CSR in the aftermath of the financial crisis

Linne Marie Lauesen, PhD-stipendiate, Copenhagen Business School, Denmark

ABSTRACT

Purpose – The purpose of the paper is to examine the literature of CSR before and in the aftermath of the financial crisis in 2008. The aim of the research question is to map out the consequences upon CSR derived from the crisis and to derive new principles of future CSR models to come consistent with the consequences of the financial crisis, and to suggest new research as well as policy-making possibilities to highlight the importance and necessary survival of CSR as an instrument for sustainable and financial progress.

Design/methodology/approach – The paper uses a literature review of CSR prior to and after the financial crisis 2008 with an emphasis on academic papers published in peer-reviewed journals.

Findings – The findings of the paper reveal that post-crisis CSR-models do not articulate anything that has not been mentioned before; however they do strengthen former values of CSR, but still lacks an overall formula of how the financial sector can adopt CSR in the core of their businesses and transparently display their products and the risk adhering to them. The paper proposes a new Four-'E'-Principle that may guide new CSR-models to accomplish this deficit. See under 'Originality'.

Practical implications – The paper calls for a discussion on ways in which governments and businesses can enhance social responsibility though balancing the requirements of more engagement from businesses as well as public sector companies in CSR. The paper suggest some instrumental mechanisms of how governments can engage not only multinational companies but also smaller companies and other kinds of organizations acting on the market to make them engage more in CSR.

Originality/value – The paper proposes a new Four-‘E’-Principle to guide the development of new CSR-models based upon the core of Schwartz and Carroll’s ‘Three-domain CSR-model’, which the Principle extends and revises to: Economy, L/Egal, Environment, and Ethics. This Principle disentangles the dialectic relationship between economic and social responsibility; takes financial products into a consideration; refines the definitions of good stakeholder engagement without the illusions of corporate ‘Potemkinity’[1]; and considers the benefit of replacing the semiotic meaning of the ‘C’ in CSR from ‘corporate’ to ‘capitalism’s social responsibility’ in order to extend the concept towards a broader range of market agents.

KEYWORDS: Corporate social responsibility, CSR-concepts, financial crisis, financial sector, government role.

Introduction: The financial crisis 2008

Financial sector institutions such as the Lehmann Brothers, Bear Stearns, Merrill Lynch, Freddy Mac, Fanny Mae, Golden Sachs, Morgan Stanley, and CitiGroup among others have been accused of initiating the financial crisis in 2008 and the current pandemic global recession due to the negative effects of subprime mortgage lending (Hellwig 2008, White 2008, Reinhart and Rogoff 2008, 2009, Herzig and Moon forthcoming). The subprime mortgage lending consisted of high-risk investments in mortgages to illiquid borrowers and risk-reduction of losses by covering up risky loans with less-risky loans in the so-called derivatives such as Credit Default Swaps (CDS)[2], Mortgage-Backed Securities (MBS), Asset-Backed Securities (ABS) and Collateralized Debt Obligations (CDO) sold on the global investment markets (see Hellwig 2008 and Schwarcz 2008 for further explanation of these financial instruments).

The idea was that the rising house-prices could pay back these sub-prime loans when the borrower sold their houses in the future due to a belief that the housing prices could not stall – at least not before the lenders had secured their risks and sold it off in the international market – a blind faith in the so-called “house-bubble” (Schwarcz 2008, Reinhart and Rogoff 2009). However, this house-bubble was not detached from other global financial events happening prior to the 2008 financial crisis. Financial bubbles have been seen from other sectors than mortgage-loans for sky-rocketing house prices, for instance an art-bubble was recognized in accordance with the housing-bubble, the IT bubble the beginning of the 2000s, and in the 1990s the Asian market relived a financial crisis, the oil-crisis of the 1970s and the meltdown in the 1980s, and we could continue beyond the Great Depression in 1930s and trace circles of manias and depressive periods throughout centuries as Galbraith (1994), Reinhart and Rogoff (2008), and Kindleberger and Aliber (2011) have shown evidence of.

Not all financial crises have been caused by 'bubbles'; others have been initiated by recessions due to earlier warfare such as the Great Depression in 1930s, and others due to the shortage of natural resources such as oil findings (Reinhart and Rogoff 2009). The big question is: how could these developments be allowed to happen when it is historically known that prices cannot rise inevitably? In a Galbraithian sardonic sense historic memory seems to be the most short-lived in the financial sector of all fields (Galbraith 1994) collectively backed with a renewed faith in "this time it is different" (cited from book-title by Reinhart and Rogoff 2009). White (2008) suggests that we trace the historic development of the current 2008 financial crisis back to the beginning of early 1990s, where the US investment bank JP Morgan invented a way to reduce loan risks in the business sector using a technique known from other areas such as farming; to spread risks over a market of Credit Default Swaps (CDS). With the case of Enron, JP Morgan had high-risk loans that would have drained them for doing other businesses. With the new CDS the risk of loosing credit was reduced due to the spread on a market of multiple investors, which meant that JP Morgan could continue their business with other companies.

What seemed to be an innovation of security and stabilizing funding matter to secure financial institutions by sharing both high-risk and low-risk loans soon diffused to other financial institutions as 'the' idea of the century; derivatives diffused the financial markets so fast that they became mainframe for taking even higher risks in subprime mortgages. The rapid diffusion effect concerned the American federal regulators, who in late 1990s suggested a regulation of the derivatives that did not fall under normal financial products due to their fear of a coming financial meltdown. However, a massive lobby against regulating the derivative market lead by the largest bank, CitiCorp, and leading politicians such as Alan Greenspan, made a de-regulation possible, which meant that banks could now engage in investments or merge with investment companies and get involved in the market of mortgages and the derivatives[1]; a market that now exploded into consumer-related risks; the high-risk subprime mortgages. One of the arguments in this lobbyism stems from Clinton's political promises when he took office.

Bill Clinton promised in 1995 that every American was entitled to own a house (White House 1995). No Americans should be forced to live in miserable conditions without shelter, and the American society was rich enough to reduce the income-gap by offering poor families a house. The financial sector responded by a pressure on the president to abrogate the Glass-Steagall-Act and allow for banks to engage in investments, merge with investing companies and make riskier loans not only for businesses but also for mortgages for everyday people and families in order to fulfil this policy, which resulted in the Gramm-Leach-Bliley Act in 1999 that liberalized the financial market and made high-risk loans become possible known as the subprime mortgages (White 2008). Practically insolvent loan-takers could now finance a house through mortgages they would not have been granted before; the so-called NINJA-loans: Loans to ordinary people with No Interests, No Jobs and Assets[3] (Partnoy 2009).

In the EU the same liberalization of the financial market took place a couple of years later (Vives 2001), and many large banks and investment companies as the German IKB Bank, Credit Suisse and many others invested aggressively in the subprime mortgage derivatives, which soon diffused to even the smallest banks all over the world. The results of the financial crisis meant that banks went bankrupt, as did borrowers all over the world. Some had to leave their houses, be indebted for life, broke, and go personally bankrupt. This irresponsibility has lead to the current global recession in all types of sectorial business sectors as well as the public sector affecting a tremendous range of citizens living on the edge of society (Partnoy 2009).

This paper examines what happened to the concept and practice of corporate social responsibility (CSR) since this movement apparently had not enough clout to prevent another financial crisis. Although the OECD Guidelines and the UN Global Compact and other 'soft law' officially, politically, and institutionally made CSR equal good business conduct, these instruments did not seem to be able to avoid the irresponsible behaviour of the financial sector. It appears that the financial crisis has overwhelmed and overshadowed all other types of crises, such as ecological crises, environmental crises, and human rights crises, which was among the 'causes' of the CSR blossoming, and therefore the paper highlight the state of the art of CSR in relation to the financial crisis through a literature review of the discursive changes of the CSR debates before and after the 2008 event. The question of how CSR is developing in the financial sector will be addressed exclusively although CSR in this paper generally is seen as an umbrella framing all business sectors. The research question of this paper is therefore:

What has happened to CSR in the aftermath of the financial crisis in comparison to before?

CSR before the financial crisis

Corporate social responsibility accelerated in the 1990s and 2000s as a response to growth in wealth and business profit as mentioned prior to the financial crisis (Caroll and Shabana 2010), although the history of CSR can be dated back after the World War II (Moura-Leite and Padget 2011) and in some nations even further back to the 19th century (Bannerje 2008).

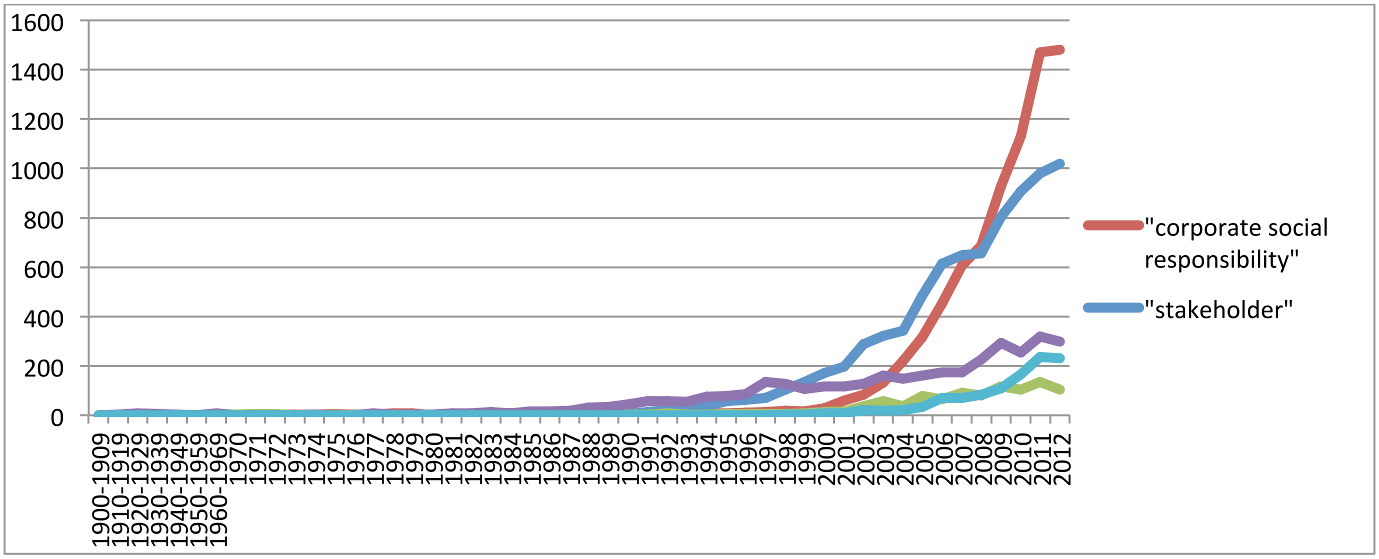


Figure 1: scholarly work of CSR and related fields based on "phrase/words" within their titles; published per year from 1900 – 2012. source: google scholar, retrieved March 9th 2013.

