'Free us up so we can be responsible!' The co-evolution of Corporate Social Responsibility and neo-liberalism in the UK, 1977–2010

Daniel Kinderman[*]

Department of Political Science & International Relations, University of Delaware, Newark, DE, USA

[*]*Correspondence: kindermd@udel.edu*

This article challenges the notion that Corporate Social Responsibility (CSR) is incompatible with neo-liberalism. It argues that CSR is not a countervailing force that follows neo-liberal market exposure. Instead of re-embedding global liberalism, CSR complements liberalization and substitutes for institutionalized social solidarity. Evidence from the UK, one of the world's leading jurisdictions for responsible business, supports these claims. In Britain during the past 30 years, neo-liberalism and CSR have co-evolved. CSR has been a quid pro quo for lighter regulation; it has compensated for some of the social dislocations that result from unfettering markets, thereby legitimating business during the 'unleashing' of capitalism, and it appeals to moral sensibilities, justifying and legitimating business leaders in a way that instrumental rationality alone cannot. The paper draws on original sources to shed light on the origins and growth of Business in the Community, one of the world's leading business-led CSR coalitions, since the 1970s.

Keywords: capitalism, corporate social responsibility, ethics, history, neo-liberalism, United Kingdom

JEL classification: A13 relation of economics to social values, M14 corporate culture, social responsibility, P16 political economy

1. Bringing capitalism and temporality back into the CSR literature

The 1980s were tough times for British workers. Yet Margaret Thatcher's forceful installation of a market-centred order did not precipitate a straightforward profit or shareholder orientation in the British business community, as is commonly thought. As power shifted away from unions and to employers, some prominent businessmen committed themselves to Corporate Social Responsibility (CSR). Hector Laing, Lord Laing of Dunphail (1923–2010), was one such businessman.

Laing was chairman of United Biscuits, a friend and outspoken supporter of Thatcher and her policies and a leading advocate of CSR in the UK. Again and again, Laing implored other businesspeople to join him on this quest. Despite his position as chairman of one of Britain's largest companies, he insisted that he had not forgotten those less privileged than he. Speaking of Margaret Thatcher's policies, Laing said:

> I support this Government's policies—they have given business back its freedom, along with the discipline of failure if it is unprofitable. But freedom demands responsibility and if we want to continue to enjoy our freedom, we must demonstrate that a buoyant economy and business success go hand in hand with a caring society; that as our profits increase so too does our contribution to improving the condition of disadvantaged areas and people. (1990a, p. 18)

Existing scholarship provides limited guidance for understanding the rise of CSR in Thatcherite Britain.[1] CSR in the above sense entails the voluntary engagement of corporations for social and environmental ends above legally defined minimum standards. Defined in this way, most literature treats the origins of CSR in relation to the business case or as a response to NGO pressure. Yet most accounts have neglected CSR's historical, political-economic and institutional context. A growing literature does address CSR's institutional determinants (Campbell, 2006; Midttun et al., 2006; Matten and Moon, 2008; Gjølberg, 2009; Jackson and Apostolakou, 2010) as well as its historical evolution (Frederick, 2006; Carroll, 2008; Moon et al., 2010). This literature has debated whether forms of CSR based on self-regulation of firms function as a complement or a substitute for the welfare state, trade unions, market correcting regulation and other institutions of what Ruggie (1982) called 'embedded liberalism'.

This article contributes to this literature by examining the rise CSR in the UK and arguing that this case yields valuable lessons for the ongoing debate about CSR's institutional correlates. Evidence from the UK suggests that CSR does not re-embed global- and neo-liberal-inspired forms of capitalism, but is a product of this very movement. Instead of subduing capitalism's 'unruliness', 'restlessness' and 'subversiveness', (Streeck, 2009), CSR legitimates business during the 'unleashing' of capitalism (Glyn, 2006). As a quid pro quo for a lighter regulatory touch, CSR provides compensation for some of the social dislocations that result from neo-liberalism. Moreover, it appeals to business people's moral sensibilities, thereby helping to legitimate their conduct among

---

[1]For exceptions that do address the rise of CSR and the decline of the post-war order, see Jones (2007), Marinetto (1998) and Moon (2002).

themselves and vis-à-vis society in a way that purely instrumental rationality cannot.

The question of temporality is also relevant: why did CSR rise to prominence when it did? Did CSR precede, coincide with or follow liberalizing reforms? This article argues that the origins of CSR in the UK lie in the period of privatization, liberalization and deregulation of the 1970s and 1980s, and not in the much-discussed transnational civil society activism since the 1990s. Thus, CSR complements the deepening of market relations and has helped legitimate the erosion of institutionalized solidarity during the past 30 years. CSR has partially compensated for the market's deficits in the areas of legitimacy and social needs, but it reinforces neo-liberal institutions and focus on shareholder value by maintaining a similar logic based on market voluntarism (Kang and Moon, 2012).

Despite its association with neo-liberalism, CSR cannot be understood as a political project of the New Right. CSR arose before Thatcher's rise to power, and it has been supported by Labour and Conservative governments alike. CSR has served to legitimate neo-liberal reforms *ex ante*, as well as responding *ex post* to the pressures generated by liberalization and by a neo-liberal environment (Amable, 2011). Segments of the British business elite have used CSR in their attempts to pre-empt burdensome government regulation—indeed, they have been aided in this quest by government itself. They have also sought to use CSR to take over activities previously undertaken by government and to promote an Enterprise Culture which in its 'liberationist' incarnations views business as the hegemonic social pivot. While liberalization is certainly not the *only* cause of CSR, this paper demonstrates that it is an important cause that has been under-exposed in the recent literature.

2. Institutional approaches to CSR and the case of the UK

A basic tension among institutional analyses of CSR concerns the relationship between CSR and broader sets of social institutions that promote social welfare and stakeholder participation in the economy. Some studies have found that CSR is a complement to institutionalized solidarity. Midttun *et al.* (2006, p. 369) posit a 'symmetric embeddedness hypothesis', namely that 'increasing engagement in Corporate Social Responsibility (CSR) potentially indicates an attempt to "re-embed" the economy in a wider societal context, following a period of neoliberal market exposure, deregulation, and separation of commercial and societal concerns'. Gjølberg (2009, p. 609) similarly finds that 'stronger institutions for the social embedding of the economy. . . result in stronger CSR performance'. In contrast, Jackson and Apostolakou (2010) compare firm-level CSR indicators in Europe and find that CSR 'may be associated with the attempts of firms to compensate for institutional voids or substitute for formal

institutions' (p. 387). Most recently, Koos (2012) finds evidence of both a positive and negative relationship between CSR and institutions, but these effects depend on the particular institution in question within a wider overall configuration or 'type' of capitalism.

In a more systematic attempt to theorize how institutions in different countries shape CSR, Matten and Moon (2008, p. 404) argue that 'differences in CSR among different countries are due to a variety of long-standing, historically entrenched institutions'. In liberal countries such as the UK, 'explicit CSR relies on corporate discretion, rather than reflecting either governmental authority or broader formal or informal institutions' (p. 409). In contrast, they suggest a distinctive approach to CSR in European countries characterized by more coordinated forms of capitalism or solidaristic welfare state institutions—these institutions embody a type of 'implicit CSR', (p. 420). Here, binding regulations may be functionally equivalent to voluntary 'explicit CSR'. Depending on the wider institutional context, corporations are enabled to share in either more voluntaristic or collective forms of social responsibility.

While providing valuable insights, this analysis can be challenged on several grounds. Upon closer reflection, the term 'implicit CSR' is problematic. The concept understands involuntary as well as voluntary business contributions to social and collective goods as broadly equivalent, but different, forms of organizing. Describing institutionalized social solidarity as 'implicit CSR' creates the false impression that business supported the creation or maintenance of these institutions. From business's point of view, the *differentia specifica* of CSR is its voluntariness. A related and even more important point comes into view by taking a historical perspective on institutions (Thelen, 1999), which stresses how institutions arise in political struggle. In the USA, the historical path to explicit CSR emerged as part and parcel of a victory by business over institutionalized social solidarity (for the US case, see Marens, 2012). Similarly, this article suggests that 'explicit CSR' in the UK is associated with a neo-liberal agenda that negates 'implicit CSR'.

