a recent study examining the CSR wording in Germany concludes that even the particular ministries, collaborating in a national CSR Forum, have different understandings of CSR and its objectives (Friedrich and Hadasch, 2010). Practitioners and consultants tend to emphasize the instrumental perspective and stress that CSR engagement leads to a win–win situation, implying that such engagement helps to increase long-term profits. For example, Dyllick and Hockerts (2002, pp. 131–132) claim that companies ''have to maintain and grow their economic, social and environmental capital base'' to meet the needs of their contemporary and future stakeholders. From this perspective, environmental and social issues are important because they influence the financial performance of the company. This desire to create win–win situations with ''responsible'' behavior makes it easier for managers to defend their investments in this to their shareholders, as well. In addition, such a technical understanding of CSR creates the impression that ''responsibility'' is interrelated with financial success and can be reached simply by implementing specific management tools, such as environmental management systems, social auditing, etc. Although empirical evidence for this assumption is still missing (Banerjee, 2007; McWilliams and Siegel, 2001), the ''business case for CSR'' and ''best practice examples'' dominate the discussion – especially among practitioners (e.g., Kotler and Lee, 2005).

A third problem is an insufficient delimitation of CSR from similar concepts. For example, Carroll recently used terms like CSR and Corporate Citizenship as interlocking concepts (Buchholtz and Carroll, 2009), and especially in the European context the concept of sustainability and CSR are often used interchangeably (Ebner and Baumgartner, 2006; Montiel, 2006). The confusion or lack of clarity in the definitions is increased by book titles like *Handbuch Corporate Citizenship – Corporate Social Responsibility für Manager* (Handbook of Corporate Citizenship – Corporate Social Responsibility for Managers) (Habisch et al., 2008) and new concepts in a variety of settings. In fact, even for academics it seems to be impossible to find clear distinctions between terms like ''Corporate Responsiveness'', ''Corporate Citizenship'', ''Corporate Responsibility'', ''Corporate Accountability'', and ''Corporate Sustainability'', to mention just a few.

As a result, some scholars argue that CSR primarily affects the way companies execute their core business while Corporate Citizenship mainly describes the philanthropic engagement of corporations (e.g., Arretz, 2009). On the other hand, Carroll points out that CSR should be seen as part of the broader term Corporate Citizenship, which also includes corporate social responsiveness and corporate social performance, thus describing the whole range of social responsibility issues (Buchholtz and Carroll, 2009, p. 33). Another widely accepted distinction refers to CSR as engagement that goes beyond legal and economic requirements (e.g., McWilliams and Siegel, 2001) while others define Corporate Citizenship in exactly that way, integrating it in the concept of CSR (e.g., Leisinger, 2007, 2009). Regarding these broad and confusing definitions and wordings of the social responsibilities of business, even after more than 30 years of discussion, Crane et al. (2009b, p. 5) conclude that ''definitions of the term abound to the extent that even now there is no strong consensus on a definition for CSR.''

Although these problems make it difficult to precisely define CSR and what responsibilities derive from such a concept, the concern is mainly from a business perspective. It is more problematic that CSR has no corresponding political theory that would allow for integrating CSR in a macroeconomic concept, and thus define corporate responsibilities from a governmental perspective.

CSR as ''Parallel Universe''

Particularly in the European context, CSR is commonly seen as a voluntary contribution of corporations toward sustainable economic, social and ecological development. The main drivers for promoting CSR in Europe have been political bodies. The CSR discussion started in 1996 with the initiation of the ''European Business Network for Social Cohesion'' by the European Commission under the presidency of Jacques Delors, renamed ''CSR Europe'' in 2000. Based on the works of CSR Europe,

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the European Commission launched its well known *Green Paper – Promoting a European Framework for Corporate Social Responsibility* and defines CSR as "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis" (European Commission, 2001, p. 8).

Despite the question of whether one can take responsibility voluntarily (Aßländer and Löhr, 2010), this CSR definition is insufficient for at least two reasons. First, it offers companies the possibility of summarizing various activities under the umbrella of CSR (Aßländer and Brink, 2008; Aßländer and Schenkel, 2009; Matten and Moon, 2008). Second, it remains unclear under which circumstances and to which extent corporations must engage with social and environmental issues. In principle, the European understanding and the various interpretations of CSR allow two contradictory interpretations. From a management perspective, CSR presents a demand for business entities to insure that their business is conducted according to fundamental ethical standards. From a political perspective, corporations are seen as quasi-governmental actors that engage voluntarily for the benefit of society.