CSR in theory

Traditionally CSR-debates have fluctuated between two poles: 1) The normative/dogmatic, business-case, profitability school (Friedman 1970, Jensen 2000, Porter and Kramer 2002, 2006) and 2) the stakeholder school (Freeman 1984, Carroll 1991, Donaldson and Preston 1995, Schwartz and Carroll 2003, Matten and Moon 2008, Freeman et al. 2010). Garriga and Melé (2004) provided an extended overview over these types of schools and suggested four different types of CSR-traditions:

- The 'instrumental' school emphasizing strategic management for economic wealth creation for the corporation as its sole social responsibility (e.g. Friedman 1970, Jensen 2002, Porter and Kramer 2002, 2006, Hart and Christensen 2002, Prahalad and Hammond 2002, Prahalad 2002);
- The 'political' school emphasizing the power-asymmetry between the corporation and society and the derived social responsibility that comes with this (e.g. Davis 1960, 1967,

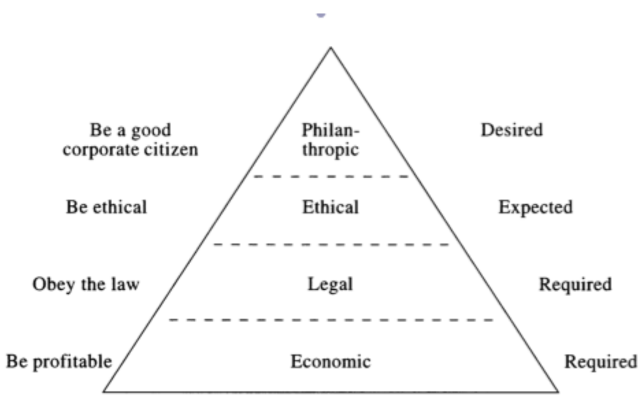
Donaldson and Dunfee 1994, Andrioff and McIntoch 2001, Wood and Lodgdon 2002, Matten and Crane 2005, 2007);

- The 'integrative' school based on contingency aspects between the corporation and society, which emphasize the integration of social demands into the business (e.g. Sehti 1975, Preston and Post 1975, Vogel 1986, 2005, Wartick and Mahon 1994, Mitchell et al. 1997, Agle and Mitchell 1999, Rowley 1997, Carroll 1979, 1991, Wartick and Cockran 1985, Wood 1991, Swanson 1995, Schwartz and Carroll 2003, Matten and Moon 2004, 2008); and
- The 'ethical school' emphasizing moral values as ethical obligations above any other considerations (e.g. Freeman 1984, 1994, Brundtland Report 1987, Evan and Freeman 1988, Donaldson and Preston 1995, UN Global Compact 1999, Philips 2003, Melé 2002, Philips et al. 2003) (Garriga and Melé 2004, pp. 52-53 + 63-64[4]).

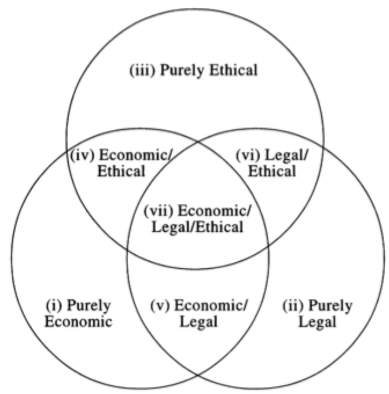
The idea of the 'business case of CSR' gained prominence especially scholars such as Porter and Kramer (2006) referring to the profitability and competitive advantages of strategic CSR upon the financial bottom-line. They suggested a license-to-operation approach to CSR in all kinds of businesses (Porter and Kramer 2006, p. 4). They highlight the inconsistencies in which companies report their social responsibilities detached from the overall performance that companies might do. Referring to the vast variety of CSR-reporting styles Porter and Kramer craved a more transparent and in-depth reporting-style for companies to document their impact upon society instead of the PR-like storytelling that shows nothing concrete and reliable such as following the principle of the triple-bottom-line. Porter and Kramer took the strategic stance towards CSR claiming it should be deeply connected with the overall economic performance interests of the company. Their CSR-concept of Shared Value highlight that *"a healthy society needs successful companies. No social program can rival the business sector when it comes to creating the jobs, wealth, and innovation* *that improve standards of living and social conditions over time"* (Porter and Kramer 2006, p. 5). Furthermore, they argued if governments weaken the ability of businesses to operate productively, they may constrain the businesses so much that competiveness fade, wages stagnate and jobs disappear eventually. This wealth creation, Porter and Kramer saw as equally important as the sustainability and social responsibility that companies should apply as well, because when wealth decreases, tax income, philanthropy and voluntary do-good evaporates. Porter and Kramer's argument that CSR prevail a competitive advantage and that strategic CSR is the answer to improve CSR results in general has, however, not proved sustainable which the financial crisis is an outstanding evidence of[5].

Carroll (1991) supported the idea of the business case of adopting CSR, however, in a slightly, but importantly, changed version: *"Only when firms are able to pursue CSR activities with the support of their stakeholders can there be a market for virtue and a business case for CSR"* (Caroll and Shabana 2010, p.102). Carroll distinguished from Friedman in the profit principle that was originally set in terms of 'acceptable profits' and not the version of 'maximizing profits' for shareholders in Carroll's terminology (Carroll 1991, p. 41).

One of the most cited and influential CSR-models in the 1990s and 2000s was Carroll's (1991) 'The Pyramid of CSR', which he and Schwartz (2003) later refined and revised into the 'Three Domain Approach' (Matten and Crane 2005, Visser 2006). The former four-dimensional 'Pyramid of CSR' capturing an economic base, a legal layer, an ethical part and at the top the philanthropic engagement was criticized due to the masses of companies, who took 'philanthropy' as the most important claim of them being socially responsible. Schwartz and Carroll argued that the rigidity of the layered four-dimensional pyramid made readers and businesses to misunderstand the purpose of it and it lead them to think that if they only added philanthropic donations they were exercising a full concept of CSR (Schwartz and Carroll 2003, p. 505). The new three-domain approach Schwartz and Carroll suggest is not leaving the idea of 'philanthropy' as a part of CSR, however, they merged the 'philanthropy' into the 'ethical' part de-emphasizing it as the uttermost imperative as a top in a pyramid could suggest. The 'three domain approach' is their answer to a more integrated and less layered concept expressed no longer in a pyramid shape with hierarchical divisions but in a co-dimensional Venn-diagram (see Schwartz and Carroll 2003, p. 509, figure 2):



The Pyramid of Corporate Social Responsibility (Carroll 1991)



The Three-Domain Model of Corporate Social Responsibility (Schwartz and Carroll 2003)

The new Three-Domain model of CSR was highlighted for its improved integration of the economic, legal, and ethical concepts that is non-stratified according to the old definitions, however the revised model seems to have parts that some might not align with CSR-principles: The 'Purely economic' (profit or shareholder maximization of economic benefits whether their conduct is illegal or passively complies with the legislation) (Schwartz and Carroll 2003, pp. 513-514) does not seem to comply with other CSR-models except from Friedman's (1970) ideas. Thus it is under-emphasized in their overall description of the model, which tries to draw the readers attention to the middle core of the Three-Domain CSR-model: The simultaneously economic/legal/ethical part (any activity simultaneously stimulated by economic, legal and ethical interests, for instance obeying ethical concerns and laws in production and the trading of goods) (Schwartz and Carroll 2003, pp. 518-520), which is highlighted as where the most activities (should) take place.

The majority of CSR-concepts emphasize the 'multiple stakeholder approach', which discursively dominates the purely economic and rational choice perspectives of CSR (e.g. Friedman 1970, Jensen 2002). Albeit *stakeholder theory* is a field of its own and seen from Freeman's (1984) perspective somewhat in 'competition' with the concept of CSR of which Freeman accuses of having becoming *"an 'add-on' to a given profit-making corporate strategy"* (Freeman et al. 2010, p. 238) and suffers from the 'separation-thesis': *"The discourse of ethics can be separated so that sentences like 'x is a business decision' have no moral content, and 'x is a moral decision' have no business content"* (Freeman 1994, p. 412). Freeman was inspired by Sen (1987) and Putnam (2002) ideas of the 'collapse of the fact/value-dichotomy' suggesting that 'economy' is inherently entangled matters of 'ethics' and *"the false dichotomization of the two has impoverished discipline-based analysis in both economics and ethics"* (Freeman 2010, p. 68). Sandberg (2008a) listed nine different ways to interpret Freeman's response of this 'separation-thesis' and showed how this thesis lacks clarification, which might explain why the debate around it has had a hard time coming to grips with it (Sandberg 2008b). In spite of this debate Freeman acknowledge the CSR-literature taking the idea behind his stakeholder theory seriously and that this theory is well suited to inform and develop concepts of CSR in order *"to guide managers towards how to acknowledge and deal with the complex reality they face"* (Freeman et al. 2010, p. 224).

CSR in business practices

Research has shown that the business case was hard to find profitable in the 2000s (Gupte 2005, Schreck 2010) however, there were indirectly many gains of CSR that might impact the profit eventually (Vogel 2005). Vogel argued if Wal-Mart, Nike and British Petroleum did not address CSR whether profitable or not, it might impact their overall sales, because customers and legislators do care about how multinationals conduct their businesses and impact workers, children, the nature and the climate (Vogel 2005, pp. 164-166).

Another significant and widely cited CSR-concept, however, have questioned the typically American ideology of CSR as entirely voluntary for private corporations in suggesting that CSR can also be a responsibility that is secured by the intervention of the state, union agreements, implicit cultural and institutional norms and other non-explicit behaviours. The Matten and Moon (2004, 2008) ‘Implicit/Explicit’ approach to CSR recognizes that not all CSR is entirely – as the above theories embed – voluntary; Especially in the EU some part of CSR is highly integrated in institutional norms, values and (regulated) legislation. This perspective has led to a variety of blossoming European research, which is mainly followed after the entrance of the financial crisis. (e.g. Hiss 2009, Höllerer 2012, own publication). A range of scholars from Europe have shown how ‘implicit’ CSR consisting of values, norms, and rules codified and mandatory as within legislation requirements for corporations have become more ‘explicit’ especially after the OECD enrolment of (quasi-) privatization of the public administration into voluntary corporate policies, programs and strategies (e.g. Argandoña and Hoivik 2009, Hiss 2009, Meyer and Höllerer 2010, Jackson and Apostolakou 2010, own publication, Höllerer 2012).

Finally, the introduction of the UN Global Compact and other 'soft laws' was published in late 1990s (e.g. OECD 2001 revision of the Guidelines) made CSR become officially and politically accepted as institutionalized into business excellence.

CSR in financial business practices

The historical period from the release of governmental regulation according to the Gramm-Leach-Bliley-Act (1999) and onwards is interesting to trace how this sector approached CSR. Heal (2004) provided a pre-crisis overview of CSR in the financial sector defining CSR as *"a program of actions taken to reduce externalized costs or to avoid distributional conflicts"* in response to market failures (Heal 2004, p. 1). Responsible banking/investing[6] is to avoid such distributional conflicts that causes harm to the clients of the bank or investment company e.g. insider trading, where privileged personnel or organizations exploit their access to information for their own benefit instead of their clients or the public is a conflict of proper distribution of gains from participation in a general financial market (cf. Heal 2004, p. 26). The avoidance of allocation of under-valued shares to people that can bring them additional business, fake bids, rigged auctions or volume-contingent commissions are also important (Heal 2004, p. 26).