The UK is an important test case for understanding institutional effects on CSR. Britain occupies the '[global] geographical center of gravity' of CSR (Vogel, 2005, pp. 7–8) and has the highest CSR score among large countries (Gjølberg, 2009). The UK is also a paradigmatic Liberal Market Economy (Hall and Soskice, 2001) and one of the most lightly regulated economies in the advanced capitalist world. Critical for the emergence of these institutions was Thatcherism, which 'saw it as its task to challenge and ultimately dismantle the institutions, practices, and assumptions which underpinned what had come to be known by the mid-1970s as the "post-war consensus"' (Green, 2002, p. 216).

In providing a detailed historical examination of the UK case, this article argues that CSR is complementary to neo-liberalism. Complementarity entails

that 'components of a whole mutually compensate for each other's deficiencies in constituting the whole' (Crouch, 2005, p. 50). The article supports this claim by tracing the co-evolution of Business in the Community (BITC), the UK's leading business-led CSR coalition, and neo-liberalism. This process of co-evolution (Boyer, 2005), whereby initially disconnected and independent institutions adjust to one another through a process of trial and error, is described in the remainder of this article.

3. The co-evolution of CSR and neo-liberalism in the UK

The rise of CSR in the UK is linked to the rise of neo-liberalism, the deconstruction of the post-war order and the structural transformation of British capitalism during the past 30 years. CSR shored up the legitimacy of individual businesses and of the market system in the context of the erosion of institutionalized social solidarity. Here, CSR developed initially as an attempt to mitigate the negative side effects of industrial restructuring and endow the ascendant market-driven order with legitimacy during the transition away from the post-war compromise and welfare-embedded liberalism; however, the link between CSR and neo-liberal institutional regimes remains to this day.

A number of scholars suggest the opposite—that CSR and 'neoliberal economic ideology' were at odds with each other. Crowther and Rayman-Bacchus (2004, p. 245) argue that the 'concern with social responsibility faded out at the end of the 1970s with the rise of the New Right politics of Thatcher and Reagan and the consequent legitimation of selfish behaviour and greed in the acquisition of wealth'. According to Levy and Kaplan (2008, p. 443), 'The rise of CSR can be understood as a contemporary double-movement against global neoliberalism'. And for MacLeod (2007, p. 233), 'there was little indication within the business world itself that CSR was something to be seriously considered or operationalized, especially in the business-friendly environment nurtured in the core Reagan-Thatcher years of the 1980s. Promoting more expansive business accountability to society ran headlong into consolidating a neoliberal economic ideology emphasizing deregulation and more unfettered opportunities for corporations'. These authors have the story the wrong way around. Neo-liberalism of the 1980s did not prevent CSR from being seriously considered or operationalized. Instead, neo-liberalism provided a fertile environment for CSR's emergence and growth.

As a proxy for the institutionalization of CSR in the UK, Figure 1 provides a graphical representation of the number of firms in the membership of the business-led CSR coalition BITC from 1981 until 2010. The sharp rise in membership occurs already in the mid-1980s. Compared with other countries, this is early, steep growth. Germany, for example, does not follow until nearly two
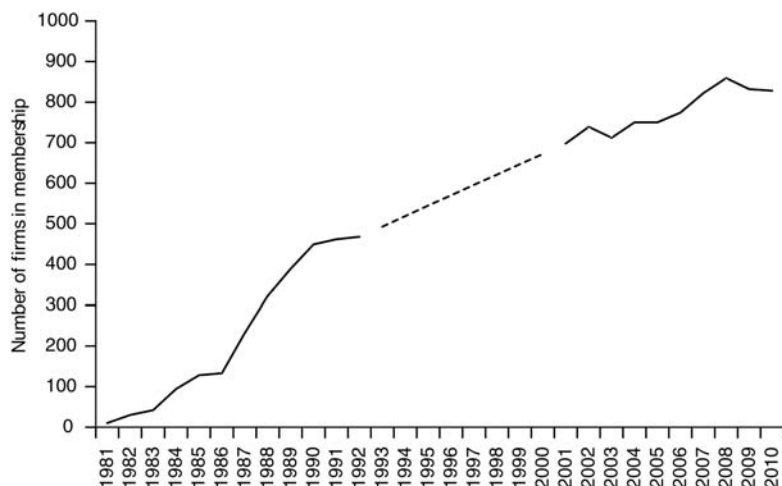
Notes: The figure shows the sum of national and regional membership. This data is unavailable from 1993 to 2000; missing values are indicated by the dotted line.

Source: Business in the Community, 'Annual Reports', various years.

Figure 1 Business in the community's membership, 1981–2010.

decades later, at a much lower level (Kinderman, 2008). But in each case, as Kinderman (2010) has argued elsewhere, the establishment and growth of business-led CSR associations is associated with the erosion and dismantling of institutionalized social solidarity. CSR's affinities with economic liberalization and market liberalism do not appear to be restricted to the UK.

But was BITC really engaged in CSR almost 30 years ago? In 1983, BITC's mission was 'to encourage industry and commerce to become more involved on a local basis in the economic, training, social and environmental needs of the communities in which they operate' (Business in the Community, 1983, p. 2). CSR was a central focus of Lord Carr of Hadley, BITC chairman during the mid-1980s. In its 1984 annual report, one of BITC's 'two main objectives' was 'the promotion of Corporate Social Responsibility' (Business in the Community, 1984, p. 2). In 1992, BITC Chairman and Tate & Lyle CEO Neil Shaw stated that '[d]uring the first ten years we focused on raising awareness of Corporate Social Responsibility issues' (Business in the Community, 1992, p. 3). These early mandates do not differ substantially from BITC's current mission, which is 'to inspire, engage, support and challenge companies on responsible business to continually improve their positive impact on society (Business in the Community, 2008, p. 2). By the end of the 1980s, more than 400 corporations had joined BITC through growth in membership and mergers with other associations, leading to a growing commitment to the aforementioned objectives. By 2007, the total exceeded 800, more than any other business-led CSR coalition in the

OECD. The practice of CSR has evolved in 30 years' time, and practices from these earlier periods may seem modest in their scope with the gift of hindsight; however, the claim that CSR could not take hold in the midst of the privatization, liberalization and deregulation of the 1980s is untenable.

Next, we focus on the co-evolution of neo-liberalism and CSR in the UK during the past 30 years. It seems straightforward that CSR gains prominence as markets deepen and expand and public becomes private (Shamir, 2008). But this does not tell us how firms come to assume these new roles and how their joint activities in associations help institutionalize certain forms and meanings of CSR. This section sheds light on these processes, drawing on interviews, hitherto unexamined primary documents and archival sources and secondary literature. The empirical focus is on the genesis and early phases of the business-led CSR coalition BITC. BITC is one of the world's leading business-led CSR coalitions, a non-profit organization with a mandate to advance CSR together with its membership of for-profit corporations. BITC represents a remarkable and illustrative case, even if it is only part of the landscape of CSR organizations in the UK[2] and has not always had its policies implemented at the firm level. The next sections discuss several key historical events in the initial phases of CSR in the UK: C.C. Pocock's Ashridge Lecture, the Sunningdale Conference and BITC.

3.1   Defining the agenda: C.C. Pocock's 1977 Ashridge Lecture

The link between CSR and neo-liberalism can be traced back to Charles Carmichael Pocock's 1977 Ashridge Lecture, sometimes considered the starting point of CSR in the UK (Marinetto, 1998; Grayson, 2007). Pocock had spent 30 years in the Royal Dutch/Shell Group, and in 1977, he was the managing director and also the chair of the London Business School. For key figures in the early phases of CSR in the UK, Pocock's talk was a formative influence. Given its seminal nature, it is surprising that the secondary literature contains few references to its actual content. However, Pocock's lecture provides valuable insights into the meaning of CSR: the conditions that necessitate it and the institutional reforms that need to accompany it.