CSR as a demand for ethical business practices: the management perspective

From a management perspective, CSR aims to improve the governance principles of organizations. Thus, CSR must define ethical standards that should become part of a company's day-to-day business practices:

> As issues of CSR become an integral part of corporate strategic planning and routine operational performance, managers and employees are required to make business decisions based on additional criteria to those they were traditionally trained to expect. (European Commission, 2001, p. 17)

As the European Commission points out, additional ethical principles should become a basic element of human resource management, health and safety policy, environmental management, along with shaping relationships with customers, employees and local communities (European Commission, 2001). While the Green Paper generally remains vague about the principles that should bind companies and methods of integrating those principles into business procedures, other documents give more specific outlines of the demands for CSR. For example, the International Standards Organization tries to offer concrete guidelines to companies for the implementation of the core principles of CSR in their business. With the *ISO 26000 – Guidance Document on Social Responsibility* – scheduled for end of 2010 – the ISO 26000 working group has launched detailed guidelines for all kinds of organizations outlining how CSR should be integrated into business procedures. The ISO working group defines social responsibility as the responsibility of organizations for their influence on society and the environment. Corporations must contribute to sustainable development through transparent and ethical behavior, which increases the wealth and welfare of society, respects the demands of all relevant stakeholders and is in line with applicable laws, international regulations and standards of behavior (ISO 26000, 2009, pp. 3–4).

The ISO document outlines seven basic principles of responsible organizational policy: (1) accountability, which means that management is answerable to the supervisory authorities of an organization, to legal authorities and to society in general; (2) transparency, which implies that organizations should disclose their policies and activities and their likely impact on society in an accurate and readily available manner; (3) ethical behavior, which should be the standard of corporate behavior, including honesty, equity and integrity; (4) respect for stakeholder interests, including the rights and legitimate interests of all groups that affect or can be affected by corporate policy; (5) respect for the rule of law, which constitutes a mandatory corporate obligation to obey national and international law; (6) respect for international norms of behavior, which mainly refers to international standards concerning environmental protection, workers' rights or fighting corruption, especially in those countries where such rights are not protected or enforced by governmental institutions; and (7) respect for human rights, which is seen as an universal principle of corporate behavior and is not negotiable (ISO 26000, 2009, pp. 10–14).

By and large, the ISO 26000 and other documents like the Global Compact (Global Compact Office, 2010) or the OECD Guidelines for Multi-

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national Enterprises (OECD, 2000) focus on the implementation of ethical standards in corporate policy. They stress a managerial obligation to adhere to internationally accepted ethical principles in decision-making, and to enforce these principles throughout their companies.

Corporations as quasi-governmental actors: the political perspective

Although the Green Paper is concerned with the managerial dimension of CSR, the European Commission also highlights the necessity of strengthening and supporting the voluntary contributions of corporations to social welfare and environmental development. The commission explains, "By stating their social responsibility (…) companies endeavour to raise the standards of social development, environmental protection and respect of fundamental rights…" (European Commission, 2001, p. 4). Generally speaking, the Commission sees CSR as "a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment" (*ibid.*, p. 5).

In this sense, CSR is seen as a discretionary engagement of companies, going beyond economic and legal requirements to provide additional benefit to society. As good corporate citizens, companies must contribute to their social and natural environment beyond their basic economic activities. This view is based on the idea that corporations profit from society in many respects (e.g., legal security, infrastructure, educated workforce) and therefore must give something back to the communities they live in (Bowie, 1999, pp. 94–95; Crane and Matten, 2007, pp. 71–73; Enquete-Kommission, 2002, p. 458 f).

However, from a political perspective such a view of a voluntary engagement suffers from a fundamental shortcoming. On the one hand, governments and society expect an additional contribution of companies. On the other hand, it remains up to the companies whether, in which field and to what extent they want to contribute to social welfare. Thus, the European Commission's (2001, p. 5) CSR definition as voluntary contribution to social and environmental issues creates a kind of "parallel universe" where the idea of corporate responsibility is used parallel to the idea of governmental regulation. As a consequence, social and environmental problems should be solved either by national governments, voluntary engagement by corporations or by collaboration of public and private actors. However, it remains unclear how the tasks should be shared. At least three modes of corporate contributions could be distinguished: it must be discussed whether corporations have (1) to substitute, (2) to supplement, or (3) to compensate governmental duties in the selected areas (Table I).