The 'Equator Principles[7]' initiated in 2002 refers to socially responsible criteria such as the above avoidances. The purpose of the Equator Principles is to prevent banks and investment companies to engage in social irresponsible companies that take loans for more than $50 million and indirectly involve these banks in accusations of major pollution or human rights violation or other anti-social use of their funds (Heal 2004, p. 28). The Equation Principles, though, have been criticized by various NGOs for not preventing their members of investing in anti-social projects, which makes their trustworthiness spurious at the time being (Herzig and Moon year, p. 11).

The positive side of responsible banking both contemporary and prior to the financial crisis was the diffusion of micro-credits for poor people and entrepreneurs as a part of the social entrepreneurship movement for instance in India and Africa (Mayoux 2001, Sapovadia 2006, for an overview see Hockerts et al. 2006). Banks and investment companies were not absent in revealing social reports; however, they were not reporting their activities in a way that would make readers alarmed over their conduct due to their 'normalization' of their practice and their little impact towards environmental and social issues albeit they might not have revealed suspicious relationships with controversial clients (Herzig and Moon forthcoming, Stray and Ballentine 2000, cited from the former).

Couplan (2006) investigated CSR-reports in five major five banking groups: Lloyds/TSB, the Royal Bank of Scotland, HSBC, Barclays and the Co-operative Bank. She argued that, *"rather than the production of stand-alone reports signalling the growing importance of CSR considerations, in this context they function to peripheralise the information"*, and only some organizations were at the time being *"beginning to articulate a stance with regard to CSR, as increasingly more attention is being paid to social and environmental issues"* (Coupland 2006, p. 865).

These findings were similar to findings from banks from e.g. Singapore (Tsang 1998); Malaysia (Abdul and Ibrahim 2002); the UK (Decker 2004); Bangladesh (Kahn, Halabi, and Sami 2009); Australia (Pomering and Dolnicar 2009); and a study of banks from Nigeria identified severe problems with *"self-induced vices, regulatory laxity, inauspicious macro-economic environment, and endemic corruption in the economy as the major constraints to the discharge of CSR in the Nigerian banking system"* (Achua 2008, p. 57). Decker (2004) mentions, *"in the UK retail banking sector, the impact of CSR is increasingly manifest in the efforts to create a competitive advantage out of CSR* *strategies, the growing prominence of mutual financial institutions in government policy and collaborative efforts between a range of financial institutions"* (Decker 2004, p. 712).

However, not all literature from the banking sector shows the same neglect of CSR: Viganò and Nicolai (2006) found among European banks that although this banking sector had *"been quite slow in considering the consequences of the issue of sustainability, despite of the fact of their exposure to risk having an intermediary role in the economy"* (Viganò and Nicolai 2006, p. 5) they began as well as their American colleagues (Jeucken 2001) around the Millennium to address the issue of sustainability in environmental and social issues. Jeucken (2001) supports Viganò and Nicolai (2006) findings that research interests focused initially on the 'direct risks' of banks being indirectly involved in the financing of polluting activities by lending money to irresponsible companies. "*Only in the later years the 'indirect risks', such as reputation and responsibility of banks related to lending activities (client's solvency/continuity or collateral) were taken up and investigated in the sector"* (Viganò and Nicolai 2006, p. 5).

Martin Hellwig (2008) analysed the systemic risks in the financial sector leading to the 2008 sub-prime mortgage crisis, and found that the moral hazard and greed among bank and investment companies managers led other managers invest in mortgage security instruments, which too was unreliable, however, due to their complexity these managers found them secure especially those compound packages (MBSs, CDOs, etc.) of risky sub-prime loans mixed with high security loans given top character by bank assurance companies or rating companies (Hellwig 2008). Since these instruments were 'packages' that was 'standardized' by accreditation companies, many managers did not understand their full potential and inherent risk although they knew that these 'packages' consisted of both high-risk and low-risk mortgages. The belief in the up-scaling of prices on houses and other assets, the market accepted that the risk was covered and spread to other investors themselves, and no-one believed that there would ever be a meltdown on the market, that seemed only to go one way: up. Therefore, the market of financial goods were not regarded as a risk that could explode, which was why it was never put into vocabulary to the public before the meltdown was actual. Hellwig expresses this in three terms: *"First, moral hazard in origination was not eliminated, but was actually enhanced by several developments. Second, many of the mortgage-backed securities did not end up in the portfolios of insurance companies or pension funds, but in the portfolios of highly leveraged institutions that engaged in substantial maturity transformation and were in constant need of refinancing. Third, the markets for refinancing these highly leveraged institutions broke down in the crisis"* (Hellwig 2008, p. 14).

Political pressure from mortgage companies in their rivalling selling of high-risk compounds upon the accrediting companies to rate these compounds consisting of high-risk sub-prime loans and not many low-risk loans to be credited triple-A as the highest mortgage security made poor quality goods appear attractive for investment companies not knowing what they bought due to the complexities of CDOs and MBSs. Since the track of a single high-risk mortgage loan would be covered up hundreds of times before reaching the investor in question after multiple of trades on the market, no-one could ever validate the real value of the goods eventually (Hellwig 2008, Demyanyk and Van Hemert 2008, cited from the former). Therefore, in August 2007 a chain reaction started involving a global net of banks and investment companies, which only a few analysts had foreseen would come when the 'bubble' did burst (Hellwig 2008, p. 38, Reinhart and Rogoff 2008).

CSR after the financial crisis

CSR in theory

The academic debate of CSR in the aftermath of the recent financial crisis has lately been fruitfully addressed in recent years in the academic literature (e.g. Bannerje 2008, Karnani 2011a+b, D'Anselmi 2010, Schreck 2010, Gianarakis and Theotokas 2011, Hanson 2011, Mackey 2011, and Moon forthcoming). This debate is very urging to continue since the aftermath of the financial crisis have not yet seemed to reveal any major changes to mitigate future effects from this type of financial crisis (Souto 2009). In the midst of the after-effects of the 2008-financial crisis, corporate social responsibility seems to have been subsumed the public debate as a tool to reining the greed, the irresponsibility and the fallibility of the invisible hand of the market (Smith 1776/2003, Emeseh et al. 2010).

New post-crisis movements such as the 'Conscious Capitalism' (O'Toole and Vogel 2011, Hanson 2011, Mackey 2011), 'CSR 2.0' (Visser 2010a), the 'USDIME'-framework (D'Anselmi 2010), and re-articulations of the sustainability approach (Aras and Crowther 2008, 2009, 2010) view CSR and business conduct from enlightened ethical, stakeholder-based, and sustainable business practices.

'Conscious Capitalism' is the business sector response to CSR as a movement celebrating Freeman's *stakeholder theory* and recognizes the need for businesses to make profits in a way claiming that making money is not the most important in making business. CC claims its support for a higher purpose to make meaning and motivation to inspire, engage and energize their stakeholders; integrate ethics, social responsibility and sustainability practices into the core business strategies; engage employees in decision making and the sharing of ownership and profits; and create value-based leaders without salaries of 300-500 times their employees (cf. O'Toole and Vogel 2011, p. 61).

This movement has its own webpage with Ed Freeman as their trustee (see http://www.consciouscapitalism.org) in which they have managed to legitimize their trustworthiness in the academic debate especially among professional peers (see California Management Review 2011, 53 (2)+(3)). However, this movement primarily driven by business sector leaders is due to critique of academics such as Vogel and O'Toole, who praise the initiative but misses evidence (and showing how business members of the movement have several shortcomings trying to live up to these claims) of the unrealistic expectations of corporate performance that the movement claim to serve (O'Toole and Vogel 2011). Business leaders engaged in the 'Conscious Capitalism' (CC) movement, on the other side, claim never to have said to be 'virtuous' but to act 'wisely' and 'enlightened' (Hansson 2011, Sisodia 2011); *"What matters are the principle, not the terminology"* (Rauch 2011, p. 92); and CC will not be solving all the problems in the world, but may solve some problems (Mackey 2011, p. 90).

The 'CSR 2.0' is a conceptual idea developed by Wayne Visser (2010a+b) using the metaphor of a computer analogy (the 2.0) of CSR showing the historical development of 'old' CSR to the new CSR 2.0. CSR 1.0 was about companies establishing relationships with different communities, engaging in philanthropic contributions and image branding; now CSR 2.0 is about global commons, innovative partnerships and stakeholder involvement. CSR 1.0 was about 'one size fits all' meaning standardization, accountability through external certifications and listing companies at sustainability ranking lists, whereas CSR 2.0 is about decentralizing the power to shared local panels of stakeholders, real-time reporting and social entrepreneurship (Visser 2010a, pp. 144-145). Visser presents five concepts that make CSR 2.0 a success: A focus on creativity, scalability, responsiveness, glocality and circularity as the mainframe of the new concept. Creativity is important to escape the mere tick-box approach to CSR due to mere standardization and accreditation; scalability is important to escape the charming case stories – to show how a real change is lifted up to larger scales and not small, nice, once-upon-a-time stories; responsiveness is important to engage in cross-sector partnerships and stakeholder-driven approaches; glocality, which is a term derived by the subtraction of ‘global’ and ‘local’, emphasize the ‘think global, act local’-philosophy, where international norms should be implemented local; and circularity means thinking in terms of cradle-to-cradle in production designing products that are inherently good in all levels of processes (Visser 2010a, pp. 146-147). However, Visser recognize the Sisyphean work that CSR is facing: *“We don’t need to go to extremes to prove the uneconomic nature of responsibility...The fact of the matter is that, beyond basic legal compliance, the markets are designed to serve the financial and economic interests of the powerful, not the idealistic dreams of CSR advocates or the angry demands of civil society activists”* (Visser 2010a, pp. 129). Visser offers three options for taking CSR forward based on the major deficits CSR as idealism offers but have not succeeded in persuading the business of performing: 1) Recognize that role of CSR in the business world is a tactic for reputation management; 2) pretend that CSR is working and more of the same is enough; and 3) reconceptualise CSR as a radical or revolutionary concept to challenge the economic model and offer genuine solutions to global challenges, which is the lead Visser follows in his offer of the systemic CSR 2.0 (Visser 2010a, pp. 129-130).

The ‘USDIME’-framework is a concept developed by Paolo D’Anselmi (2010) in response to the irresponsibility of business conduct focusing on *“stewarding the unknown stakeholder, allowing information disclosure, developing a culture of implementation, and exercising micro-ethics”* (D’Anselmi 2010, p. 49). The ‘unknown stakeholder’ is *“he, who does not share a voice, who doesn’t know he has a stake in the activities of the organization being analysed”* (D’Anselmi 2010, p. 52), and who needs to be told of his stakes through a fair and comparative ‘disclosure’ from companies set up against each other. D'Anselmi argue that it is not enough to spread glamorous stories of how good a certain company think they are; they need to show it with reliable data such as benchmarking, that places the conduct of a specific company in comparison with competing companies of the same kind so the 'unknown stakeholder' can identify his actual stake or risk by being involved or affected by the company. The companies disclosing their activities should engage in a culture of 'implementation' instead of pure politics and announcements, which can be measured by reliable data instead of spurious announcements in the 'disclosure'. Finally, by living the 'micro-ethics' D'Anselmi means avoiding disinformation and not revealing faults of others, but highlighting ethical values and results from e.g. whistle-blowing, external claims upon the company, and how they stand in relation to ethics of e.g. stem cells, abortion and other crucial ethical stances (D'Anselmi 2010 pp. 49-50).

