

Corporate Social Responsibility and the Priority of Shareholders

Nien-hé Hsieh

ABSTRACT. In a series of articles, Thomas Dunfee defended the view that managers are permitted and at times, required, to utilize corporate resources to alleviate human misery even if this is at the expense of shareholder interests. In this article, I summarize Dunfee's defense of this view, raise some questions about his account and propose ways in which to answer these questions. The aim of this article is to highlight one of Dunfee's contributions to the debate about corporate governance and corporate responsibility.

KEY WORDS: corporate citizenship, corporate governance, corporate social responsibility, shareholder primacy, social initiatives, stakeholder theory

In what way should the interests of various economic actors figure into the decisions of corporate managers? Answering this question remains a central debate for scholars of corporate governance and business ethics. My aim in this article is to highlight Thomas Dunfee's contribution to this debate. Specifically, I analyze his argument that managers are morally permitted and at times, required, to devote corporate resources to alleviate human misery even if this is at the expense of shareholder interests.

On some theories of corporate purpose, it is straightforward to argue that managers are morally permitted to use corporate resources to alleviate human misery even if at the expense of shareholder interests. Consider as examples two prominent theories of corporate purpose: stakeholder theory and corporate citizenship theory. Stakeholder theory defines "stakeholders" as "groups and individuals who benefit from and are harmed by corporate actions" (Melé, 2008, p. 62). According to stakeholder theory, the corporation ought to be managed for the benefit of all its stakeholders (Melé, 2008, p. 63). Corporate citizenship theories take as their starting point the idea that business enterprises are a part of society. From there they emphasize business enterprises' "role in respecting and defending human rights and in contributing to social welfare and human development within society" (Melé, 2008, p. 73). According to these theories, shareholders have no special, or even *prima facie*, claim on corporate resources that would limit managers from using some of those resources to alleviate human misery at the expense of shareholder interests.

In contrast, for many commentators, shareholders do have a special moral claim on the use of corporate resources relative to other non-shareholders. The starkest expression of this view is found, of course, in the theory of shareholder primacy. Shareholder primacy holds that corporate managers ought to maximize the interests of shareholders subject to some minimal set of moral constraints (Melé, 2008, p. 55). If non-shareholder interests are to be taken into account for their own sake, they normally are said to ground little more than negative duties on the part of managers to not *worsen* those interests.¹ However, the alleviation of human misery involves *promoting* the interests of those who are suffering. Those who subscribe to the intuition that corporate

Nien-hé Hsieh is an Associate Professor in the Legal Studies and Business Ethics Department at the Wharton School, University of Pennsylvania with a secondary appointment in the Department of Philosophy. He also serves as Co-Director of the Wharton Ethics Program. He writes about ethical issues in the context of economic activity. Current research topics include managerial and corporate responsibility, the moral dimensions of work, and incommensurable values. His work appears in *Business Ethics Quarterly*, *Economics and Philosophy*, *The Journal of Business Ethics*, *The Journal of Political Philosophy*, *Philosophy and Public Affairs*, *Social Theory and Practice*, and *Utilitas*.

resources ought to be devoted to alleviate human suffering may well ask whether this intuition can be defended in the context of a theory of corporate purpose that grants shareholders a special claim over corporate resources.

Dunfee's contribution to this debate is to articulate a theory of corporate purpose that promises to retain the core of shareholder primacy while accommodating the view that managers are morally permitted and at times, required, to devote corporate resources to alleviate human misery even if this comes at the expense of shareholder interests (Dunfee, 1998, 1999, 2006; Dunfee and Hess, 2000; Hess et al., 2002). His contribution is important. If correct, Dunfee is able to account for a widely held intuition – namely, that corporations have a responsibility to alleviate human misery even if at the expense of shareholder interests – without having to reject another widely held intuition, which is that shareholders have a special claim over the use of corporate resources.

Another way to frame Dunfee's contribution is as follows. Acknowledging a responsibility on the part of corporations to alleviate human misery is often thought to involve attributing positive duties of a very broad sort to corporations, such as a duty of beneficence or a duty to promote overall social good. In the theoretical literature, commentators have tended to object to assigning positive duties of this general sort to corporations or their managers.² Dunfee's account promises to ground a responsibility on the part of corporations to help alleviate human misery without having to attribute positive duties of this general sort to corporations or their managers. More generally, Dunfee helps to extend the boundaries of what is permitted in the course of managerial decision-making and deepens our understanding of the limits of shareholder primacy as the correct account of corporate purpose.