TABLE I

Modes of corporate contributions to society

"Mode"	Description	Examples
Substitution	Corporations provide services that allow for choosing between governmental or private offers; such services provide alternatives to governmental offers in a specific sector	Private schools and universities, endowed hospitals or orphanages, additional corporate retirement programs or worker insurances
Supplementation	Governmental services are enlarged by additional opportunities or new services are provided; governments remain responsible for offering basic services	Endowed chairs or private financed research projects at state universities, private public partnerships, sponsorship or donors for cultural activities
Compensation	Nation governments withdraw from classical fields of social and environmental politics; former governmental services are now financed by corporate donors	Basic financing of education, basic provision of civil infrastructure, public security

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(1) *Corporate engagement as substitute for governmental activities* would imply that corporations provide services that allow a choice between governmental or private offers. Such services provide alternatives to governmental offers in specific sectors. So, for example, corporations may support private business schools, endow hospitals or orphanages, or establish retirement programs or worker insurance. These are additional activities to governmental services. In these cases governments specify standards, e.g., for educational programs or health-care services, but accept corporate engagement in these areas if it meets the predefined standards.

(2) *Supplementing governmental activities with corporate activities* means either that existing governmental services are enlarged by additional opportunities financed by corporate actors or that new services are provided in form of public–private partnerships that would not have been possible from governmental actors alone due to restricted financial capacities or limited management skills in that field. For example, an endowed chair or privately financed research project may extend the educational and research opportunities of state universities. Corporations may also contribute to reaching the UN Millennium Goals by participating in the ''Partnerships for Development'' program of the United Nations.

(3) *Compensating for a lack in government services* means that national governments cut down their engagement and withdraw from classic fields of social and environmental politics. Former government or community services are no longer provided and should be financed by the private sector, namely corporate donors. But the demand for corporate engagement to compensate for government activities is not limited to the financial aspect. Some scholars consider corporations to be quasi-governmental actors who engage for citizenship rights in cases where governments fail to administer citizenship rights, where governments have not yet administered such rights, or where the administration of such rights is out of reach of nation-state regulation (Matten and Crane, 2005).

Although Matten and Crane (*ibid.*) argue that they simply seek to outline recent development and show how corporations have entered the arena as administrators of citizenship rights, the question remains of whether such failure of governmental regulations inevitably causes a duty for corporations to adopt these obligations, or whether it should be the primary concern of communities to improve governmental regulations. Moreover, in all cases where governments take this concept as a pretext to reduce their efforts for environmental and social issues, it would lead to serious difficulties.

Where the first two cases seem to be less problematic, the latter case causes problems. If CSR engagement offers additional opportunities for the public, this does not affect the basic supply of public goods. Of course, if corporations limit their engagement, the offers are narrowed and some services may be not provided, but this generally does not endanger the provision of public goods undertaken by national governments. However, in cases where corporate activities must compensate for a lack in nation-state activities, at least two problems arise. First, corporate actors are not democratically legitimated and it is neither their duty nor their democratically legitimate right to engage as quasi-governmental actors. Despite this fact, their power to shape the social conditions of communities by their activities has increased in a ''post-political'' world (Beck, 1998). Second, the fact that such engagement is voluntary and decisions about the areas of engagement are left to corporate management makes it difficult to guarantee that a reduced engagement of nation-states can be compensated in all relevant areas on a sustained basis by corporate activities.

To clarify corporate duties and societal responsibilities, a political concept is needed that allows for differentiation between corporate and governmental obligations. The thesis of this contribution is that the conception of subsidiarity, as it is formulated in Catholic social teaching and established as a core principle in the theory of a social market economy might provide a solution for questions of when, in which spheres and under which circumstances corporations must take social responsibility.