Finally, the re-articulation of the sustainability view of CSR (Aras and Crowther 2008, 2009, 2010) suggest a retrospective view towards the Gaia Hypothesis (Lovelock 1979) and Brundtland Report (1987) suggestions to sustainable behaviour and suggests an inclusion of 'financial sustainability' as a fourth dimension to the inclusiveness of 'sustainability' inside CSR. The Gaia Hypothesis is *”a model in which the whole of the ecosphere, and all living matter therein, is co-dependent upon its various facets and formed a complete system...interdependent and equally necessary for maintaining the Earth as a planet capable of sustaining life”* (Aras and Crowther 2008, p. 17). From this departure Aras and Crowther has developed four core issues of sustainability of equal importance: (1) 'societal influence' defined as a measure of the impact that society makes upon the corporation in terms of the social contract and stakeholder influence; (2) 'environmental impact', defined as the effect of the actions of the corporation upon its geophysical environment; (3) 'organisational culture', defined as the relationship between the corporation and its internal stakeholders, particularly employees; and (4) 'finance', understood in terms of an adequate return for the level of risk undertaken (Aras and Crowther 2008, cited from own publication 2012). This revival of the Magnum Opus wisdom of sustainability thoughts hybridized with contemporary economic models of the corporation serves to remind that what was once 'good religion' has almost been forgotten and needs a refurbishment on tarnished CSR concepts exploited for corporate reputation rather than practice.

Where CSR before the crisis was concerned about large multinational companies engaged in sweatshop and supply chain activities involving violating human rights including child labour (Buchholz and Carroll 2009, Crane et al. 2008), the gaze had afterwards turned towards the scapegoats of the financial world such as banks, investing companies such as the Lehman Brothers, Golden Sachs and Fannie Mae and Freddie Mac, nefarious accountants such as Arthur Anderson (the Enron scandal) and other mortgage lenders, accrediting institutes and many more (Bannerje 2008, Souto 2009, Karnani 2011a+b, D'Aselmi 2010, Emeseh et al. 2010, Schreck 2010, Gianarakis and Theotokas 2011, Hanson 2011, Mackey 2011, O'Toole and Vogel 2011, Herzig and Moon forthcoming). In this vein Emeseh et al. (2010) argue that multinational companies have been surfing the skies for too long and need to be regulated and controlled more severely to prevent greed, more bank failures and social collapse for citizen taxpayers and former house owners who has been impoverished to emerge.

The above new CSR concepts includes, but (still) de-emphasize profit as primary goal alone; extends the multiple stakeholder orientation (Aras and Crowther 2008, 2009, 2010, D'Anselmi 2010, Visser 2010a+b); and continues to argue that business ethics, social responsibilities, and sustainability practices can merge into the core business strategies (O'Toole and Vogel 2011, Hanson 2011, Mackey 2011). These new movements do not flow without a critique. They have been accused of naivety of those, who pray a more ‘realistic’ version (O’Toole and Vogel 2011) of business practices and by those, who resonates the irresponsibility of businesses in general (Buzar et al. 2010, Krkač et al. 2012). Wayne Visser proclaims *“the impotence of CSR in the face of more systemic problems has been nowhere more evident than in the global financial crisis”* (Visser 2010b, p. 8).

These approaches, however, are not new: it has, as this review shows, been prominent in the CSR-literature even before the financial crisis albeit more emphasized in the industrial sector than the financial sector.

CSR in business practices

In practice, businesses have reduced their overall financial activities, which affect their CSR in order to regain financial stability (Jakob 2012, Kemper and Martin 2010, Karaibrahimoglu 2010, Mia 2011). Jakob finds *“that the financial crisis of 2008 had a clear impact on CSR initiatives in many companies because of the exceptional pressure that they had to face in order to survive and with massive layoffs and expenditure cuts on community involvement programs being the most obvious outcomes of the crisis.”* (Jakob 2012, p. 259). However, not all CSR-initiatives seemed doomed in her investigation; some CSR-issues gained more depth after the crisis, for instance organizational governance such as code of business conducts and anti-corruption policies as well as environmental policies and compensation policies (Jakob 2012, p. 259, 272). Brammer et al. (2012) suggest that *“even as individual and corporate ‘greed’, ‘misconduct’ and ‘failure’ have been argued to be at the root of the current financial crisis, the debate in the media, in politics and wider society has time and again focused on the ‘system’ which invited—or at least tolerated—the practices responsible for the crisis”* (Brammer et al 2012, p. 22 cf. Campbell 2011). However, the decline of CSR activities has been shown as a direct effect of the financial crisis when Karaibrahimoglu found among 100 Fortune 500 listed companies that *"there is significant drop in numbers and extent of CSR projects in times of financial crisis"* (Karaibrahimoglu 2010, p. 382).

The 2008 financial crisis have inflicted economies worldwide and created a global recession (Obstfeld and Rogoff 2009). Governmental spending has been tightened, and some countries especially in South Europe are now facing a tremendously challenge to mitigate bankruptcy and exclusion of the EURO-collaboration eventually (Marsh 2011). In Greece, for instance, government cutbacks, as a consequence of the requirements for the extensive loans that the state has received by the European Union, result in hospital mergers, reduced patient service, layoffs or pay-cut for staff (Kalafati 2012).

In time of crisis economic spending in the private sector reduced; unfortunately, however, it severely affects businesses engagement and investment in CSR. Academics now talk about consequences of corporate irresponsibility and linking it to the financial crisis and the current recession (Visser 2008, D'Anselmi 2012, Herzig and Moon forthcoming). Seemingly some companies had prior to the crisis cut the two tops of Caroll's Pyramid (1991) of CSR; the 'philanthropic' and 'ethical' part of CSR. However, the literature also reveals that corporate irresponsibility is not necessarily the general pattern of corporate behaviour even facing the recession: Besides the already known irresponsibility of the banking and financial institutions, businesses as well as governments are adopting new strategies for both a more sustainable economy as well as strategic CSR to sustain growth (Gianarakis and Theotokas 2011, Herzig and Moon forthcoming). Gianarakis and Theotokas found in a study of 112 companies implementing GRI reporting guidelines from 2007 – 2010 increased CSR performance before and during the financial crisis except for the period 2009-

2010. They conclude that *”the financial crisis has prompted companies to move away from the socially responsible behavior as it costs a lot to satisfy a stakeholder’ expectations”* (Gianarakis and Theotokas 2011, p. 6).

However, history shows us that the strategy to stall investments in CSR in times of financial crises and following recessions might be both a fortune and a backlash. When businesses as well as governments face financial crises, its first and foremost job is to create financial stability and thereafter growth (Taylor 2009). However, the instrument used for this purpose in both governments and businesses has yet reinforced the downward spiral of the recession in multitude layoffs, cuts in expenditure, which amplifies the withhold of consumerism in general. How do we stimulate financial growth with lay-offs, customers’ lack of payment capacity for goods and decreased public and private investments? Governments and businesses are striving for creating more jobs. Especially governments of rich nations are redirecting multiple funds to rescue their markets and businesses to enhance consumerism, tax-income, and eventually create growth and financial stability for businesses and governments (Reinhart and Rogoff 2009). This is the ideal that most politicians are discussing and striving for, however, in many cases not stimulating (Herkenhoff and Ohanian 2009, Altman 2012).

Other businesses, however, seems actually to strengthen strategic CSR during the current recession in order to stabilize its financial turnover and recover from the fiscal failures and market collapse in 2008. Kemper and Martin states that *“instrumental CSR, in which firms would make financial gains simply by doing good, may have sustained the greatest image of all CSR theories. This is in part because there are very few rewards for any firms in this climate, and the proportion of profits attributable to benevolent deeds is yet smaller”* (Kemper and Martin 2010, p. 236). Porter and

Kramer's ideas of a competitive advantage as well as philanthropy may not be useful in a recession, Kemper and Martin claim. However, this does not prevent that business leaders do and hope for a comeback of strategic CSR: Using strategic CSR may now enhance trust and reliability and indirectly pose a financial stability that businesses crave (Thomé 2009, Gianarakis and Theotokas 2011).

CSR in financial business practices

The financial sector was in relation to sustainability and environmental impacts traditionally seen as a non-polluting and therefore non-impacting sector (Herzig and Moon 2012). However, even though some banks began to display their 'indirect risks' (Viganò and Nicolai 2006), the financial crisis has shown that the financial sector did not pursue their business activities in ethically right ways anyhow, which made academia, practitioners and governments turn the critical lenses towards the overall financial scandals and global impact on employment and impoverishment. Some claim that this is now seen as even worse than diverse ecological catastrophes due to its massive scale of global impact (Kallis et al. 2009).

While the system of complexity was spun out in the world wide net of the financial market of trade, it was easy to blame everyone else and especially those who went bankrupt, which is a typical reaction after a financial meltdown (Galbraith 1994). Governments worldwide reacted towards the crisis in very different ways according to their economic capabilities. Nations and Federations lost their confidence in this sector and reinforced regulations alongside provisions of bank-packages to stabilize the financial sector and the economy of their country. Today many former bank and investment executives are placed in high positions as consultants and regulators of their 'own' sector, which may contribute to the still widely distrust of the entire sector even after some governments have tried to save the loans of the people at the dispense of high-risk loans, that have set millions of people on the street living a miserable life in the aftermath of the financial crisis. (See Hellwig 2008 for a comprehensive overview of the sub-prime mortgage crisis). Corporate social responsibility has not been an instrument that governments promoted as a solution for stabilization of the financial sector; regulation, federal guaranteed economic support with strict demands towards nations on the verge of financial collapse is todays continuing breaking news especially in the EU (e.g. the current situation in Greece, Cyprus and other Mediterranean EU countries).

Disputes of governmental interference and regulation was perceived as 'bad rhetoric' before the crisis, however, now scholars have begun to praise this as an instrument to solve the preceding irresponsibility of the financial business sector (e.g. Crawford and Williams 2010, Karnani 2011a+b): *"When the pursuit of private profits by firms leads to a reduction in public welfare, the ultimate solution, of course, is government regulation",* says Karnani (2011b, p. 79) and dismisses voluntary or self-regulating CSR for businesses and suggests a government regulated CSR that is binding, coercive and enforced. Others plead for at least a re-definition of which social responsibilities businesses now are to take (O'Toole and Vogel 2011, Hanson 2011, Karnani 2011b).

Has Corporate Social Performance Become Corporate Social "Potemkinity"?