The title of Pocock's talk is 'More Jobs: A Small Cure for a Big Problem'. Pocock's central message is that 'even with renewed economic growth, enough new jobs are unlikely to come from the traditional sources, but there is a hope—to put it more strongly—that the encouragement of small business

---

[2]Today, it is estimated that over 100 consultancies in the UK are engaged in some form or another of CSR activity (Sadler and Lloyd, 2009, p. 615), including the London Benchmarking Group, AccountAbility, Centre for Tomorrow's Community and scores of private sector and boutique consultancies including Corporate Citizenship and Sustainability.

could help significantly' (1978, p. 3). Business and government should help foster entrepreneurship in depressed areas. A continuation of the status quo will have dire consequences: 'unless this intractable problem of structural unemployment is corrected, we are likely to witness the permanent alienation of whole blocs of people—defined by lack of skill, by location or by age group—who will lose the dignity, and the discipline, of working to pay their own way' (Pocock, 1978, p. 3). Pocock identifies a slew of causes for this state of affairs. One of the most important relates to competitiveness and rationalization pressures: '[m]ost industrialists you talk to here will admit that their aim is to do better, to make more and newer things, but to do it with fewer people—maybe partly different people, certainly better educated and trained, better paid too, but above all *fewer* people' (1978, p. 4). The reason he gives is not, as one would think, the direct financial cost 'which still compares favourably with other countries, but what might be called the behavioral cost' (Pocock, 1978, p. 4). In Pocock's view, 'large concentrations of manpower' are afflicted by problems such as 'immobility and inflexibility, over-manning, contrived overtime and low productivity' (Pocock, 1978, p. 5). These are exacerbated by

> . . . a whole raft of well-meaning social legislation, in which the theme of job protection is uppermost, while the ideal of job opportunity is virtually ignored . . . . If we want labour mobility, jobs in depressed areas, the rebirth of urban centres, then we must encourage the small business and accept the imperfections and inequalities which may come with it. It may be unfair, but it is less unfair than nothing. Of course I am not arguing for no checks, but for fewer, for exemptions according to size, and for a willingness to sacrifice some sacred cows. (Pocock, 1978, pp. 5, 8)

What 'sacred cows' should be sacrificed? Pocock states that 'fair wages clauses and Schedule 11 of the Employment Protection Act[3] are the enemy of entrepreneurial growth and competitive efficiency' (1978, p. 9). It is not difficult to characterize the thrust of Pocock's lecture: a break with the post-war order is necessary. In subsequent writings, Pocock stresses the need to move away from risk adversity and the 'entitlement' state towards a more dynamic form of capitalism:

> If the first political challenge confronting us in the years just ahead is the problem of economic imbalances, the second is the trend toward risk aversion. The demand of what US Ambassador [to the UK]

---

[3]The 1975 Employment Protection Act provided individual and collective rights for workers. Schedule 11 'permitted the extension of collective bargaining into new areas, such as private services' (Howell, 2005, p. 116).

Kingman Brewster calls the 'entitlement' state are twofold: first, for 'public goods' (education, housing, sports fields); and, second, for protection—protection against unemployment, against old age, sickness, noise, smells, even against unwanted competition. And governments everywhere have encouraged the notion that they have it in their power to offer voters not only a shower of public goods but a risk-free society as well. (1979a, pp. 24–25)

Failure to adjust means extinction, so we must have the guts to say a blunt 'no' to political pressures and we must break—or rather, untie—union strangleholds. (1979b, p. 195)

For Pocock, Britain's crisis could not be mastered through the unleashing of market forces alone. Business had to play its part. 'Industry cannot just opt out of society's problems, particularly those that press on the local community where it operates' (Pocock, 1978, p. 5). The initiatives Pocock lists—training programmes, businesses cooperating with local schools and making unused facilities available to budding entrepreneurs—became a central focus of UK CSR in the years and decades to come. The idea that business must help solve public problems underlies much of present-day CSR. But at the same time as he endorses this agenda, Pocock stresses the need to break with the post-war order.

The boldness of Pocock's prescriptions should not be underestimated when seen in historical context. Just one year earlier, Alfred Robens, Lord Robens of Woldingham, had remarked (in the inaugural Ashridge Lecture): 'Management needs to be much more tolerant and helpful to Trade Unions and to the Trade Unions Organizations' (Robens, 1977, p. 14). Boswell and Peters (1997) term Robens' view 'revisionism' to describe the prevailing view in the mid-1970s UK, whereby firms seek a cooperative relationship and the positive-sum balancing of the interests of labour, capital and the state. In contrast, Pocock's views seem closer to 'liberationism', a free-market business ideology which saw the need for a fundamental break with the post-war order (Boswell and Peters, 1997). Liberationism rose to prominence under Mrs Thatcher but was still a minority position in the British business elite in the mid- to late-1970s. This makes Pocock's endorsement of this agenda, along with CSR, all the more remarkable. In the next section, we discuss the Sunningdale Conference, the next phase in the institutionalization of CSR in the UK.

3.2   The Sunningdale conference on Corporate Community Involvement

The Sunningdale conference led to the formation of BITC. It was convened by Tom King (now Lord King), a junior cabinet minister, and Anthony Pelling, a senior civil servant, both from the Ministry of the Environment, on April 9–

10, 1980.[4] This conference had already been in the planning stages under Callaghan's Labour government. The main catalyst was apparently a letter from Labour PM Callaghan to Cabinet Minister Peter Shore in 1978 (Pelling, personal communication, 2007; see also Marinetto, 1998, p. 59). Indeed, it is worth stressing that the dawn of the contemporary era of CSR in Britain was bipartisan and orchestrated by government (Moon, 2005). The secondary literature has overlooked the papers and proceedings of this conference, which are revealing.

Held at the Civil Service Staff College in Sunningdale Park, south of London, the Anglo-American conference on Corporate Community Involvement was attended by 27 conference delegates, 17 corporate and government officials from the UK and 10 from the US, the CSR leader at the time. The Anglo-American composition of this conference is no coincidence. During its early phases, CSR in the UK 'drew much of its inspiration from the policies of American corporations' (Marinetto, 1998, p. 8). Michael Heseltine (1983, p. 21), who was Secretary of State for the Environment, claimed that 'the idea [for Business in the Community] originated in the United States'. This 'Anglo-American transnationality' characterizes neo-liberalism's 'intellectual face' (Mudge, 2008, p. 704). The social legitimacy of business was a prominent theme of the conference. In his paper 'Dinosaurs did not survive', James Langton, senior vice president of the Bank of America, describes the public's questioning of the legitimacy of business as 'pervasive'. In view of the impending election of Ronald Reagan as US president, he argued that 'for the first time in memory, American corporations have the opportunity to ride a ground swell of public sentiment against waste and inefficiency in government. If corporations do this wisely . . . a major reaffirmation of business legitimacy could take place over the next decade' (Department of Environment, 1980, p. 46). Similarly, the rise of Margaret Thatcher in the UK prompted Sara Morrison (director of the General Electric Company, Ltd.) to observe: 'Although relatively few companies in Britain pursue corporate responsibility policies those consultants who are active in the field detect a growing interest. Much of this has been seen in the last year and in part reflects a response to the new Government's intention to reduce the State's activities in society' (Department of Environment, 1980, p. 16).

Participants identified deficiencies in the UK's institutional and regulatory status quo as the reason why the UK lagged behind the USA in CSR (Department of Environment, 1980, p. 84). The welfare state was to blame: 'Whatever the merits of Britain's welfare state and its services, and its taxes, it tends to encourage the firm impression among many that the well-being of fellow citizens is essentially someone else's business. Hence it is not surprising that industry and

---

[4]Interestingly, the US Ambassador to the UK, to whom C.C. Pocock refers in the aforementioned section, was the co-sponsor of this conference.

commerce do not readily accept that they might have a commitment to the welfare not only of their employees but also to the community in which they exist' (Department of Environment, 1980, p. 85). As they laid the groundwork for the establishment of the UK's most important business-led CSR coalition, Sunningdale participants endorsed Margaret Thatcher's neo-liberal agenda. The next section discusses the founding of BITC and the moral motivations underlying business people's engagement for CSR.

3.3   Promoting moral legitimacy: Business in the Community and Scottish Business in the Community

If social movements and activists are driving forces of CSR (see Soule, 2009), one would suppose that the urban riots of the early 1980s prompted the Sunningdale conference or the founding of BITC. They did not. The Sunningdale conference was already underway when riots shook St Paul's in Bristol. In March 1981, a month before the riots in Toxteth and Brixton, the decision was made to set up BITC; plans to expand the latter's activities existed before the riots. Although the riots added urgency to its cause, CSR in the UK was not initiated in response to civil society activism or social unrest.

BITC was set up with 10 member companies on June 1, 1981, and fully registered as a company limited by guarantee on March 2, 1982.[5] The key figures in the early phases of BITC were outspoken supporters of Margaret Thatcher's politics, just as they were motivated by humanitarian and religious ideals and an expansive conception of their self-interest. These leaders were motivated by a discernable sense of moral legitimacy, the view that CSR is worth doing not because of its pragmatic or instrumental benefits for business, but because it is the right thing to do. If this evidence is any guide, the cynical interpretation of CSR according to which it is no more than a fig-leaf or public-relations attempt to distract attention from business people's base motivations is not applicable to the leading figures in BITC. These institutional entrepreneurs provided an important impetus for the development of CSR in the UK.