Subsidiarity and CSR

The tenet of subsidiarity, as laid down in various Catholic social teaching documents, clarifies that especially in the social context, nothing should be assigned to a larger community that can be accomplished by a lesser and subordinate entity (John Paul

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II, 1991, § 48; PCJP, 2004, §§ 185–186; Pius XI, 1931, § 79). Pope Pius XI, in formulating the Principle of Subsidiarity in his encyclical *Quadragesimo Anno*, points out:

> Just as it is gravely wrong to take from individuals what they can accomplish by their own initiative and industry and give it to the community, so also it is an injustice and at the same time a grave evil and disturbance of right order to assign to a greater and higher association what lesser and subordinate organizations can do. For every social activity ought of its very nature to furnish help to the members of the body social, and never destroy and absorb them. (…) The supreme authority of the State ought, therefore, to let subordinate groups handle matters and concerns of lesser importance… (1931, §§ 79–80).

While in the political context subsidiarity describes the relationship between larger and smaller political entities, e.g., between the European Community and its member states, in the context of the Catholic encyclicals it is used as a norm for task-sharing among governmental and private actors within civil society. In this sense, subsidiarity works in two ways. On the one hand, it defends the subordinate entities from illegitimate overregulation of higher societal or political instances if the targeted objectives can be achieved at the lower level. On the other hand, it constitutes a right of assistance; if solving their problems is out of reach for the subordinate entities, they should be assisted by higher-level entities. Thus, the principle of subsidiarity also consists of an element of demand: if the subsidiary entities are in need, the higher entity must intervene (van Nell-Breuning, 1964, 1968). Referring to the problems of the Welfare State, Pope John Paul II (1991, § 48) mentions both impacts and points out that most malfunctions of the so-called "Social Assistance State" result from an inadequate understanding of the tasks proper to the state connected with the principle of subsidiarity.

Taking the tenet of subsidiarity seriously would mean that communities of higher order should not interfere in the lives of lower-order communities if they are able to take care of themselves. Only in cases of need is governmental intervention permissible, and state activities should always be coordinated with the activities of the rest of society, always with a view to the common good (John Paul II, 1991, § 48). Similarly, Pope Benedict XVI (2009, § 57) explains that subsidiarity should be first and foremost a form of assistance to the human person while respecting the autonomy of intermediate bodies. Help should be provided only in cases where individuals or groups are unable to accomplish something on their own, and should aim for the achievement of their emancipation.

Some scholars also transfer the principle of subsidiarity to an organizational context; for example, Melé (2005) argues that organizations that follow the principle of subsidiarity guarantee a higher degree of freedom and initiative to workers, which is more appropriate to human dignity, and therefore are ethically preferable to organizations in which workers are seen as mere executors of orders. In this sense, the principle of subsidiarity can function as an ethical norm shaping organizational structures.

Under the conditions of the global economy, subsidiarity can also be discussed as an organizational principle for shaping responsibilities and interrelations among political, civil, and economic actors in a globalizing society. For example, Kelly (2004) discusses subsidiarity as principle for regulating business and political relations among nation-states in a global society and widens the scope of subsidiarity by integrating supranational institutions in his concept. Pope Benedict XVI has strengthened the importance of the Principle of Subsidiarity in managing globalization. He has pointed out that subsidiarity:

> …is able to take account both of the manifold articulation of plans (…) as well as the coordination of those plans. Hence the principle of subsidiarity is particularly well-suited to managing globalization and directing it towards authentic human development. (…) [T]he governance of globalization must be marked by subsidiarity, articulated into several layers and involving different levels that can work together. Globalization certainly requires authority, insofar as it poses the problem of a global common good that needs to be pursued. This authority, however, must be organized in a subsidiary and stratified way… (2009, § 57).

The view of subsidiarity as principle for coordinating the collaboration and interaction of various societal groups and organizations has also influenced the political and social theories of the German concept of the "social market economy". Based on

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the idea that social peace and social justice in a society can be achieved only by social alignment of market economy the conception tries to balance the principles of private initiative in economic and social concerns with the compensation of the weak and deprived guaranteed by governmental regulations and social programs. Thus, inspired by the encyclical *Quadragesimo Anno*, the pioneers of social market economy developed the principles of subsidiarity and solidarity as fundamental parts of social market theory (e.g., Eucken, 1990; Müller-Armack, 1981; Röpke, 1979a) for stabilizing social peace and common welfare. This concept is based on the idea of free enterprise, whereby an ''economic constitution'' (Eucken, 1949, 1990) regulates markets, while governmental interventions insure that economic freedom does not violate the ethical and social targets of the society, e.g., social justice or protection of the weak. Barry (1989, p. 115) describes this idea appropriately when he explains that state interventions should preserve the ''form'' of the economic constitution but not regulate the ''processes'' of the markets. In this sense, state activities should be ''like that of a gardener tending his plants'' (*ibid.*). State regulation should aim at stabilization of the economic system, protect from monopolies, and foster social welfare (*ibid.*).