Two points of clarification are in order. First, I do not mean to claim that all proponents of shareholder primacy accept the account put forward by Dunfee. Some proponents of shareholder primacy reject any promotion of non-shareholder interests for their own sake. My point is simply that Dunfee's approach allows for the promotion of non-shareholder interests, for their own sake, in a way that does not undermine what I take to be the key feature of

shareholder primacy, which is the priority of shareholder interests. Second, this article is not meant to provide a defense of shareholder primacy as an account of corporate purpose over other accounts such as stakeholder theory or corporate citizenship theory. Rather, the article focuses on an argument according to which proponents of shareholder primacy need not reject the underlying motivation of shareholder primacy in order to accommodate the intuition that managers have a responsibility to alleviate human misery.³

The article is organized as follows. In the first section, I provide a summary of Dunfee's argument in defense of the view that corporate managers are morally permitted and at times, required, to direct resources to alleviate human misery even if this is at the expense of shareholder interests. I then raise two questions about his account in sections 2 and 3. In section 4, I discuss what the answers to these questions suggest more generally about attempts to reconcile the priority of shareholder interests with managerial responsibilities to promote the interests of other parties.

1

In "The Legitimacy of Direct Corporate Humanitarian Investment," Dunfee and Hess argue that private corporations have a comparative advantage relative to public sector institutions in helping to alleviate human misery (2000, pp. 99–100). Dunfee and Hess point to three features of private corporations. First, Dunfee and Hess cite evidence to suggest that employees of private firms are less likely to take bribes than public officials and that the features associated with private firms reduce the internal influence of corruption (2000, p. 99). Second, they argue that firms are "better able to redirect resources in a new direction" thereby allowing them to meet new social challenges more effectively (2000, p. 100). Third, private firms have unique competencies and knowledge in solving problems (2000, p. 100). Corporations, in the authors' view, have many advantages in alleviating human misery. Yet, as discussed above, there is a strongly held intuition that managers would be wrong to devote corporate resources to alleviate human misery. Accordingly, how to justify such managerial decisions becomes a

“key normative question” for Dunfee and Hess (2000, p. 103).

The basic framework in which to justify such managerial decisions is found in an earlier article by Dunfee, “Corporate Governance in a Market with Morality” (1999). In this article, Dunfee advances four guiding principles for corporate managers (1999, p. 149).

- (1) There is a presumption that all corporate actions must be undertaken to maximize shareholder wealth;
- (2) Managers must respond to and anticipate existing and changing marketplace morality relevant to the firm that may have a negative impact on shareholder wealth;
- (3) The presumption in Principle One may be rebutted where clear and convincing evidence exists that marketplace morality relevant to the firm would justify a decision that cannot be shown to maximize shareholder wealth directly; and
- (4) Managers must act consistently with hypernorms (manifest universal norms and principles).

Similar to shareholder primacy, Dunfee holds that the priority of corporate managers is to take decisions that maximize shareholder interests, which is understood in this case to involve maximizing shareholder wealth. However, on his account, managers may be permitted and required at times to utilize corporate resources in ways that do not maximize shareholder wealth.

Consider Principle Three. By “marketplace morality,” Dunfee has in mind the moral beliefs of participants in the market. In some cases, corporate managers are able to maximize shareholder wealth by acting in a manner consistent with these moral beliefs. As an example, Dunfee cites the increase in sales of StarKist tuna fish when the company switched to suppliers that protected dolphins even though the switch led to higher prices (Dunfee, 1999, p. 141). Dunfee acknowledges, however, that in some cases maximizing shareholder wealth is in tension with the moral beliefs of market participants (Dunfee and Hess, 2000).⁴ In such cases, when there is “clear and convincing evidence” that the beliefs of market participants would “justify a decision that cannot be shown to maximize wealth directly,” on Dunfee’s account, managers need not act to maximize shareholder wealth. To say that marketplace morality would “justify” such a decision, I take it, is to say that it would be either

morally permissible or morally required for the manager to take a decision that need not maximize shareholder wealth.

Consider now Principle Four. According to Principle Four, “managers must act consistently with hypernorms (manifest universal norms and principles).” For purposes of this article, we can leave aside a full account of what is meant by a “hypernorm” and the role it plays in Integrative Social Contracts Theory (ISCT).⁵ For purposes of this article, what matters is that Principle Four makes explicit the need to consider moral principles that permit or require corporate managers to devote corporate resources to the alleviation of human misery in ways that override the interests of shareholders. These moral principles may apply to corporate managers either in their role as corporate managers or in their general capacity as moral agents.