The myth of the Russian minister Grigory Potemkin, who ordered peasants to spruce up the riverfront of the Dnieper River in advance of the arrival of the Empress' Catherine II visit to Crimea in 1787, is called the "Potemkin Villages" (Montefiore 2005). This myth is referred to by the word 'Potemkinity' as a metaphor for the corporate deficits in corporate social performance and their consequent 'disguise' of it, which the academic literature has amplified after the financial crisis. The fake backdrops of corporate 'promises' of being both financially and socially responsible have been scrutinized by several researchers and after the detonation of the explosive crisis. Preuss (2010) found that several estimated US-based multinational companies such as IBM, Exxon Mobil and Goldman Sachs claim altruistic societal purposes on various medias while hiding their profits in Offshore Finance Centers (OFC) or ‘Tax Havens’ such as the Cayman or Bermuda Islands for tax-avoidance estimated to US$ 11.5 trillion (Hampton and Christensen 2007, cited in Preuss, 2010, p. 366). Spitzeck and Hansen (2010) found ‘evidence’ from companies rhetoric claims in reports of vivid ‘stakeholder engagement’ of corporate practices from customer integration in product innovation, stakeholder dialogues in operation management and disclosures of key performance indexes. However, the drawback of their investigation based on the ‘truth’ of corporate report ‘propaganda’, these stakeholders may be part of a so-called ‘hearing’, which in close observation studies rarely ends up in ends of decisional influence (Lauesen, forthcoming). The answer to this potential ‘disguise’ of the stakeholder engagement of corporate practices can perhaps be explained by Minoja et al. (2010) suggestions that the more stakeholders engage with the managerial core of the company, the less stimuli to innovation and change is seen due to the lack of criticism inherited in this managerial support. That managers of corporations choose to display their ‘positive’ stakeholder relationship and not the ‘conflicts’ in corporate reports testifies that ‘stakeholder engagement’ may be wisely ‘selected’ by managers in order to produce ‘nice stories’ to the public and stabilize the managerial power over the company (Lauesen, forthcoming).

Research in corporate social performance (CSP) replicate this ‘disguise’, for instance when companies claim to use the UN Global Compact Principles and never use them in actual practice (Arevalo and Aravind 2010), where ‘performance’ becomes an act of ‘Potemkinity’. Arevalo and Aravind (2010) provide an explanation due to their survey analysis of 271 different organizations ranging from 63 companies, 40 NGOs, 112 SMEs, 2 city organizations, 20 business associations, 31 academics, 1 CSR organization and 2 foundations: The more companies actually enact CSR into their policies, programmes, performances and goals, the more negatively affected they were by the economic crisis (Arevalo and Aravind 2010, p. 415). This might suggest that in times of economic crisis, companies should keep clear of engaging in any perspective of CSR in order to secure their economic survival? This, albeit, is not the conclusion Arevalo and Aravind provides, since their second finding suggests that companies that was proactively engaging in CSR – in other words: 'processing' CSR – was found to be less affected by the economic crisis. This finding made the authors conclude that continuing engaging in enacting CSR into CSP provides a better ground for coping with the financial crisis (Arevalo and Aravind 2010, p. 417). However, this rather illogical correlation does not explain which other spurious variables can be inherited in their findings of the quantitative analysis, which clearly suggest that corporations with a presumably good CSP are hit harder than corporations that are 'developing' CSP and not conducting CSP at the time being. It replicates Vissers' (2010a) suggestions that one cannot assume a financial business-case out of good CSP on a short-term basis; we need to know how companies in a longitudinal and historically based study of how companies survive economic fluctuations (multiple economic crises); do they manage better if they had invested in good CSP rather than those, who had not sticking to purely corporate financial performance? With such a study we could make grounded claims if CSP in fact did have a positive effect on long-term financial stabilization or if 'good performance' is a disguise of 'Potemkinity' in order to hide the real effects of corporate behaviour.

Has CSR changed over the financial crisis?

The research question of this paper was: *"What has happened to CSR in the aftermath of the financial crisis in comparison to before?"* The literature review within this paper shows that the discourses of CSR in theory in pre- and post-crisis theoretical models have changed relatively little.

The emphasis, which represented theoretical ideas of CSR before the financial crisis, was multiple stakeholder relationships, transparency (and honesty) in disclosure, ethical values (human rights, environmental protection, and sustainability) and strategizing businesses in order to be competitive while social responsible (meaning that profitmaking is acceptable as long as the above is preserved). The CSR concepts that have emerged after the financial crisis have showed a direction where[8]:

- The ‘stakeholder-approach’ has grown and moved from an outside-in (responsive) to a more inside-out (pro-active) view suggesting an engagement with multiple stakeholders (including the ‘unknown stakeholders (D’Anselmi 2012)) looking at what the impact of the company is and how negative impact can be changed in an implemental way instead of philanthropically serving the stakeholders and the continuation of business practices, which is interpreted into CSR as it is (Visser 2010a, O’Toole and Vogel 2011, D’Anselmi 2012).

- ‘Philanthropy’ has been de-emphasized as it was by corporations misused for “window-dressing” as a cover up for real damages; however it is still considered a part of “doing good” especially in terms of financing growing markets for social entrepreneurs (Mayoux 2001, Sapovadia 2006, Hockerts et al. 2006, Aras and Crowther 2010, Visser 2010a), which has taken more or less over the businesses sole focus on charity and sponsorship.

- ‘Sustainability’ has grown into framing not only environmental issues, but also social and especially financial issues (Aras and Crowther 2008, 2009, 2010, Visser 2010a), since all new CSR-models does not blindly consider profit as only “bad”; in a conscious and sustainable way, profitmaking still is the livelihood for businesses, albeit the focus has shifted towards a more holistic emphasize of the business in society.

The answer to the research question that the idea of CSR has not changed; it has been strengthened, but not renewed, which is seen in D’Anselmi’s introduction of the concern for the ‘unknown stakeholder’ as a clearer articulation of what former CSR-models already had emphasized (e.g. Carroll 1991, Wood and Jones 1995, McWilliams and Siegel 2001, Garriga and Melé 2004, Freeman and Velamuri 2008). The de-emphasis of philanthropy happened already before the crisis (Schwarz and Carroll 2003), however, have not prevented businesses to continue juxtaposing philanthropic sponsoring with CSR (own publication). The 'sustainability'-turn was also prominent before the crisis (Lovelock 1979, Brundtland 1987) and had included not only environmental concerns but also financial concerns (Aras and Crowther 2008, 2009, 2010).

This is surprising due to the reverse findings of the discourses of CSR in practice, which have changed dramatically due to the consequences of the financial crisis. Wording of 'irresponsibility', 'greed', 'habitual lying', and demands of 'governmental interference' have initiated a new tone of intolerance both towards the financial sector as an institution as well as towards the business sector in general in the post-crisis debate. This 'anger' is not surprising according to the now deceased economist John Kenneth Galbraith (1994, commenting on the financial crises of the 1980s and before) as it is a 'normal' reaction to a financial crisis. I will allow the well-known extended quote from Galbraith for a reminder of its repercussion in these very days:

"This, invariably, will be a time of anger and recrimination and also of profoundly unsubtle introspection. The anger will fix upon the individuals who were previously most admired for their financial imagination and acuity... and their incarceration will be viewed with righteous satisfaction. There will also be scrutiny of the previously much-praised financial instruments and practices – paper money; implausible securities issues; insider trading; market rigging; ... program and index trading – that have facilitated and financed the speculation. There will be talk of regulation and reform. What will not be discussed is the speculation itself or the aberrant optimism that lay behind it" (Galbraith, 1994, location 281 – 288, Kindle edition)

Taking Galbraith's recommendations seriously we need to consider some crucial dimensions in order to meet objectives of transparency especially of the 'products' of the financial sector in order to mitigate future speculative periods and enter the same fallacy as men has done throughout centuries with financial crises (Reinhart and Rogoff 2009).

Suggestions to future CSR-models to be developed: The Four-E-principle

The financial sector both engineered and created the result of a global recession due to an unhealthy financial market system directly linked to the financial sector with a derived critique of governments' lack of proper regulation. History has revealed that some in the business already was aware of these risks (e.g. JP Morgan), but failed to articulate them for motives we can only guess about: Preservation of their own businesses? The spawning question is whether the ideas behind CSR can provide any help in healing a sick (financial) system or if governmental regulation should take full responsibility in regulating this sector? Is it possible to make CSR comprehend financial products that are so complicated that each time they are traded (maybe daily) they become more spurious to trace with a diminishing quality and opportunities for greed and manipulation to grow even higher?

The future of CSR and where it is positioned between governmental regulation and voluntarism needs a further discussion of means and ends of the global economy and CSR also needs articulation, which only a few has 'dared' to address (e.g. Karnani 2011a+b)

Finally, the disentanglement of the dialectics that previously has existed in these debates (e.g. discussions of the 'separation-thesis' in Freeman and Velamuri 2008, Freeman 2010a+b, and 'fact/value-dichotomy' in Putnam 2002) needs to be re-evaluated.

To prepare for these debates new CSR concepts and models need first of all to recognize that the financial sector is not living in a vacuum (Freeman 2010b). The financial sector is an 'industry' with tentacles reaching far into these other industries. The financial sector has complicated products which social effects can be hard to understand for others than financiers. This should not exclude this sector from being included in the field of CSR. In this respect, the field of CSR needs to embrace the needs for stakeholders to have comprehensible information of social impacts of the financial products they buy, which means that new CSR-models needs to expand its concepts to a vocabulary that can embrace the products and consequences of the financial sector. Like physical products can be labelled with a 'declaration' of what it consists of in details, so might financial products be able to so independent rating companies can have a fair and non-pressured chance to evaluate these products in order to secure trust in these compound products.

Furthermore, CSR has for long been about 'everything but finance'. This dialectical relationship has to end if we should be able to cope with future financial fluctuations and prolonged stabilization attempts (Putnam 2002, Freeman and Velamuri 2008, Freeman 2010a+b). In order to make financial 'products' and their consequences transparent to the public to overcome the barriers that the crisis has left the world in; its effect of social poverty; its negative or stalling effect on the ecological crises and various sustainability issues, new CSR-models should:

- Disentangle the dialectic relationship between economic and social responsibility:
    - Cut-off the 'promise' of an economic, profitable business case out of short-term investments in CSR and substitute it with an incentive of 'consciousness' for long-term sustainability.

- Rethink the semiotic meaning of the semantics of CSR: Consider if the ‘C’ should represent ‘capitalism’ to obtain a more holistic perspective of the totality of the market agents providing semiotic meaning for smaller companies (Freeman 2010a), NGOs, quasi-privatized public service companies, public administrations, and even governments?

- Align financial products with that of physical products:
    - Allow financial products to be scrutinized to investigate which derived, financial impacts upon society these products have in a comprehensible vocabulary that stakeholders understand.
- Refine stakeholder engagement to avoid performance measures as ‘Potemkinity’:
    - Reject ‘Potemkinity’ in performance measures of corporate reports and urge for managers to allow critical voices (Deetz 1992) as a part of their corporate transparency in order to facilitate positive change for the company and their stakeholders.