By and large, the concept of a social market economy was not only interpreted as an economic system but as part of a societal concept regulating social as well as economic affairs. Although the concept of a social market economy accepts market mechanisms as the best way to solve the problem of scarcity, it insists on the regulatory competencies of state policy in social concerns. In this context, a market economy was seen as an integrated part of a social system and as means to reach non-economic targets in society. In the theory of social market economy, the economic system is seen as a servant of humanity and of trans-economic values. Although the economy must prepare the ground for stable development, social, ethical, cultural, and human values rank before economic values. Thus, the economy must be shaped so that it is compatible with trans-economic values (*ibid.*, p. 108).

By collaboration in solidarity and subsidiary task-sharing, all groups in society should contribute to reaching the target of a socially just society. In this sense, the concept of subsidiarity was used to differ between three groups of actors that bear different responsibilities in society (Röpke, 1979b): (1) governmental actors and communities; (2) economic, clerical, and social associations; and (3) individuals and families. From the theoretical perspective of a social market economy, government was seen as a last resort for solving societal problems (*ibid.*).

However, in the concept of a social market economy, corporations have never been addressed as corporate actors with obligations beyond their economic activities. Nevertheless, taking the conception of a social market economy as a role model, the extension of corporate responsibilities by social and environmental issues, as proposed by the European Commission, cannot mean that corporations now must compensate for governmental responsibilities, but only that they bear a subsidiary co-responsibility for social and environmental issues in their communities, as will be explained next.

CSR as subsidiary co-responsibility

Reconsidering the fact that corporate activities in the field of CSR not only address the question of how corporate policy is executed (from a management perspective) but is also seen as a means to substitute, supplement or compensate nation-state social and environmental activities (from a political perspective), the question arises of how these contributions should be integrated in a political concept of societal task-sharing. Under the conditions of a ''post-national'' world the principle of subsidiarity seems to be at least redundant if not outdated. Some scholars working in the field of CSR describe corporations as new political actors in a globalizing world no longer controlled by nation-state regulations but at best by stakeholder pressure and shaming campaigns or threats of boycott from international Non-Governmental Organizations (NGOs) (e.g., Crane and Matten, 2007; Matten and Crane, 2005; Palazzo and Scherer, 2006; Scherer and Palazzo, 2007, 2008b, 2009).

This description is partly true. On the one hand, multinationals can escape from nation-state regulations and shift production to countries with less elaborate governmental regulations, e.g., concerning workers' rights or environmental standards. On the

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other hand, the power of nation-states shifts to intergovernmental bodies like World Trade Organization or European Parliament on one side, and to non-political actors like critical NGOs on the other (Beck, 1998; Giddens, 1998). However, this does not mean that nation-states become powerless; they still play a vital role in shaping economic and societal conditions. As Giddens explains, globalization points in two directions and creates a strong impetus both to the downward devolution of power and to upward devolution. This ''double movement'' leads to the weakening of the authority of nation-states in their own territories but also strengthens their authority in the field of international regulations and makes the state more responsive to the influences that otherwise outflank it (*ibid.*, p. 72). In this sense, nation-states are not outdated, though they still must redefine their political authority. Governments increasingly must play the role of mediators balancing the various interests and efforts of political, economic, and civil actors. One of the main functions of governments in a globalizing world will be to reconcile the divergent claims of various special-interest groups in society not only by law but also by offering platforms for political discussion and discursive communication (*ibid.*, p. 53).

This leads back to the discussion of corporate responsibilities. The political aspect of CSR aims to include corporate actors in the process of generating social accomplishment, so governments need clear regulations to define the specific areas where corporate efforts are necessary or desired. In this context additional voluntary contributions of corporations can be considered less problematic, but the possible compensating for governmental duties by corporate activities must be discussed in more detail.