Quoted at the beginning of this article, the late Sir Hector Laing chaired the family owned company United Biscuits from 1972 to 1990, Scottish Business in the Community during the 1980s and BITC from 1987 to 1991. Laing was also a 'friend and loyal supporter' of Margaret Thatcher (Pugh, 1991, p. 139). But Laing's criticisms of finance and prevailing views of corporate governance are not what one would ordinarily expect. Laing shared with Thatcher a faith

---

[5]BITC's first two staffs were seconded from Shell and the Department of Environment. They were soon joined by staff from IBM, Marks and Spencer, Barclays, Legal and General and BP (Pelling, personal communication, August 3, 2010).

in the utility of the market for solving social problems; as he put it in a 1982 news-letter: 'Instead of looking to central government to solve the problems of economic decline, inner city decay and environmental blight, I believe that more could be achieved more quickly and probably at less cost if companies and their people tackled these problems in a local context' (quoted in Morison, 1987, p. 74). Laing's conception of businesses' responsibilities and self-interest is broad and encompassing.

In his essay 'The Balance of Responsibilities,' Laing articulates a far-reaching critique of the City's penchant for speculation and short-termism. He writes that 'it is wrong to define "performance" as short-term gains for shareholders . . . . Sadly, the national interest seems to be of little account where there is a profit to be taken' (Laing, 1990*b*, pp. 61, 63). Laing describes how 'my peers thought all you had to do is make money and give it to shareholders. Improving the standard of living in the areas in which you drew your employees was anathema' (Laing, interview, 2006). Referring to Milton Friedman's famous claim that CSR is' a fundamentally subversive doctrine', and that 'few things could so thoroughly undermine the very foundations of our free society as the acceptance by company officials of a social responsibility other than to make as much profit for their shareholders as possible', Laing states that he 'cannot agree' (Laing, 1985, p. 7). Though references to 'noblesse oblige'—'from those who have much, much is expected'—have become rare in CSR rhetoric and scholarship (but see Fazey, 1987, p. 81), these quotations support Jones's argument 'that there are underlying similarities between contemporary CSR and previous, more explicit cases of patronage' (Jones, 2007, p. 168).

After being involved with the founding of the London Enterprise Agency, John Moorhouse moved to Scotland where was CEO of Scottish Business in the Community (SBC) from 1990 until 1998. Like Laing, Moorhouse supported Thatcher—'in the eighties and early nineties all of us believed (and still do, I think) in her [Thatcher's] policies'—while displaying strong ethical convictions: 'money without heart is meaningless' (Moorhouse, personal communication, July 29, 2011; interview, 2007). CSR is not understood in pragmatic or ethical functionalist terms as whatever is beneficial for the firm with unspecified benefits to outside stakeholders. The minutes of the SBC Executive Council provide an example of his thinking: 'John Moorhouse commented that first and foremost companies must be seen to support their local community and until companies pursued this approach they would not be asked to become members of SBC' (Scottish Business in the Community, 1992). The following provides another example of the importance of moral legitimacy for Moorhouse: 'Tesco had been involved in the initial planning of the London Enterprise Agency. They saw it as an opportunity to build up relationships to get planning consent for more supermarkets. Tesco wanted measurable benefits and outcomes for Tesco

in return for what they put in'. To this Moorehouse said: 'That's not what it's about! I'm not here to deliver benefits to Tesco in return for what they put in. I'm here to persuade Tesco that they should be doing something around every school that they've got!' (Moorhouse, interview, 2007).

Allen Sheppard was CEO of Grand Metropolitan (now Diageo) from 1975 to 1996 and chair of BITC from 1994 to 1996. For Sheppard, the connection between BITC and neo-liberalism is obvious. He states that BITC 'actually started because regulation was becoming less marked' (interview, 2006). He recalls that 'we were great supporters of Margaret Thatcher', recognizing that 'we had to dramatically reduce employment in our own companies, reduce the inefficiencies'—but at the same time address very high youth unemployment levels (interview, 2006). Emphasizing the business-driven nature of CSR and BITC, Sheppard warns against regulation in the area of CSR: 'One of the dangers [is] people being obligated rather than business itself using it appropriately.... There's a difference between their [government's] involvement in [supporting] Corporate Social Responsibility and where regulation starts' (interview, 2006). This outlook, emphasizing voluntary engagement in a context relatively free of regulation and constraints for companies, is a constant for major figures in BITC. Rather than eliminating the force of moral or non-instrumental motivations, it seems its precondition.

How representative are these views? Sheppard remarks that '[in] the late 80s several successful business leaders were inspired by Margaret Thatcher's political courage and also fed up with the past failures of previous governments. Hector Laing and myself [sic] were typical of disillusioned business leaders—but there were several. Our thinking was that "we" should try to resolve the [public policy] problems in Britain which "they" had failed to resolve over previous years' (Sheppard, personal communication, August 25, 2011).

Stephen O'Brien was chief executive of BITC from 1982 until 1992. O'Brien recalls that 'the majority of the business leaders [in BITC] would have been strong supporters of Thatcher', while stressing that 'most of the senior staff at the time were more interested in the underlying social issues than party politics (O'Brien, personal communication, August 10, 2011). The late Marks and Spencer executive Marcus Sieff was an important figure in the founding phases of BITC. His son, Sir David Sieff, recalls that his father was 'certainly supportive [of Thatcher's agenda], as (from my now fading memory) were many leading members of BITC' (Sir David Sieff, personal communication, August 9, 2011). David Grayson remarks:

> Several of [the] business leaders who were heavily involved in [the] crucial growth years of BITC [in the] mid- to late-1980s onwards were either personally very supportive of Mrs. Thatcher's reforms or

at least understood the quid pro quo of less government requiring more private initiative . . . . John Neill of Unipart, long-term board member from late 80s onwards to [the] present, would be another strong supporter of [the] Thatcherite agenda in those days. (Grayson, personal communication, August 24, 2011)

Of course, not all leading businessmen championed neo-liberalism and CSR. When BITC was founded, Baron Weinstock, one of the UK's leading industrialists, reportedly commented that he was 'not a joiner'. Alastair Pilkington, founding chairman of BITC, was no fan of Thatcher (Pelling, personal communication, July 24, 2011). Many, but by no means all, leading figures in the UK's CSR movement had Thatcherite leanings.

Similarly, while the rise of neo-liberalism powered CSR's rise in the UK, it had many other idiosyncratic and context-specific causes including: the moral outlook of business leaders described above, the UK's business culture and the UK's unitary and highly centralized state and business community. The active involvement of Prince Charles also brought a social cachet to being a member of the BITC board. The Prince personally led a series of 'Seeing is Believing' tours of depressed areas, and participation in these was as sought after as had been invitations to Michael Heseltine's business leaders tour of Liverpool in 1981. The pull of the heir to the throne gave extra momentum to the growth of BITC's membership, and his leadership and presence continues to bolster support for CSR among UK firms.

However, my argument is not that BITC in particular or CSR in general are Thatcherite projects. Rather, CSR has co-evolved with neo-liberalism and was distinctly shaped by its emergence: it compensates for some of the latter's deficits in the areas of moral legitimation and social compensation, while maintaining the emphasis on voluntarism. The conceptual meaning and later institutionalization of CSR in the UK was indelibly shaped by the imprint of historical struggles over deregulation during the Thatcher years.[6] The next section discusses the impact of privatization on CSR and some of the ways that CSR compensates for the unleashing of capitalism.

3.4   CSR legitimation and social compensation: evidence from privatization

When it comes to the privatization of state-owned enterprises, the UK has been hailed as a 'trailblazer' and 'paragon' (Glyn, 2006, p. 37). In her memoirs, Margaret Thatcher writes that 'privatization . . . was one of the central means of reversing the corrosive and corrupting effects of socialism . . . privatization is at the centre of any programme of reclaiming territory for freedom' (1993,

---

[6]On the concept of imprinting, see Johnson (2007).

Table 1 Privatization and Business in the Community membership

Name of firm	Date(s) of privatization	BITC member?
British Aerospace	1981 and 1985	Yes
Cable and Wireless	1981, 1983 and 1985	Yes
Amersham	1982	Yes
Britoil (taken over by BP)	1982 and 1985	Yes
Associated British Ports	1983 and 1985	No
Enterprise Oil	1984	No
Jaguar	1984	Yes
British Telecom	1984	Yes
British Gas	1986	Yes
British Airways	1987	Yes
Rolls Royce	1987	Yes
British Airports Authority	1987	Yes
British Steel	1988	Yes

Source: The privatization data are derived from Riddell (1989, pp. 87–88).

p. 676). Privatization reduced the share of government-owned enterprises from 12 to 2% between 1979 and 2006 (Glyn, 2006, p. 38). CSR has helped to legitimate newly privatized companies and compensate for the fallout arising from large-scale layoffs.