Based on Schwartz and Carroll’s (2003) middle core of their Venn-Diagram in their ‘Three-Domain CSR model’, I suggest some principles for new CSR-models called the Four-‘E’-Principles incorporating the above.

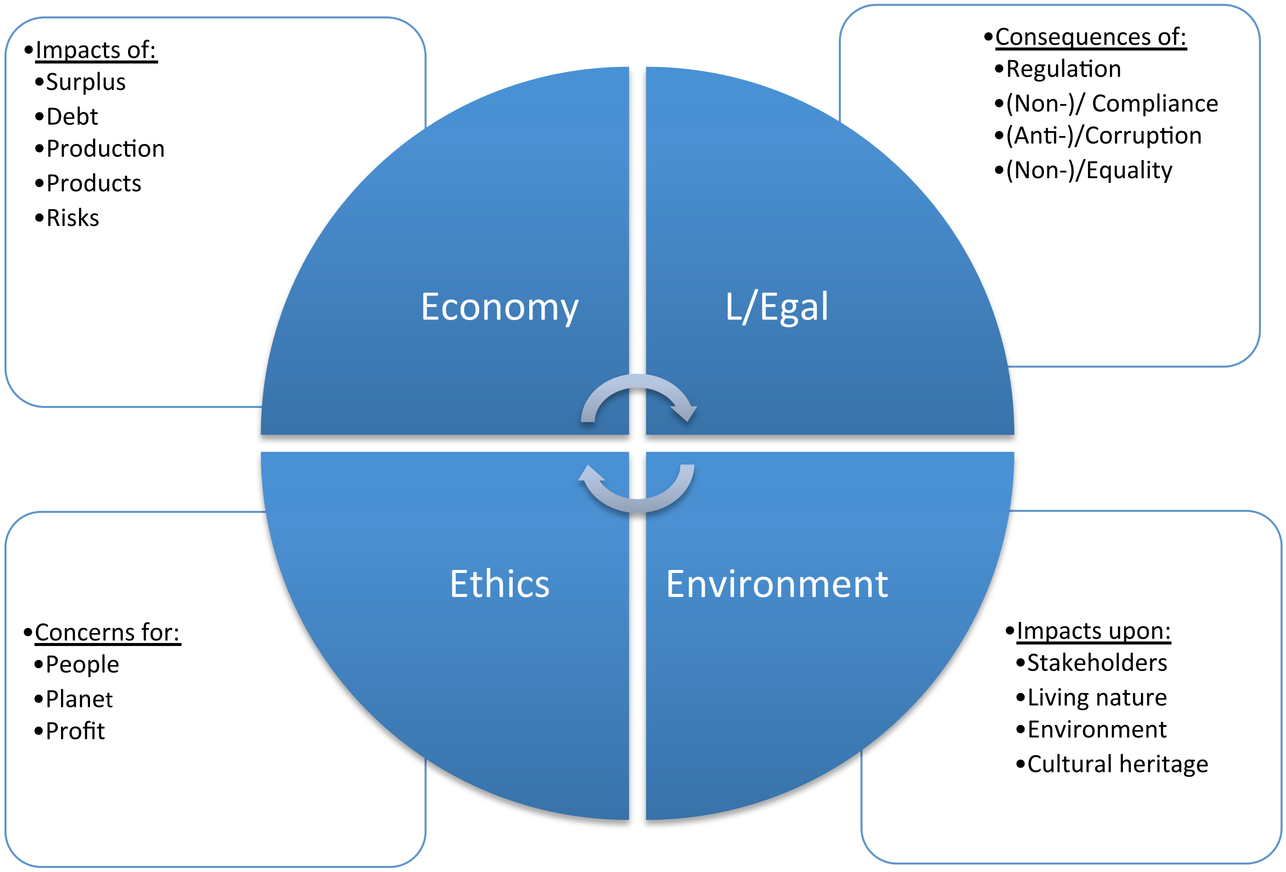


Figure 2: a proposed four-'e'-principles for new csr concepts developments

The proposed Four-'E'-Principles of future CSR models should encapsulate:

- Economy: Includes the impacts of *Surplus, Debt, Production, Products* and overall *Risks:*
    - Display who benefits of the surplus and how much; who sacrifices upon the debt and how severely; which impacts of processes in manufacturing, dissemination, exchange, and possession of the products are there upon various stakeholders; and which overall risks there are of all the above processes and explain the actions the organizations takes to mitigate these.
- L/Egal: Includes the consequences of *Regulation, (Non-)/Compliance, (Anti-) /Corruption, and (Non-)/Equality:*
    - Display which types of regulation are the organization subject to.

    - Explain both compliance and non-compliance with regulatory objectives and which actions are taken to mitigate corruption and risk-evaluations of risks of incidents of corruption.
    - Explain the degree of diversity and critical measures of risks of oppression of certain stakeholder groups.
- Environment: Includes the impacts upon: *Stakeholders, Living nature, Environment, and Cultural heritage:*
    - Display which stakeholders, living species and natural habitats, human and natural environments including endangered subgroups and geospatial areas of land, water, and air as well as which cultural heritages are impacted of the conduct of the organization and explain what is done to mitigate it.
    - Explain why certain stakeholders have a voice and impact upon managerial decision-making and not others, and explain which critical stakeholder opinions are in- and excluded by the management's decisions.
- Ethics: Includes the concerns for *People, Planet* and *Profit:*
    - Explain which policies the organization has to; protect the people within and external to the organization, protect the planet from their impacts; and share its profit; and how they execute them.

What does the Four-'E'-Principles offer that for instance the UN Global Compact or the Global Reporting Initiative does not offer? The Four-'E'-Principles urges the managers not just to display, but also to reflect on their organization's total impact upon stakeholders and include critical voices as well as managerial responses. It includes a perspective upon 'financial products' and phenomena such as economic surplus and debt and urges the managers to reflect upon the societal consequences of those. Finally it implicitly argues that critique and self-critique is not a vice; it is a virtue in order to gain legitimacy and trustworthiness in managers daring to avoid corporate ‘Potemkinity’.

Social responsibility is about creating actions that enhance trust in ‘capitalism’ and it’s multiple effects upon multiple stakeholders and their environments (Lauesen, paper #4). Trust can neither be established by regulation alone nor by giving market agents full discretion. CSR has been used and misused by businesses to gain legitimacy. Thus, new concepts needs to delineate a way to give social responsibility of all kinds of organizations acting on the capitalist market an ideational comeback both in industries, the financial, governmental, non-governmental and the public sector. To admit that CSR is more about the entirety of ‘Capitalism’s Social Responsibility’ may initiate such new concepts to emerge.

The outcome of this paper suggests that new research in CSR should facilitate a revision of ‘old’ CSR-concepts in order to adapt to the Four-‘E’-Principle suggested in order to revive the ideas behind CSR as a field as an alternative to or in conjunction with governmental regulation.

References

Abdul, Z. and Ibrahim, S. (2002) Executive and management attitudes towards corporate social responsibility in Malaysia. *Corporate Governance*, 2 (4), pp. 10 – 16.

Achua, J. K. (2008) Corporate social responsibility in Nigerian banking system. *Society and Business Review*, 3 (1), pp. 57 – 71.

Agle, B. R. and Mitchell, R. K. (1999) Who Matters to CEOs? An Investigation of Stakeholder Attributes and Salience, Corporate Performance and CEO Values. *Academy of Management Journal*, 42(5), pp. 507–526.

Altman, R. C. (2012) Globalization in Retreat Further Geopolitical Consequences of the Financial Crisis, *Foreign Affairs*, 88 (2). Accessed August 25th 2012 at: http://heinonline.org/HOL/LandingPage?collection=journals handle=hein.journals/fora88&div=52&id=&page.

Andrioff, J. and M. McIntosh (eds.) (2001) *Perspectives on Corporate Citizenship*. Sheffield/UK: Greenleaf.

Aras, G. and Crowther, D. (2008) *The Durable Corporation*. Surrey / UK: Gower.

Aras, G. and Crowther, D. (2009) *Global Perspectives of Corporate Governance and CSR*. Surrey / UK: Gower.

Aras, G. and Crowther, D. (2010) *A Handbook of Corporate Governance and Social Responsibility*. UK: Gower.

Arevalo, J. A., and Aravind, D. (2010) The impact of the crisis on corporate responsibility: the case of UN global compact participants in the USA. *Corporate Governance*, 10(4), pp. 406-420.

Banerjee, S. B. (2008) Corporate Social Responsibility: The Good, the Bad and the Ugly. Critical *Sociology*, 34 (1), pp. 51-79.

Argandoña, A. and Hoivik, H. v. W. (2009) Corporate Social Responsibility: One Size Does Not Fit All. Collecting Evidence from Europe. *Journal of Business Ethics*, 89, (3), pp. 221-234.

Brammer, S., Jackson, G. and Matten, D. (2012) Corporate Social Responsibility and institutional theory: new perspectives on private governance. *Socio-Economic Review*, 10, pp. 3–28.

Brundtland Report (1987). *Our Common Future. World Commission on Environment and Development*. Oxford: Oxford University Press.

Buchholz, A. K., and Carroll, A. B. (2009) *Business and Society*. Seventh ed. Canada: Cengage Learning.

Buzar, S., Jalšenjak, B., KrkaČ, K., Lukin, J., MladiĆ, D., and SpajiĆ, I. (2010) Habitual Lying. *Philosophical Papers and Reviews*, 2 (3), pp. 34-39.

Campbell, J. L. (2011) The US Financial Crisis: Lessons for Theories of Institutional Complementarity, Socio-Economic Review, 9, pp. 211–234.

Caroll, A. B. and Shabana, K. M. (2010) The Business Case for Corporate Social Responsibility: A Review of Concepts, Research and Practice. *International Journal of Management Review*, 12 (1), pp. 85-105.

Carroll, A. B. (1979) A Three-Dimensional Conceptual Model of Corporate Performance. *Academy of Management Review*, 4(4), pp. 497–505.

Carroll, A. B. (1991) The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders. *Business Horizons*, July-August.

Cernic, J. L. (2008) Corporate Responsibility for Human Rights: A Critical Analysis of the OECD Guidelines for Multinational Enterprises. *International Law*. Hanse Law Review, 4 (1), pp. 71-100.

Coupland, C. (2006) Corporate social and environmental responsibility in web-based reports: Currency in the banking sector? *Critical Perspectives on Accounting*, 17 (7), pp. 865–881.

Crane, A., McWilliams, A., Matten, D., Moon, J. and Siegel, D. eds. (2008) *The Oxford Handbook of Corporate Social Responsibility*. Oxford/UK: Oxford University Press.

Crawford, E. P. and Williams, C. C. (2010) Should corporate social reporting be voluntary or mandatory? Evidence from the banking sector in France and the United States. *Corporate Governance*, 10 (4), pp. 512 – 526.

D'Anselmi, P. (2010) *Values and Stakeholders in an Era of Social Responsibility. Cut-Throat Competition?* Hampshire, UK: Palgrave, Macmillan.

Davis, K. (1960) Can Business Afford to Ignore Corporate Social Responsibilities? *California Management Review*, 2, pp. 70–76.

Davis, K. (1967) Understanding The Social Responsibility Puzzle. *Business Horizons*, 10 (4), pp. 45–51.