The most detailed illustration of Dunfee’s general approach to the question of the permissibility of devoting corporate resources to the alleviation of human misery is found in his discussion of the AIDS catastrophe in Sub-Saharan Africa (2006). Dunfee argues that global pharmaceutical companies have a moral responsibility to aid the victims of the catastrophe. Specifically, he defends the following “Statement of Minimal Moral Obligation (SMMO)” (2006, p. 186):

Firms possessing a unique human catastrophe rescue competency have a moral obligation to devote substantial resources toward best efforts to aid the victims of the catastrophe. Unless financial exigency justifies a lower level of investment, they should devote, *at a minimum*, the largest sum of (1) their most recent investments in social initiatives, (2) their five year average of investment in social initiatives, (3) their industry’s average investment in social investments, or (4) the average investment in social initiatives by firms in their home nation. They may devote a portion of those resources to concurrent social initiatives only if there is an equally compelling rationale for such an investment.

As the stringent requirements both for something to qualify as a “catastrophe” and for a corporation to qualify as having a “unique human catastrophe rescue competency,” Dunfee regards the SMMO as applying “relatively rarely” and “to only a small set of firms” (2006, p. 200).

Dunfee defends the SMMO both with reference to the moral beliefs of market participants (Principle Three) and what he takes to be universal moral principles (Principle Four). In line with Principle Three, Dunfee argues there are widely held expectations among NGOs, government bodies, and other stakeholders that pharmaceutical companies ought to act to help those suffering under the AIDS catastrophe. He also cites the pharmaceutical companies' own stated recognition of a duty "to do what it takes" to resolve the AIDS catastrophe (Dunfee, 2006, p. 197). In line with Principle Four, Dunfee makes reference to two moral principles that assign to individuals an obligation to assist those in dire need. The first is the Principle of Group Responsibility as put forward by Robert Goodin. The Principle states,

If A's interests are vulnerable to the actions and choices of a group of individuals, either disjunctively or conjunctively, then that group has a special responsibility to (a) organize (formally or informally) and (b) implement a scheme for coordinated action by members of the group such that A's interests will be protected as well as they can be by that group, consistently with the group's other responsibilities (Goodin, 1985, p. 136).

The second is the Rescue Principle as articulated by Thomas Scanlon (1999). According to the Rescue Principle,

(I)f you are presented with a situation in which you can prevent something very bad from happening, or alleviate someone's dire plight, by making only a slight (or even moderate) sacrifice, then it would be wrong not to do so (Scanlon, 1999, p. 224).

Dunfee views his account as applying principles along these lines to corporations (2006, pp. 196–197). In this manner, Dunfee defends a responsibility on the part of global pharmaceutical companies to help alleviate human suffering in the context of the AIDS catastrophe in Sub-Saharan Africa without denying that in general, corporate managers ought to prioritize the interests of shareholders.

2

I now raise a question about the priority of Principle One over Principles Three and Four in Dunfee's

account of corporate purpose and responsibility. As noted in the previous section, Dunfee's account promises to retain the priority of shareholder interests by recognizing only a limited responsibility on the part of corporate managers to help alleviate human suffering even if at the expense of shareholder interests. This priority of shareholder interests is reflected in Principle One – "There is a presumption that all corporate actions must be undertaken to maximize shareholder wealth" – and its apparent priority over Principles Three and Four.

The kinds of moral beliefs that Dunfee considers with respect to Principle Three and the universal principles he considers with respect to Principle Four are consistent with this prioritization. For example, in the case of the moral beliefs of market participants, Dunfee cites the responses of 15,000 middle managers in 12 countries to the following question:

Which of these opinions do you think most other people, in your own country would think better represents the goals of a company, (a) or (b)? (a) The only real goal of a company is making profit. (b) A company, besides making profit, has a goal of attaining the well-being of various stakeholders, such as employees, customers, etc.

Dunfee notes that "in no country did a majority of managers agree with the first answer" (1999, p. 144). On the basis of these responses, even though it recognizes corporate goals in addition to maximizing shareholder interests, marketplace morality appears to take the pursuit of shareholder interests (in the form of profit) as a primary goal.