Large-scale privatizations swelled the ranks of BITC, as newly privatized companies almost invariably became members. Table 1 shows a list of the 'main privatization sales' undertaken during the 1980s and their BITC membership.

In a context of skyrocketing unemployment and industrial restructuring, newly privatized firms joined BITC.[7] By engaging in CSR-related initiatives, 'business can at least avoid the criticism that it is "uncaring" and they certainly contribute to a feeling that at least "something is being done" especially at a local level' (Richardson, 1983, p. 19). Similarly, Weinberg asserts: 'By publicizing our activities, we can bring home to the community as a whole the fact that companies *do* care, and that the private enterprise system is not (as it is sometimes caricatured) a cold, selfish and self-centred system' (1990, p. 8). Business support for entrepreneurship in depressed areas can show evidence of the 'human face' of the corporation in communities afflicted by plant closures (Gibb and Durowse, 1987, p. 5).

Alastair Pilkington's Community of St Helens Trust 'was held up as an example of the "acceptable face of capitalism" with Government ministers

---

[7]David Halley, head of International Partnerships and Business in the Community, notes that the BITC CSR Index, an index developed to monitor firms' CSR performance, 'can be a useful tool to address issues of workplace, marketplace, community and environmental impact in the planning of privatization in order to signpost potential challenges and mistakes' (Halley, 2007, p. 378).

urging other large corporations to follow the Pilkington lead' (Fazey, 1987, p. 84). Executives 'worried about their reputation as employers as they laid off employees in the 1980s saw BITC-type activities as showing their concern for their local communities' (Pelling, personal communication, July 24, 2011). James Cooke, who directed the Special Programmes Unit of the Confederation of British Industry (CBI),[8] recalls: 'At the public level of politics there was a considerable animus against Mrs Thatcher from the socialists and from the trade unions'. However, this animus did not translate into opposition to CSR, since 'when you get down to the local community, everybody cared about their community' (Cooke, interview, 2007).

The symbolic dimension should not lead us to neglect the practical importance of harnessing corporate energies for employment creation and social compensation in the midst of industrial restructuring, rationalization and high unemployment. Enterprise agencies—which were jointly funded by government and the private sector—helped create 56 000, or 16.5%, of all new jobs created in 1984 (BITC, 1985, p. 4) and provided training to help overcome skill shortages. Thanks to BITC, tens of thousands of employees volunteered in their communities, and thousands of homeless people have been provided with work placements. The results of tireless dedication by BITC staff are nothing to scoff at: without their harnessing of corporate energies to improve social and economic conditions, many Britons' lives would be much worse than they are. How does all of this relate to the question of regulation? We'll see in the next section.

4. CSR and the question of regulation

So far, the analysis has not touched directly on the relationship between CSR and hard law. Vogel (2005, p. 171) makes a compelling case that CSR 'should be about more than going "beyond compliance"; it must also include efforts to raise compliance standards'. Yet Vogel provides no empirical evidence of business's willingness to use CSR to raise the bar for all. The British case provides such evidence: BITC and business lobby organizations are opposed to more stringent binding domestic regulation. The exchange between Shell executive Sir Geoffrey Chandler and Tony Cleaver, chief executive of IBM (UK), following the latter's lecture on 'The Social Responsibilities of Business' (Cleaver, 1987) is instructive.

Sir Geoffrey Chandler:

IBM is a very large part of its own industry and can in some ways influence a pattern of behaviour. But in most industries if one thinks one is

---

[8]The SPU was merged into BITC in 1984.

good oneself, one will be concerned about the bad behaviour of competitors. I wonder if IBM shares that concern, because their reputation is obviously tempered by the way other people behave. Would you welcome legislation which led others to match your approach to social responsibilities? Clearly IBM, like any other company in this country, suffers from episodes such as the Guinness affair.

A.B. Cleaver:

I think it would be very unusual for anybody in IBM to say that they would welcome more legislation. In general terms we would prefer to see self-regulation of one form or another. But as you observe, some recent events suggest that it is not always very effective. We clearly are a very large part of our industry, but I do not think that we do what we do because of our size and relative position within the industry. I really think we do it because we believe in the long term it is in our interests to operate that way. A rule book that somebody else had set up and you did not necessarily believe in would not have quite the same effect as doing it because it is accepted throughout the organization as the right thing to do and part of company culture . . . . By being successful in genuine commercial terms, other people may come to believe that it is the right thing to do. I would rather achieve it by example than by legislation (1987, p. 756)

Cleaver's response typifies business people's attitude on this issue, one that seems to have changed little in the years since. BITC and individual businesses prefer to 'inspire' rather than to 'bludgeon' their members, even if there would seem to be an economic rationale for raising the bar for all.

A Strategic Impact review written by the management consultants McKinsey for BITC in 1994 is also instructive. The review categorizes members according to their corporate will and skill on CSR—their desire to engage and adeptness at doing so. Fifty-seven per cent of the members sample exhibited low skill and low will, while 20% exhibited high skill and high will. McKinsey sees BITC's mandate as moving as many members as possible into the high will and high skill category and staying far enough 'ahead of the pack' that even the most sophisticated members continue to see value in their membership. The report also differentiates between goals and strategies in relation to three dimensions: business impact, community impact and government impact. McKinsey sees business impact as being 'on mission', as playing 'to the strengths of BITC and business'. The example cited is to 'secure members' commitment to measurement and continuous improvement of their own performance in area $\times$ [for example, increase members' purchases from black-owned suppliers ten-fold in three years]'

(McKinsey, 1994, p. 12). Community impact goals include the social objective pursued, such as to 'reduce unemployment amongst black 16–21 year olds by 50% in three years'. These social objectives are also 'on mission' for BITC, but challenging, since 'it is harder to demonstrate [a] causal link between BITC/business effort and impact'. Finally, government impact goals and strategies include, for example, 'secur[ing] introduction of U.S.-style positive discrimination laws'. The *McKinsey Report* is clear: these strategies and goals are 'off mission', and they 'do not play to BITC/business strengths' (McKinsey, 1994, pp. 12–13). Despite recognizing that '[g]overnment [has the] biggest lever on community' and that 'the impact driven by changes in Government may be large', the McKinsey report recommends against BITC lobbying government on CSR-related issues. Business-led CSR is neither able nor willing to lobby to raise domestic regulatory standards.

Indeed, during the 1970s and 1980s, CSR was motivated by a desire 'to protect the social license of business to trade' (Moon, 2004, p. 9). Moon (2005) quotes the following excerpt from the report *Company Responses to Unemployment*, published by the CBI in 1981:

> . . . companies fear that if they make no attempt to find solutions to community problems, the government may increasingly take on the responsibility itself. This might prove costly to employers both in terms of new obligations and greater intervention in the labour market. Many companies prefer to be one step ahead of government legislation or intervention, to anticipate social pressures themselves and hence be able to develop their own policies in response to them. (Confederation of British Industry, 1981, p. 7, quoted in Moon, 2005, p. 55)

Moon rightly emphasizes that companies engage in CSR to pre-empt government regulation, and this threat was implicit, even under Thatcher, until the Falklands War. But since then, it does not seem that UK governments have needed much convincing of the merits of deregulation or business-led CSR.[9]

This liberal agenda remains in evidence today. For example, BITC spoke out against regulating CSR at the EU-level in 2001.[10] Instead of harmonizing regulatory standards upwards (Haufler, 2003, p. 231), CSR continues to be used to justify deregulation. In his speech to the 2006 BITC annual conference, then

---

[9]This seems to be as true of New Labour as of the Tories. In the wake of the European Commission's 2003 Green Paper, for example, the UK's Department of Trade and Industry lobbied the European Commission to 'ensure that reporting on social and environmental issues remains voluntary' (Joseph, 2003, pp. 62–63).

[10]In contrast, Gjølberg (2011) argues that Nordic companies support binding minimum standards in the international arena.

Conservative Party Chairman and current Prime Minister David Cameron describes his approach to Corporate Responsibility as 'deregulation in exchange for more responsibility' (Cameron, 2006, p. 3). This view was later re-formulated by the Conservative Party working group in the report entitled *A light but effective touch* (Conservative Party, 2008). The report is based on the notion of Corporate Responsibility Deals. The Secretary of State convenes working groups with businesses and societal stakeholders. As a quid pro quo for their engagement and self-regulation, businesses are rewarded with 'a lighter regulatory touch where appropriate' (Conservative Party, 2008, p. 11). David Cameron's Conservative-Lib Dem government is pursuing this agenda along with deep cuts in public sector spending.