Decker, O. S. (2004) Corporate social responsibility and structural change in financial services. *Managerial Auditing Journal*, 19 (6), pp. 712 – 728.

Deetz, S. (1992). *Democracy in an age of corporate colonization: Developments in communication and the politics of everyday life*. NY: State University of New York Press.

Demyanyk, Y. and Van Hemert, O. (2008) Understanding the Subprime Mortgage Crisis. *The Review of Financial Studies*, 24 (6), pp. 1848-1880. Special Issue: The Academic Analysis of the 2008 Financial Crisis.

Donaldson, T. and Dunfee, T. W. (1994) Towards a Unified Conception of Business Ethics: Integrative Social Contracts Theory. *Academy of Management Review*, 19, pp. 252–284.

Donaldson, T. and Preston, L. E. (1995) The Stakeholder Theory of the Corporation: Concepts, Evidence, and Implications. *Academy of Management Review*, 20 (1), pp. 65-91.

Emeseh, E., Ako, R., Okonmah, P., Obokoh and Ogechukwu, L. (2010) Corporations, CSR and Self Regulation: What Lessons from the Global Financial Crisis? *German Law Journal*, 11 (2), pp. 230-259.

Evan, W. M. and Freeman, R. E. (1988) A Stakeholder Theory of the Modern Corporation: Kantian Capitalism. In T. Beauchamp and N. Bowie (eds.) *Ethical Theory and Business*. Englewood Cliffs / New Jersey: Prentice Hall, pp. 75–93.

Freeman, R. E., Harrison, J. S., Wicks, A. C., Parmar, B. L., and de Colle, S. (2010) *Stakeholder Theory. The State of the Art.* Cambridge, UK: Harpercollins College Div.

Freeman, R.E. (1984) *Strategic Management: A Stakeholder Approach*. 1st Ed. Cambridge, UK: Cambridge University Press.

Freeman, R. E. and Velamuri, S. R. (2008) A New Approach to CSR: Company Stakeholder Responsibility. *Paper* Available at SSRN: http://ssrn.com/abstract=1186223 or http://dx.doi.org/10.2139/ssrn.1186223, accessed February 11th 2013.

Freeman, R. E. (2010a). Managing for stakeholders: Trade-offs or value creation. *Journal of business ethics*, 96, pp. 7-9.

Freeman, R. E. (2010b). *Strategic management: A stakeholder approach*. 2nd Ed. UK: Cambridge University Press.

Friedman, M. (1970) The Social Responsibility of Business is to Increase Its Profits. *New York Times*. September 13th. NY: New York Times Group.

Galbraith, J. K. (1994) *A Short History of Financial Euphoria*. USA: Penguin Books in corporation with Whittle Books. Reprinted in Kindle-version by arrangement with Whittle Communication L. P.

Garriga, E. and Melé, D. (2004) Corporate Social Responsibility Theories: Mapping the Territory. *Journal of Business Ethics*, 53 (1-2), pp. 51-71.

Gianarakis, G. and Theotokas, I. (2011) The Effect of Financial Crisis in Corporate Social Responsibility Performance. *International Journal of Marketing Studies*, 3 (1), pp. 2-10.

Gupte, P. (2005) Arthur Laffer: Corporate social responsibility detrimental to stockholders. *The Sun*, New York, January 19, cited from Wayne Visser (2010b) The Age of Responsibility: CSR 2.0 and the New DNA of Business, *Journal of Business Systems, Governance and Ethics*, 5 (3), pp. 7-22.

Hanson, K. O. (2011) The Long History of Conscious Capitalism. A Response to James O'Toole and David Vogel's ”Two and a Half Cheers for Conscious Capitalism”, *California Management Review*, 53 (3), pp. 77-83.

Hart, S. (2013) Michael Porter is a Pirate. *ManagementNext*, 10 (1), Jan 31, pp. 6-7.

Hart, S. L. and C. M. Christensen (2002) The Great Leap. Driving Innovation from the Base of the Pyramid. *MIT Sloan Management Review*, 44 (1), pp. 51–57.

Heal, G. (2004) Corporate Social Responsibility ñ An Economic and Financial Framework. *Paper prepared for presentation at the 2004 Annual Conference of the Monte Paschi Vita. The Geneva Papers (2005) 30, 387–409.*

Hellwig, M. (2008) Systemic risk in the financial sector: an analysis of the subprime mortgage financial crisis. *Working Paper*, No. 43, Max Planck Institute for Research on Collective Goods. http://hdl.handle.net/10419/32215 (Accessed January 14th 2013).

Herkenhoff, K. F. and Ohanian, L. E. (2009) Why the U.S. Economy Has Failed to Recover and What Policies Will Promote Growth. Chapter 7 in Lee E. Ohanian, John B. Taylor and Ian J. Wright (2009) eds. *Government Policies and the DELAYED Economic Recovery*. Stanford, California: Hoover Institution Press Publication No. 627.

Herzig, C. and Moon, J. (forthcoming) The Financial Sector, Economic Crisis and Recession: Discourses on Corporate Social Ir/Responsibility. *Journal of Business Research*. Accessed August 25th 2012, http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2118137.

Hiss, S. (2009) From Implicit to Explicit Corporate Social Responsibility Institutional Change as a Fight for Myths. *Business Ethics Quarterly*, 19 (3), pp. 433-451.

Hockerts, K., Mair, J. and Robinson, J. (2006) *Social Entrepreneurship*. Hampshire/UK: Palgrave Macmillan.

Höllerer, Markus A. (2012) *Between creed, rhetoric façade, and disregard: Dissemination and theorization of corporate social responsibility in Austria*. Frankfurt/Main et al.: Peter Lang.

Jackson, G. and Apostolakou, A. (2010) Corporate Social Responsibility in Western Europe: An Institutional Mirror or Substitute? *Journal of Business Ethics*, 94 (3), pp. 371-394.

Jakob, C. K. (2012) The Impact of Financial Crisis on Corporate Social Responsibility and Its Implication for Reputation Risk Management. *Journal of Management and Sustainability*, 2 (2), pp. 59-275.

Jensen, M. (2002) Value maximation, stakeholder theory and the corporate objective function. *Business Ethics Quarterly*, 12 (2), pp. 235-256.

Jeucken, M. (2001) *Sustainable Finance and Banking. The Financial Sector and the Future of the Planet*. London / UK: Earthscan Publ. Ltd.

Khan, MHUZ, Halabi, A. K., and Samy, M. (2009) Corporate social responsibility (CSR) reporting: a study of selected banking companies in Bangladesh. *Social Responsibility Journal*, 5 (3), pp. 344 – 357.

Kalafati, M. (2012) How Greek health care services are affected by the EURO crisis. Emergency Nurse. *The Journal of the RCN Accident and Emergency Nursing Association*. 20 (3), pp. 26-27.

Kallis, G., Martinez-Alier, J. and Norgaard, R. B. (2009) Paper assets, real debts: An ecological-economic exploration of the global economic crisis. *Critical perspectives on international business*, 5 (1/2), pp. 14-25.

Karaibrahimoglu, Y. Z. (2010) Corporate Social Responsibility in times of Financial Crisis. *African Journal of Business Management*, 4 (4), pp. 382-389.

Karnani A. (2011a) CSR Stuck in a Logical Trap. A Response to Pietra Rivoli and Sandra Waddock's "First They Ignore You...": The Time Context Dynamic and Corporate Responsibility. *California Management Review*, 53 (2), pp. 105-111.

Karnani, A. (2011b) Doing Well by Doing Good. The Grand Illusion. *California Management Review*, 53 (2), pp. 69-86.

Kemper, A. and Martin, R. L. (2010) After the fall: The Global financial crisis as a test of corporate social responsibility theories. *European Management Review*, 7 (4), pp. 229-239.

Kindleberger, C. P. and Aliber, R. Z. (2011) *Manias, Panic and Crashes: A History of the Financial Crisis*. Hampshire/UK: Palgrave Macmillan.

Krkač, K., Mladić, D., Buzar, S. (2012) Habitual Lying Re-examined. *American Journal of Sociological Research*, 2 (1), pp. 1-10.

Lauesen, L. (forthcoming) Corporate Social Responsibility Reports as Cultural Artefacts of Organizational Lived Everyday Life. *Paper prepared for the 8th Organizational Studies Summer Workshop, 23-25 May 2013, Mykenos, Greece.*

Mackey, J. (2011) What Conscious Capitalism Really Is. A Response to James O'Toole and David Vogel's "Two and a Half Cheers for Conscious Capitalism". *California Management Review*, 53 (3), pp. 83-91.

Marsh, D. (2011) Faltering Ambitions and Unrequited Hopes: The Battle of the Euro Intensifies. *Journal of Common Market Studies*, 49, pp. 45-55.

Matten, D. and Crane, A. (2005) Corporate Citizenship: Towards an Extended Theoretical Conceptualization. *Academy of Management Review*, 30 (1), pp. 166-179.

Matten, D. and Crane, A. (2007) *Business Ethics. Managing Corporate Citizenship and Sustainability in the Age of Globalization.* 2nd. Eds. Oxford/UK: Oxford University Press.

Matten, D. and Moon, J. (2004) ‘Implicit’ and ‘Explicit’ CSR. A conceptual framework for understanding CSR in Europe. *No. 29-2004 ICCSR Research Paper Series* – ISSN1479-5124.

Matten, D. and Moon, J. (2008) ‘Implicit’ and ‘Explicit’ CSR: A Conceptual Framework for a Comparative Understanding of CSR. *Academy of Management Review*, 33 (2), pp. 404-424.

Mayoux, L. (2001) Tackling the Down Side: Social Capital, Women’s Empowerment and Micro-Finance in Cameroon. *Development and Change*, 32, pp. 435–464.

Meyer, R. E. and Höllerer, M. (2010) Meaning Structures in a Contested Issue Field: A Topographic Map of Shareholder Value in Austria. *Academy of Management Journal*, 53 (6), pp. 1241-1262.

Mia, P. (2011) Corporate Social Disclosure during the Global Financial Crisis. *International Journal of Economics and Finance*, 3 (6), pp. 174-187.

Minoja, M., Zollo, M., and Coda, V. (2010). Stakeholder cohesion, innovation, and competitive advantage. *Corporate Governance*, 10(4), pp. 395-405.

Mitchell, R. K., Agle, B. R. and Wood, D. J. (1997) Toward a Theory of Stakeholder Identification and Salience: Defining the Principle of Who and What Really Counts. *Academy of Management Review*, 22 (4), pp. 853–886.

Montefiore, S. S. (2005). *Potemkin: Catherine the Great's Imperial Partner*. USA: Vintage Books.

Moura-Leite, R. C. and Padgett, R. C. (2011) Historical background of corporate social responsibility, *Social Responsibility Journal*, 7 (4), pp. 528-539.

O’Toole, J. and Vogel, D. (2011) Two and a Half Cheers for Conscious Capitalism. *California Management Review*, 53 (3), pp. 60-77.

Obstfeld, M. and Rogoff, K. (2009) Global Imbalances and the Financial Crisis: Products of Common Causes. *CEPR discussion paper* no. DP7606. Accessed August 25th 2012, http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1533211.