The principle of subsidiarity describes mutual responsibilities of lower- and higher-order instances in society and, as Pope Benedict XVI points out, may also function as a guiding principle in globalizing societies (Benedict XVI, 2009, § 57). For the discussion of CSR in particular, three aspects of subsidiarity are relevant: (1) It outlines clear task-sharing; issues of lesser importance should be handled by lower instances if they are able to do so (Pius XI, 1931, § 80). (2) In such cases the accomplishment of lower-order instances is not seen as voluntary but as an essential duty (John Paul II, 1991, § 48). (3) Governmental interventions are necessary in areas of higher importance for society or in cases where subordinates are unable to take care for themselves (Pius XI, 1931, § 79; Benedict XVI, 2009, § 57).

It is important to note in this context that subsidiarity, as defined above, may not be separated from solidarity. Thus, the pursuit of the common good depends on the solidarity of the various societal actors *and* the regulatory principle of subsidiarity shaping their activities in the right manner. Hereby, based on the idea of ''economic democracy'', the state, on the one hand, has to make ''use of all social and economic initiatives promoted by intermediate bodies that produce public effects'' and civil society, on the other hand, ''is capable of contributing to the attainment of the common good by placing itself in a relationship of collaboration and effective complementarities with respect to the State and the market'' (PCJP, 2004, § 356).

Applied to the discussion of CSR, this would mean that we must complete CSR with a third perspective which interprets CSR as corporate co-responsibility according to the principle of subsidiarity. Seen as Corporate Citizens, in a system of subsidiary and solidly societal task-sharing corporations play the role of intermediate social actors, like clerical or economic associations do, and bear specific duties to enable and to foster civic rights. Such duties do not derive from the actual engagement of corporations but, according to the principles of subsidiarity and solidarity, result from political and moral obligations of each group in society to contribute to the common good within their possibilities. Although it is debatable how far such corporate co-responsibility will reach and in which areas corporate contributions can be expected, corporate engagement in this field is not voluntary but an essential (moral) obligation (Table II).

In this respect, the German system of a social market economy might function as a role model for subsidiary and solid collaboration as expressed in the Encyclical *Quadragesimo Anno* and outlined in the *Compendium of the Social Doctrine of the Church* (PCJP, 2004, §§ 356–357). Although not directly addressed in the theoretical writings of Röpke, Eucken and others, corporate actors nevertheless bear various co-responsibilities in the established German and Austrian economic orders. Examples are the co-financing of workers' insurance schemes

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TABLE II

Three perspectives of CSR

CSR as management requirement	Focuses on management procedures and governance structures; defines minimum ethical requirements and standards of behavior
CSR as subsidiary co-responsibility	Describes subsidiary, non-voluntary responsibilities of corporations; corporations are defined as intermediate actors bearing specific duties in society
CSR as voluntary contribution	Refers to the occasional philanthropic engagement of corporations; corporations voluntarily provide additional or alternative services

in a state-regulated social insurance system, contributing to workforce education in a ''dual educational system'' which combines practical training in companies with a regular school system, or collaborating in professional associations for developing industrial or professional standards. However, it should be mentioned that in these cases corporate engagement is enforced by nation-state regulation that defines the legal framework for such activities. Nevertheless, these examples may illustrate what corporate co-responsibility would mean. In globalizing economies, such regulatory standards are needed for steering CSR activities and it must be left up to democratic decision-making to determine in which areas and under which conditions corporations are expected to engage and which areas must remain free from corporate intervention.

Taken seriously, the principle of subsidiary co-responsibility as a third level of CSR would mean that corporations are not only obliged to guarantee minimal ethical standards while conducting their business and may provide voluntarily additional services for society to foster ecological and social sustainable development, but also that they must fulfill specific tasks in society as intermediate actors. According to their competencies corporations have specific duties in fields where social and environmental problems can be solved more efficiently by lower level instances in society (Dunfee and Hess, 2000; examples for such successful engagement can be found at Hess et al., 2002).