5. CSR and enterprise culture: enlightening shareholder value

The previous sections lend some support to the conventional understanding of CSR as a response to the threat of government regulation. This view is only partially correct, however. CSR did originate historically in a context of deregulation and is often marshaled to justify arguments against re-regulation. Freer markets came at the price of more responsibility. But the threat of new regulation itself was not the sole driver of CSR—indeed, the probability and incidence of market-constraining (as opposed to market-making) regulation has decreased in recent decades as CSR has risen to prominence. Understanding the institutionalization of CSR in the UK requires looking more deeply into how the idea of CSR re-defined the understanding of business and its relationship to society.

Returning to the 1981 *Company Responses to Unemployment* report, the following passage preceded the one quoted above by Moon:

> Not only do companies recognize their responsibilities to the community and see action as being in their own self interest, they understand that it is often business and not government which is in the best position to act . . . . Companies recognize that the entrepreneurial spirit on which private enterprise has developed, combined with the management expertise possessed by the most successful companies, puts business in a unique position to 'get things done'. The ability to analyse problems and develop solutions makes business more effective than a government department. (Confederation of British Industry, 1981, p. 6)

While the first excerpt suggests that CSR is a means for business to defend itself against incursions from society, the second suggests that CSR is not merely a response to the threat of government regulation. Instead, CSR is an integral part of the widening and deepening of market relations, of the re-structuring of social relations away from post-war institutions. The following provides an illustration of the latter.

The Institute of Directors (IOD) was the most radical free-market wing of British business during the 1980s. Walter Goldsmith was director general of the IOD from 1979 to 1984 and 'the most outspoken liberationist of early Thatcherism', (Boswell and Peters, 1997, p. 155). Goldsmith is typical of liberationists in seeing a harmony of interests between business and society: 'There is not a separate business interest that needs to be restored to . . . prosperity at the expense of employees and customers. The interests of business are not competitive . . . but complementary and even identical with them' (quoted in Boswell and Peters, 1997, p. 157). Sir John Hoskyns, IOD chairman from 1984 to 1989, shared this outlook. In his 1988 Convention speech 'A New Agenda for Business', Hoskyns linked CSR to the IOD's radical agenda for institutional reform. He stated that 'the Institute of Directors has been at the heart of Britain's economic revolution since 1979'. Hoskyns stressed the IOD's push for privatization and a 'low-tax economy', and against collective bargaining, which he described as 'obsolescent' and 'out of date': employees should be treated as 'individuals not as collective factors of production'. But along with these priorities, Hoskyns stressed the necessity for business to 'improve the quality of business leadership' to 'help solve public problems'. The latter sounds much like CSR. In fact, Hoskyns refers specifically to the Institute of Business Ethics and BITC in his speech. He mentions that BITC's CEO Stephen O'Brien 'warmly endorsed' the IOD's 'New Agenda', as did BITC's president: the Prince of Wales (Hoskyns, 1988).

Unlike the IOD, BITC did not lead the charge against labour unions or other elements of the post-war settlement. Rather, BITC has avoided identification with any one political party and has been inclusive from the very start. The Trades Union Congress became a founding member of BITC's Governing Council, alongside representatives of business and government. Even during the coal miners' strike in 1984–1985, BITC remained committed to non-partisanship. However, being business-led, BITC was either unable or unwilling to take a stand on institutional reform that differed from the IOD, the CBI and other business associations. On these fundamental questions of the institutional rules of the game, the UK's leading CSR organization swam with the tide.

More than two decades later, the position of major British business interest associations on CSR is unchanged: businesses should engage in CSR activities as they see fit. The regulatory framework should provide them with as much discretion and as little compulsion as possible. In the words of Bryan Cress of the CBI, who lobbies to ensure that there is no regulatory framework on Corporate Responsibility, 'CSR should remain a set of voluntary initiatives'. In the context of CSR, 'one should not use the word should or must'. In addition, 'business is not a surrogate of government' (Cress, interview, 2006). Meanwhile, relations between BITC and other business organizations can be seen as a 'good cop, bad cop' division of labour: the CBI and IOD lead the charge to promote a business-friendly

environment and articulate business interests, while BITC collaborates with companies on a voluntary basis to maximize positive and minimize negative impacts. The result is an understanding of CSR as being about 'activities that go *beyond* compliance'. For example, as one official of the UK's Department of Trade and Industry (DTI) stressed, '[C]orporate taxation is not a CSR issue' (DTI, interview, 2007). If CSR consists of whatever goes beyond regulation, 'you can't have the conversation about what should be regulated', as Deborah Doane of the CORE Coalition for Corporate Accountability stresses (Doane, interview, 2006).

CSR has remained an ambiguous phenomenon within the wider field of UK politics. For British trade unions, CSR is an ambivalent phenomenon (Jones and Nisbet, 2011, pp. 304–308). 'CSR is not a substitute for legally required minimum standards which all companies should comply with', remarks Janet Williamson of the Trades Union Congress (Williamson, interview, 2006). She continues: 'One of the dangers of CSR is in the sphere of what's voluntary. CSR tends to promote a pick-and-choose agenda'. Williamson points out that virulently anti-union companies are members of BITC, such as Unipart and Asda. Similarly, the white-collar union Amicus unsuccessfully tried to use CSR to argue against the off-shoring of thousands of jobs from the UK (Williamson, interview, 2006).

Meanwhile, party politics plays little role in CSR. The Callaghan, Thatcher, Major, Blair, Brown and Cameron governments have all stepped up to the plate to support CSR and BITC with public monies. No clear line can be drawn between Thatcher and Blair. The continuous political support for CSR since James Callaghan's Labour government should caution us from interpreting its rise as a narrowly orchestrated partisan political project. Indeed, New Labour came to embrace CSR in a wholehearted way, much more so than other centre-left parties across Europe. Levitas (2005, p. ii) avers that '[f]ar from being a centre-left project, New Labour could more accurately be characterized as centre-right, combining a neo-liberal commitment to the market with notions of "community" replacing the role of the state in Thatcherism'. Along these lines, Labour MP Stephen Timms, minister for CSR from 2004 to 2005 and 2006 to 2007, has stressed a voluntary, non-regulatory approach: the 'enthusiasm with which it has been pursued by business is its strength. A regulatory glove would stifle that innovation . . . . I think my view would be that if you compare what's been achieved in the UK compared with other European countries on this agenda than we're in a pretty good position. I would argue that the progress has been made on the basis of the approach without regulation' (Timms, interview, 2007).

As this understanding of CSR has become institutionalized within the UK, one effect has been to redefine the very understanding of the corporation and shape the meaning of shareholder value within UK corporate governance.

The Companies Act of 2006 mandates that directors 'have regard' for the environmental and social impact of their business operations and disclose economic, social and governance (ESG) risks. CSR has made its way into company law. Yet this culmination of the development of CSR does not appear to challenge the primacy of shareholder-value. Stakeholder interests will be incorporated only to the extent that they are compatible with the prerogatives of 'enlightened' shareholders (Keay, 2011).

None of this diminishes the tension between the aspirations of a Hector Laing, or a John Moorehouse, for 'inclusive capitalism' (Davies, 2004, p. 650) and the structural changes in the economy, which have had the effect of a 'Reverse Robin Hood program', transferring 'income from the poor, especially the poorest, to the rich, and especially the richest' (Pollard, 1992, p. 379, quoted in Rhodes, 1999, p. 41). Evidently, it is possible to profess sincere and committed advocacy for CSR on the one hand, and a Hayekian view of society's political-economic institutions on the other. This appears to be true of Mrs Thatcher herself, as well as a number of leading figures in UK CSR. What unites CSR and neo-liberalism is an emphasis on the absence of burdensome constraints on business activity.

6.   Conclusion

This article has argued that the rise of CSR cannot be understood without attention to CSR's institutional correlates. When C.C. Pocock delivered his Ashridge Lecture in 1977, neo-liberalism was heretical. More than 30 years later, it has become the dominant orthodoxy, endorsed by political parties on the left as well as the right. But neo-liberalism did not rise unaided. Rather, as Pocock himself had prescribed, it has been accompanied by CSR. By tracing this link from the Ashridge Lecture through the Sunningdale Conference and BITC, this article challenges the conventional wisdom that CSR is at odds with neo-liberalism. In that narrative, norm entrepreneurs impose social obligations on a resistant business community concerned with profit maximization and nothing else. CSR is seen as an exogenous force that reins in the market and re-embeds the economy in society. By recounting the institutional history of CSR in the UK, this article has demonstrated that the conventional wisdom is at best a partial, and at worst a misleading view of the political economy of CSR.