OECD (2011) OECD Guidelines for Multi-National Enterprises. 2011 update. (2011). *Report* accessed August 25th 2012:

http://www.oecd.org/daf/internationalinvestment/guidelinesformultinationalenterprises/oecdguidelinesformultinationalenterprises.htm

Paramanand, B. (2013) Second Anniversary of Creating Shared Value: Is Porter's Big Idea Yet to Stick? *ManagementNext*, 10 (1), Jan 31, pp. 4-6

Partnoy, F. (2009) Historical Perspectives on the Financial Crisis: Ivar Krueger, the Credit-Rating Agencies, and Two Theories about the Function, and Dysfunction, of Markets. *Essay*, no. 26 Yale J. on Reg. 431, accessed February 11th 2013 at HeinOnline:
http://heinonline.org/HOL/LandingPage?collection=journals&handle=hein.journals/yjor26&div=18&id=&page=

Pomering, A. and Dolnicar, S. (2009) Assessing the Prerequisite of Successful CSR Implementation: Are Consumers Aware of CSR Initiatives? *Journal of Business Ethics*, 85 (2), pp. 285-301.

Porter, M. E. and Kramer, M. R. (2002) The Competitive Advantage of Corporate Philanthropy. *Harvard Business Review*, December 2002, pp. 56-68.

Porter, M. E. and Kramer, M. R. (2006) Strategy and Society: The Link Between Competitive Advantage and Corporate Social Responsibility. *Harvard Business Review*, December, pp. 78–92.

Porter, M., and Kramer, M. R. (2011). Creating shared value. *Harvard business review*, 89 (1/2), pp. 62-77.

Preuss, L. (2010). Tax avoidance and corporate social responsibility: you can't do both, or can you? *Corporate Governance*, 10(4), pp. 365-374.

Putnam, H. (2002). *The collapse of the fact/value dichotomy and other essays*. USA: Harvard University Press.

Prahalad, C. K. (2002) Strategies for the Bottom of the Economic Pyramid: India as a Source of Innovation. *Reflections: The SOL Journal*, 3 (4), pp. 6–18.

Prahalad, C. K. and Hammond, A. (2002) *Serving the World's Poor, Profitably*. Harvard Business Review, September 2002.

Preston, L. E. and Post, J. E. (1975) *Private Management and Public Policy. The Principle of Public Responsibility.* Englewood Cliffs/New Jersey: Prentice Hall.

Putnam, H. (2002). *The collapse of the fact/value dichotomy and other essays*. USA: Harvard University Press.

Rauch, D. (2011). Conscious Capitalism: A Better Road Map: A Response to James O'Toole and David Vogel's “Two and a Half Cheers for Conscious Capitalism”. *California Management Review*, 53 (3), pp. 91-97.

Reinhart, C. M. and Rogoff, K. S. (2008) Is the 2007 U.S. Sub-Prime Financial Crisis So Different? An International Historical Comparison. *NBER working papers, prepared for the American Economic Review Papers and Proceedings*. Reinhart: School of Public Policy and Department of Economics, 4105 Van Munching Hall, University of Maryland, College Park, Maryland 20742.

Reinhart, C. M. and Rogoff, K. S. (2009) *This Time Is Different. Eight Centuries of Financial Folly*. New Jersey: Princeton University Press.

Rowley, T. J. (1997) Moving Beyond Dyadic Ties: A Network Theory of Stakeholder Influences. *Academy of Management Review*, 22(4), pp. 887–911.

Sandberg, J. (2008a) Understanding the Separation Thesis. *Business Ethics Quarterly*, 18 (2), pp. 213-232.

Sandberg, J. (2008b) The Tide is Turning on the Separation Thesis? *Business Ethics Quarterly*, 18 (4), pp. 561-565.

Sapovadia, V. K. (2006) Micro Finance: The Pillars of a Tool to Socio-Economic Development. Development Gateway. *Paper* available at SSRN: http://ssrn.com/abstract=955062 (Accessed January 14th 2013).

Schreck, P. (2010) Reviewing the Business Case for Corporate Social Responsibility: New Evidence and Analysis. *Journal of Business Ethics*, 103 (2), pp. 167-188.

Schwarcz, S. L. (2008) Protecting Financial Markets: Lessons from the Subprime Mortgage Meltdown. *American Law and Economics Association Annual Meetings, Paper 19*, http://law.bepress.com/alea/18th/bazaar/art19 (Accessed January 14th 2013).

Schwartz, M. S., & Carroll, A. B. (2003). Corporate social responsibility: a three-domain approach. *Business Ethics Quarterly,* 13 (4), pp. 503-530.

Sen, A. (1987) *On Ethics and Economics.* Oxford: Blackwell

Sethi, S. P. (1975) Dimensions of Corporate Social Performance: An Analytical Framework. *California Management Review*, 17 (3), pp. 58–65.

Short, J. C., Moss, T. W., and Lumpkin, G. T. (2009). Research in social entrepreneurship: Past contributions and future opportunities. *Strategic entrepreneurship journal*, 3 (2), pp. 161-194.

Spitzeck, H., and Hansen, E. G. (2010). Stakeholder governance: how stakeholders influence corporate decision making. *Corporate Governance*, 10(4), pp. 378-391.

Sisodia, R. S. (2011). Conscious Capitalism: A Better Way to Win: A Response to James O'Toole and David Vogel's "Two and a Half Cheers for Conscious Capitalism". *California Management Review*, Col. 53 (3), pp. 98-108.

Smith, A. (1776/2003) *The Wealth of Nations*. US: Bantams Classics.

Souto, B. F. (2009) Crisis and Corporate Social Responsibility: Threat or Opportunity? *International Journal of Economic Sciences and Applied Research*, 2 (1), pp. 36-50.

Stray, S. and Ballantine, J. (2000), A sectoral comparison of corporate environmental reporting and disclosure. *Eco-Management and Auditing*, 7, pp. 165–177.

Swanson, D. L. (1999) Toward an Integrative Theory of Business and Society: A Research Strategy for Corporate Social Performance. *Academy of Management Review*, 24 (3), pp. 506–521.

Taylor, J. B. (2009) *Getting Off Track*. Stanford, California: Hoover Institution Press Publication.

Thomé, F. (2009) Corporate Responsibility in the Age of Irresponsibility: A symbiotic relationship between CSR and the financial crisis? *International Institute for Sustainable Development*. Online available: http://www.iisd.org/pdf/2009/csr_financial_crisis.pdf (October 3, 2010), accessed August 28th 2012.

Tsang, E. W. K. (1998) A longitudinal study of corporate social reporting in Singapore: The case of the banking, food and beverages and hotel industries. *Accounting, Auditing and Accountability Journal*, 11 (5), pp.624 – 635.

United Nations (1999) *UN Global Compact*. (Newest version at www.unglobalcompact.org accessed February 11th 2013).

Viganò, F. and Nicolai, D. (2006) CSR in the European banking sector: evidence from a sector survey. *Report. RARE. A Research Project within the EU's Sixth Framework Programme*. Accessed February 11th 2013 from http://195.130.87.21:8080/dspace/bitstream/123456789/1135/1/93%20CSR%20in%20the%20European%20banking%20sector%20evidence%20from%20a%20sector%20survey.pdf

Visser, W. (2010a) *The Age of Responsibility. CSR 2.0 and the New DNA of Business*. Wessex, UK: John Wiley and Sons Publications.

Visser, W. (2010b) The Age of Responsibility: CSR 2.0 and the New DNA of Business. *Journal of Business Systems, Governance and Ethics*, 5 (3), pp. 7-22.

Visser, W. (2008) CSR and the Financial Crisis. Taking Stock. *Wayne Visser Blog Briefing*, 4 November 2008, accessed August 25th 2012, http://www.waynevisser.com/wp-content/uploads/2012/05/blog_financial_crisis_wvisser.pdf.

Vives, X. (2001) Competition in the Changing World of Banking. *Oxford Review of Economic Policy*, 17 (4), pp. 535-547.

Vogel, D. (1986) The Study of Social Issues in Management: A Critical Appraisal. *California Management Review*, 28 (2), pp. 142–152.

Vogel, D. (2005) *The Market for Virtue. The Potential and Limits of Corporate Social Responsibility*. Washington D.C.: Brookings Institution Press.

Wartick, S. and Cochran, P. L. (1985) The Evolution of Corporate Social Performance Model. *Academy of Management Review*, 10 (4), pp. 758–769.

Wartick, S. L. and Mahon, J. F. (1994) Towards a Substantive Definition of the Corporate Issue Construct: A Review and Synthesis of Literature. *Business and Society*, 33 (3), pp. 293–311.

White, L. H. (2008) How Did We Get Into This Financial Mess? *Cato Institute Briefing Paper, No. 110, November 18, 2008*. (Accessed January 14th 2013 from http://www.icpcolombia.org/archivos/publicaciones/cato1.pdf)

White House (1995) The National Homeowner Strategy: Partners in the American Dream. *Message of the President (Bill Clinton), May 2, 1995*. (Accessed on http://confoundedinterest.wordpress.com/s?=nhsdream2.pdf (scroll down to link: “NHS Dream”).

Wood, D. J. (1991) Corporate Social Performance Revisited. *Academy of Management Review*, 16(4), pp. 691–718.

Wood, D. J. and Lodgson, J. M. (2002) Business Citizenship: From Individuals to Organizations. *Business Ethics Quarterly*, Ruffin Series, 3, pp. 59–94.

---

[1] 'Potemkinity' is defined in the paper on basis on the myth of 'Potemkin Villages' and used to criticize corporate social performance and the lack of transparency in corporate reporting displaying corporate illusions.

[2] "Money, power, and Wall Street: Transcript, Part 4, (quoted as "The Glass–Steagall law is no longer appropriate—")". PBS (accessed January 14th 2013 from: http://www.pbs.org/wgbh/pages/frontline/money-power-wall-street/).

[3] Charles Fergusson and Matt Damon (2010) *Inside Job*. Documentary on the financial crisis. www.imdb.com/title/tt1645089/

[4] Many of these citations are also quoted in Garriga and Melé (2004), however newer pre-crisis theories are also mentioned among the references.

[5] Even if the theory of strategic CSR did not prohibit greed and unscrupulous behaviour, it might not be because the theory in general is wrong; businesses in the finance sector did not seem to adapt the principles of CSR as suggested wholehearted enough. This last argument has come true after the global financial crisis. Both authors continue, however, campaigning their "Big Idea" in Harvard Business Review, January 2011 (Porter and Kramer 2011) although their shouts still receive critique in 2013 (e.g. Hart 2013, Paramanand 2013).

[6] (which is not a word that Heal uses directly)

[7] (see www.equator-principles.com).

[8] Due to the limitations of the scope of the paper the field of 'social entrepreneurship' is left out of this review albeit this field in the recent years have a massive growth in both recognition and corresponding mindset comparable to the literature of CSR. Due to the emerging processing of conceptualizations of the field, which is lacking and sought to take place in the future (Short et al. 2009), this field is thus conceptually excluded here.