In a practical example for taking over such subsidiary co-responsibility, the Swiss pharmaceutical company Novartis declared its responsibility for the ''right to health'' as laid down in Article 25 of the Universal Declaration of Human Rights. Besides specific donor programs for drugs, programs for health education and the support of AIDS orphans, which must be seen as voluntary engagement that substitutes and supplements nation-state activities, Novartis has started with two other activities that can be interpreted as co-responsible subsidiary task-sharing in the international context. In 2002 the Novartis Institute for Tropical Diseases was founded in Singapore as a public–private partnership between Novartis and the Singapore Economic Development Board. The institute aims to discover novel treatments and prevention methods for major tropical diseases. The institute operates in a field where market success for newly developed drugs is unlikely because most countries in need of such medication are unable to pay for it. Thus, the research of Novartis aims to make treatments readily available to poor patients in developing countries without profit (Novartis, 2010). Seen from the perspective of corporate co-responsibility, Novartis uses its competencies in the field of health-care research to solve societal problems and to contribute to society. Even though such research could be also provided by governmental research institutions it can be argued that pharmaceutical industry has greater competencies in this field and is able to solve these particular problems more efficiently.

Another example is a field experiment of Novartis in Mali which aims to establish a healthcare insurance program. Especially in developing countries where governmental healthcare is often not provided in the poorer regions and private insurance is rare for most people, health provision is not seen as individual task and diseases are often accepted as personal curses that people must endure. For about two dollars per year, Novartis offers healthcare insurance including child vaccination and reduced prices for hospitals and medication. With its program

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Novartis not only wants to provide healthcare services to the poor but also to change the mind-set of the people, sensitizing them to their individual responsibilities (Leisinger, 2006, pp. 106–107). In this sense, the Novartis program also aims to stabilize subsidiary responsibilities in society by encouraging people to accomplish healthcare by themselves – assisted by intermediate actors – and organizing an insurance system without governmental help.

With these projects, Novartis not only engages voluntarily in some corporate citizenship activities and donor programs, but also takes an active part by realizing ''the right to health'' as a universal human right. Although Novartis has no legal obligation for the above activities, it has the competencies and the means to initiate and to implement the programs and – from the perspective of subsidiary co-responsibility – a moral obligation to accomplish ''what can be accomplished by a lesser and subordinate entity'' (Pius XI, § 79).

Conclusion

As discussed in the previous sections, the definition of CSR by the European Commission focuses on two different aspects of CSR. On the one hand, it stresses the necessity to implement CSR-relevant aspects in the governance structures of corporations to secure that policies and procedures adhere to minimal ethical requirements. On the other hand, it refers to the aspect that corporations should contribute to a better society and a cleaner environment by additional voluntary activities. The latter aspect in particular raises serious questions about the state of corporate activities with this type of political view of CSR. In detail, it remains unclear whether corporations must substitute, supplement, or compensate governmental efforts and in which fields. While additional accomplishment of corporations in the fields of social welfare or environmental protection can be seen as less problematic, compensating for governmental duties by corporate activities in these areas causes serious problems. The reasons are twofold: first, corporate activities concerning social issues are not democratically legitimated. Second, because such activities are considered to be voluntary contributions in discretionary fields, it cannot be taken for granted that corporate activities can compensate for a lack in government services in all relevant areas on a sustained basis.

To solve this problem, CSR should be completed by a third level which focuses on the subsidiary co-responsibility of corporations and allows for defining corporate duties that go beyond good management practices and are more concrete than voluntary engagement. In this sense, corporations are seen as intermediate instances that must bear concrete duties in a system of subsidiary societal task-sharing. Thus, three areas of CSR could be differentiated:

(1) The technical aspect of CSR focuses on management procedures and governance structures in corporations and defines ethical standards that should become part of a company's day-to-day business practices.
(2) CSR as subsidiary co-responsibility describes non-voluntary responsibilities of corporations which result from their role as intermediate social actors; such engagement is legitimated by democratic structures and the regulatory principle of subsidiarity and defines corporate long-time duties in society.
(3) CSR as voluntary contribution refers to the occasional philanthropic engagement of corporations that might assist governmental efforts in the fields of social development or environmental protection.

Further research might show how distinct subsidiary co-responsibilities of corporations can be identified in detail. Notably in ''post-national'' globalizing societies, the assignment of distinct co-responsibilities will depend on deliberative democratic processes on national and supranational level. Additional research in the fields of political and social science might clarify how the assignment of corporate co-responsibilities can be backed by legitimate democratic decision-making processes.

Furthermore it must be considered that the principle of subsidiarity also describes a moral right enabling subordinates to organize their affairs in a way that is most suitable to them. In this sense subsidiarity describes a kind of positive freedom to act independently from superiors' regulation. In this context it has to be discussed how far such rights will reach and when and under which circumstances they must be limited.

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