Since the late-1970s, CSR and neo-liberalism have co-evolved; CSR has complemented liberalization and the ascendant neo-liberal institutional regime. However partially and imperfectly, the actions of BITC and its members have compensated for some of the social hardships arising from liberalization and neo-liberalism. At the level of individual and collective beliefs, neo-liberal sympathies do not rule out strong moral convictions and CSR engagement: on the contrary,

as this article has shown. This confirms Amable's (2011, p. 27) observation that 'the idea that neo-liberal capitalism is amoral or even immoral . . . is erroneous'.

Yet the legacy of CSR remains ambiguous and contested. Already in the 1980s, King (1989, p. 51) argued: '[T]he movement towards the voluntary sector through state divestment constitutes an initiative aimed at emulating the American tradition and breaking with the universal social rights trajectory'. Deakin and Hobbs (2007) find that despite the UK's status as CSR leader, the latter's impact on domestic working conditions has been small. More cynically, Kellner remarks: 'Active citizens are those who contribute to the success of the free market economy by picking up the pieces that the free market drops: helping charities, clearing litter, helping inner city reconstruction' (quoted in Ray, 1991, p. 129). And for Geddes (2001, p. 194), '[p]artnership is the banner under which society is invited to join in the neo-liberal project, as "stakeholders" in its outcomes. The concern must be, however, that this is not primarily a model in which business makes a substantive commitment to a more just society, but one in which society is a stakeholder in "UK plc"'. These analyses see CSR as hollow or craven.

Nonetheless, others have emphasized the dynamism and innovativeness of CSR. Despite its faults and limitations, CSR in the UK is not just a poor substitute for the dismantling of institutionalized social solidarity. Some of the things currently done in the name of CSR—new governance forms of accountability, innovation, partnerships, supply chain employment and environmental standards—did not get done in that other world, the world of the post-war compromise.[11] Julia Cleverdon, BITC CEO from 1992 until 2008, recalls that she was asked the following question: 'Can you explain to me: BITC is concerned with improving its effects on society but trust in business has fallen so fast since you've been set up'. Cleverdon quips that 'it might have fallen even faster if it hadn't been for us' (Cleverdon, interview, 2007).

Without trying to settle this account, this paper has presented a historical and institutional account of CSR in an effort to direct attention to other important new questions. First, to what extent is the close link between neo-liberalism and CSR in the UK an isolated case, or have CSR and liberalization co-evolved in other countries as well? Or more generally, how has CSR become institutionally defined in countries where the welfare state or corporatist labour relations play a stronger role in defining the role of the corporation in society? Second, how do the positions taken by politicians, business leaders and CSR association officials relate to what companies actually do and *vice versa*? If firm-level CSR activities provide partial compensation for the social costs of liberalization, how are their collective action problems dealt with? It is hoped that this contribution

---

[11]I am grateful for Michael Schwartz for making this point to me.

will spur further research into the paradoxes and ambivalences of CSR as a form of private governance.

Acknowledgements

References

Amable, B. (2011) 'Morals and Politics in the Ideology of Neo-Liberalism', *Socio-Economic Review*, **9**, 3–30.

Boswell, J. and Peters, J. (1997) *Capitalism in Contention*, Oxford, Oxford University Press.

Boyer, R. (2005) 'Complementarity in Regulation Theory', *Socio-Economic Review*, **3**, 366–371.

Business in the Community (1983) 'Annual Reports'. London.

Business in the Community (1984) 'Annual Reports'. London.

Business in the Community (1992) 'Annual Reports'. London.

Business in the Community (2008) *Mobilising Business for Good . . . it's Never Been More Important*, London, Business in the Community.

Cameron, D. (2006) Speech to the Business in the Community Annual Conference, London, UK, May 9.

Campbell, J. L. (2006) 'Institutional Analysis and the Paradox of Corporate Social Responsibility', *American Behavioral Scientist*, **49**, 925–938.

Carroll, A. B. (2008) 'A History of Corporate Social Responsibility: Concepts and Practices'. In Crane, A., McWilliams, A., Matten, D., Moon, J. and Siegel, D. S. (eds) *The Oxford Handbook of Corporate Social Responsibility*, Oxford, Oxford University Press, pp. 19–46.

Cleaver, A. B. (1987) 'The Social Responsibilities of Business', *Journal of the Royal Society of the Arts*, **135**, 747–760.

Confederation of British Industry (1981) *Company Responses to Unemployment: A Report of the Social Affairs Directorate*, London.

Conservative Party (2008) *A Light But Effective Touch*, Final Report of the Conservative Party Working Group on Responsible Business, London.

Crouch, C. (2005) *Capitalist Diversity and Change: Recombinant Governance and Institutional Entrepreneurs*, Oxford, Oxford University Press.

Crowther, D. and Rayman-Bacchus, L. (2004) 'The Future of Corporate Social Responsibility'. In Crowther, D. and Rayman-Bacchus, L. (eds) *Perspectives on Corporate Social Responsibility*, Aldershot, Ashgate, pp. 229–249.

Davies, R. (2004) 'The Business Community: Social Responsibility and Corporate Values'. In Dunning, J. H. (ed) *Making Globalization Good*, Oxford, Oxford University Press, pp. 301–319.

Deakin, S. and Hobbs, R. (2007) 'False Dawn for CSR? Shifts in Regulatory Policy and the Response of the Corporate and Financial Sectors in Britain', *Corporate Governance*, **15**, 68–76.

Department of the Environment (1980) *Papers and Proceedings: Anglo-American Conference on Community Involvement*, Sunningdale Park, UK, April 9–10.

Fazey, I. H. (1987) *The Pathfinder: The Origins of the Enterprise Agency in Britain*, London, Financial Training Publications Limited.

Finn, D. K. (2006) *The Moral Ecology of Markets*, Oxford, Oxford University Press.

Frederick, W. C. (2006) *Corporation, Be Good! The Story of Corporate Social Responsibility*, Indianapolis, IN, Dog Ear Publishing.

Geddes, M. (2001) 'Local Partnerships and Social Exclusion in the United Kingdom: A Stake in the Market?'. In Geddes, M. and Benington, J. (eds) *Local Partnerships and Social Exclusion in the European Union*, London, Routledge, pp. 170–197.

Gibb, A. and Durowse, H. (1987) 'Large Business Support for Small Enterprise Development in the UK', *Leadership, Development and Organization Journal*, **8**, 3–16.

Gjølberg, M. (2009) 'The Origin of Corporate Social Responsibility: Global Forces or National Legacies?', *Socio-Economic Review*, **7**, 605–637.

Gjølberg, M. (2011) 'Explaining Regulatory Preferences: CSR, Soft Law, or Hard Law?— Insights from a Survey of Nordic Pioneers in CSR', *Business and Politics*, **13**, Article 4, accessed at http://www.bepress.com/bap/vol13/iss2/art4/ on October 7, 2011.

Glyn, A. (2006) *Capitalism Unleashed: Finance, Globalization, Welfare*, New York, NY, Oxford University Press.

Grayson, D. (2007) *Business-led Corporate Responsibility Coalitions: Learning from the example of Business in the Community in the UK—An Insider's Perspective*, Cambridge, MA, Bedfordshire, London, Doughty Centre for Corporate Responsibility, Cranfield School of Management and the Fellows of Harvard College.

Green, E. H. H. (2002) *Ideologies of Conservatism: Conservative Political Ideas in the Twentieth Century*, Oxford, Oxford University Press.

Hall, P. and Soskice, D. (eds) (2001) *Varieties of Capitalism*, New York, NY, Oxford University Press.

Halley, D. (2007) 'Privatisation'. In Visser, W., Matten, D., Pohl, M. and Tolhurst, N. (eds) *The A to Z of Corporate Social Responsibility*, Chichester, John Wiley & Sons, Ltd., pp. 376–378.

Haufler, V. (2003) 'Globalization and Industry Self-Regulation'. In Kahler, M. and Lake, D. (eds) *Governance in a Global Economy*, Princeton, NJ, Princeton University Press, pp. 226–254.

Heseltine, M. (1983) *Reviving the Inner Cities*, London, Conservative Political Centre.

Hoskyns, J. (1988). 'A New Agenda for Business'. Speech delivered at the 1988 Convention of the Institute of Directors, Royal Albert Hall, London, UK, February 24.

Howell, C. (2005) *Trade Unions and the State: The Construction of Industrial Relations Institution in Britain, 1890–2000*, Princeton, NJ, Princeton University Press.

Jackson, G. and Apostolakou, A. (2010) 'Varieties of CSR and European Models of Capitalism: CSR as an Institutional Mirror or a Substitute?', *Journal of Business Ethics*, **94**, 371–394.

Johnson, V. (2007) 'What is Organizational Imprinting? Cultural Entrepreneurship in the Founding of the Paris Opera', *American Journal of Sociology*, **113**, 97–127.

Jones, B. (2007) 'Citizens, Partners or Patrons? Corporate Power and Patronage Capitalism', *Journal of Civil Society*, **3**, 159–177.

Jones, B. and Nisbet, P. (2011) 'Shareholder Value Versus Stakeholder Values: CSR and Financialization in Global Food Firms', *Socio-Economic Review*, **9**, 287–314.

Joseph, E. (2003) *A New Business Agenda for Government*, London, Institute for Public Policy Research.

Kang, N. and Moon, J. (2012) 'Institutional Complementarity between Corporate Governance and Corporate Social Responsibility: A Comparative Institutional Analysis of Three Capitalisms', *Socio-Economic Review*, **10**, 85–108.

Keay, A. (2011) 'Moving Towards Stakeholderism? Constituency Statutes, Enlightened Shareholder Value, and More: Much Ado About Little?', *European Business Law Review*, **22**, 1–49.

Kinderman, D. (2008) *The Political Economy of Corporate Responsibility in Germany: 1995–2008*. Part Five in the Germany in Global Economic Governance Series, Ithaca, NY, Mario Einaudi Center for International Studies. Cornell University.

Kinderman, D. (2010) 'The Political Economy of Corporate Responsibility Across Europe and Beyond: 1977–2007', unpublished Ph.D. diss., Cornell University.

King, D. S. (1989) 'Voluntary and State Provision of Welfare as Part of the Public-Private Continuum: Modeling the Shifting Involvements in Britain and the US'. In Ware, A. (ed) *Charities and Government*, Manchester, Manchester University Press, pp. 29–54.

Koos, S. (2012) 'The Institutional Embeddedness of Social Responsibility: A Multilevel Analysis of Smaller Firms' Civic Engagement in Western Europe', *Socio-Economic Review*, **10**, 135–162.

Laing, H. (1985). *The Morality of the Distribution of Wealth*, London: St. Lawrence Jewry, 23 October.

Laing, H. (1990*a*) *A Parting Shot*, London, United Biscuits.

Laing, H. (1990*b*) 'The Balance of Responsibilities'. In *Creative tension?*, London, National Association of Pension Funds, pp. 59–69.

Levitas, R. (2005) *The Inclusive Society? Social Exclusion and New Labour*, Basingstoke, Palgrave MacMillan.

Levy, D. L. and Kaplan, R. (2008) 'Corporate Social Responsibility and Theories of Global Governance'. In Crane, A., McWilliams, A., Matten, D., Moon, J. and Siegel, D. S. (eds) *The Oxford Handbook of Corporate Social Responsibility*, Oxford, Oxford University Press, pp. 432–451.

MacLeod, M. R. (2007) 'Financial Actors and Instruments in the Construction of Global Corporate Accountability'. In Ebrahim, A. and Weisband, E. (eds) *Global Accountabilities*, Cambridge, Cambridge University Press, pp. 227–251.

Marens, R. (2012) 'Generous in Victory? American Managerial Autonomy, Labour Relations and the Invention of Corporate Social Responsibility', *Socio-Economic Review*, **10**, 59–84.

Marinetto, M. (1998) *Corporate Social Involvement: Social, Political and Environmental Issues in Britain and Italy*, Aldershot, Ashgate.

Matten, D. and Moon, J. (2008) '"Implicit" and "Explicit" CSR—A conceptual framework for a comparative understanding of Corporate Social Responsibility', *Academy of Management Review*, **33**, 404–424.

McKinsey (1994) *Strategic Impact Review of Business in the Community*, London, McKinsey Consultants.

Midttun, A., Gautesen, K. and Gjølberg, M. (2006) 'The Political Economy of CSR in Western Europe', *Corporate Governance*, **6**, 369–385.

Moon, J. (2002) 'The Social Responsibility of Business and New Governance', *Government and Opposition*, **37**, 385–408.

Moon, J. (2004). *Government as a Driver of Corporate Social Responsibility*, No. 20-2004 ICCSR Research Paper Series, Nottingham, International Centre for Corporate Social Responsibility, Nottingham University Business School.

Moon, J. (2005) 'An Explicit Model of Business-Society Relations'. In Habisch, A., Jonker, J., Wegner, M. and Schmidpeter, R. (eds) *Corporate Responsibility Across Europe*, Berlin, Springer, pp. 51–66.

Moon, J., Kang, N. and Gond, J.-P. (2010) 'Corporate Social Responsibility and Government'. In Coen, D., Grant, W. and Wilson, G. (eds) *The Oxford Handbook of Business and Government*, Oxford, Oxford University Press, pp. 512–543.

Morison, H. (1987) *The Regeneration of Local Economies*, Oxford, Clarendon Press.

Mudge, S. L. (2008) 'What is Neo-Liberalism?', *Socio-Economic Review*, **6**, 703–731.

Pocock, C. C. (1978) *More Jobs: A Small Cure for a Big Problem*, London, Ashridge Management College.

Pocock, C. C. (1979*a*) 'Global Change: The Political Challenge', *The McKinsey Quarterly*, **4**, 21–34.

Pocock, C. C. (1979*b*) 'Trends in International Business and the Consequences for British Industry and Management Education in the 1980s', *Management Learning*, **10**, 194–199.

Pugh, P. (1991) *A Clear and Simple Vision*, Cambridge, Cambridge Business Publishing.

Ray, L. (1991) 'A Thatcher Export Phenomenon? The Enterprise Culture in Eastern Europe'. In Keat, R. and Abercrombie, N. (eds) *Enterprise Culture*, London, Routledge, pp. 114–135.

Rhodes, M. (1999) 'Restructuring the British Welfare State: Between Domestic Constraints and Global Imperatives'. In Scharpf, F. W. and Schmidt, V. A. (eds) *Welfare and Work in the Open Economy. Volume II. Diverse Approaches to Common Challenges*, Oxford, Oxford University Press, pp. 19–68.

Richardson, J. (1983) 'The Development of Corporate Responsibility in the UK', *Strathclyde Papers on Government and Politics*, **1**, 1–39.

Riddell, P. (1989) *The Thatcher Decade*, Oxford, Blackwell.

Robens, A. (1977) *Managing Great Britain Limited*, London, Ashridge Management College.

Ruggie, J. G. (1982) 'International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order', *International Organization*, **36**, 379–415.

Sadler, D. and Lloyd, S. (2009) 'Neo-Liberalising Corporate Social Responsibility: A Political Economy of Corporate Citizenship', *Geoforum*, **40**, 613–622.

Scottish Business in the Community (1992) *Unpublished Minutes of the Executive Board of Scottish Business in the Community*, Edinburgh.

Shamir, R. (2008) 'The Age of Responsibilization: On Market-Embedded Morality', *Economy and Society*, **37**, 1–19.

Soule, S. (2009) *Contention and Corporate Social Responsibility*, New York, NY, Cambridge University Press.

Streeck, W. (2009) *Re-Forming Capitalism*, Oxford, Oxford University Press.

Thatcher, M. (1993) *The Downing Street Years*, London, HarperCollins.

Thelen, K. (1999) 'Historical Institutionalism in Comparative Politics', *Annual Review of Political Science*, **2**, 369–404.

Vogel, D. (2005) *The Market for Virtue*, Washington, DC, The Brookings Institution Press.

Weinberg, M. (1990) 'Companies that Do Care', *First: Keynote Articles on the Relationship between Business and the Community*, London, Business in the Community.

Appendix

Interviews cited

Cooke, J. (2007) London, July 17.
Cress, B (2006) London, November 23.
Department of Trade and Industry (2006) London, November 21.
Doane, D. (2006) London, November 23.
Laing, H. (2006) London, July 6.
Moorhouse, J. (2007) Edinburgh, July 12.
Sheppard, A. (2006) London, November 21.
Timms, S. (2007) London, July 16.
Williamson, J. (2006) London, November 29.