Consider now the universal moral principles that Dunfee cites in support of the SMMO: the Principle of Group Responsibility and the Rescue Principle. Neither of these principles requires corporate managers to forgo pursuit of shareholder interests as their primary goal. Rather, these principles call for only limited restrictions on the pursuit of shareholder interests. The Principle of Group Responsibility requires assistance on terms that are consistent with the group members' other responsibilities. The Rescue Principle requires assistance of an individual when she is presented with the opportunity to assist; it does not require that she adopt as her primary purpose the provision of assistance. Put another way,

the Rescue Principle requires assistance on the part of individuals in the context of pursuing their own goals. It is silent as to whether those goals are themselves the right ones to pursue. In this manner, the universal moral principles that Dunfee considers as placing limits on what managers are permitted to do in furthering shareholder interests are nonetheless consistent with maintaining the priority of shareholder interests.

Suppose, however, that the beliefs of market participants in certain economies are consistent with stakeholder theory.⁶ Or suppose it is the case that universal moral principles, such as principles of justice, require “workplace democracy” – that is, for corporations to be managed in the interests of workers rather than shareholders.⁷ If marketplace morality or universal moral principles are not consistent with according priority to shareholders, what does this mean for the priority of Principle One over Principles Three and Four?

One possible response to this question is that shareholders have no stronger claim to benefit from corporate resources over any other party and that managers need not accord them any special priority in decision-making. After all, there is only a presumption that all corporate activities must be undertaken to maximize shareholder wealth. This response, however, does not seem to be in keeping with the spirit of Dunfee’s account. As Dunfee writes, “Principle One requires shareholder wealth maximization as the first duty” (1999, p. 149). Furthermore, if the claims of shareholders are no stronger than those of any other party, it seems there is no reason to have Principle One in the first place. To put the point another way, why single out shareholders if their claims are no stronger than that of any other party? The whole point of having Principle One in the first place, it seems, is to establish the priority of shareholder interests.

Another response is that granting priority to shareholders in the way envisioned by Principle One is, in fact, consistent with marketplace morality and universal moral principles. Under this response, stakeholder theory and workplace democracy, for example, are simply inconsistent with marketplace morality and universal moral principles. In turn, it never is the case that marketplace morality or universal moral principles override the priority of shareholder interests in the ways described above.

To be clear, under this response, marketplace morality and universal moral principles need not hold that maximizing shareholder wealth is the only duty of corporate managers. Under this response, managers may have duties in addition to that of maximizing shareholder wealth. Instead, what marketplace morality and universal moral principles cannot hold is that shareholder interests are simply one among many interests to be considered by managers such that their interests are no greater than any other interest. If correct, a response along these lines seems to be the most straightforward way in which to make sense of the priority of shareholder interests in a manner consistent with prioritizing Principle One over Principles Three and Four.⁸

3

I now turn to consider a second question that arises in Dunfee’s account of corporate purpose. This concerns the requirement, as put forward in the SMMO, that corporations are permitted to devote a share of their minimal obligation to non-catastrophic social causes only if the rationale for contributing to these other causes is as compelling as the case for alleviating the suffering caused by the catastrophe (Dunfee, 2006, p. 186).

To illustrate this requirement, Dunfee cites the financial support by GlaxoSmithKline and Merck for the building of the Kimmel Center for the Performing Arts in Philadelphia, Pennsylvania. Dunfee writes, “although donations to the arts are worthy, they do not sustain justifications equivalent to the need for commitment of the rescue of the victims of the sub-Saharan AIDS catastrophe” (Dunfee, 2006, p. 193). According to the SMMO, assuming that GlaxoSmithKline and Merck have a responsibility to help alleviate the AIDS catastrophe in Sub-Saharan Africa, it would be wrong to continue to contribute resources to the Kimmel Center for the Performing Arts in Philadelphia.

In the first instance, this seems to be a reasonable requirement. As discussed above, Dunfee understands the SMMO to involve an extension of the Rescue Principle to corporations. In the case of rescue, until an actor has discharged her duty to engage in rescue, there is reason to hold that it

would be wrong for her to divert assistance away from the rescue. To divert assistance would be fail to discharge her duty to engage in rescue. Similarly, if pharmaceutical companies have a responsibility to provide assistance until the situation in Sub-Saharan Africa can no longer be categorized as a catastrophe, then they would be wrong to divert their assistance to other causes. The companies would fail to discharge their responsibility to engage in rescue.

This interpretation of the wrong in diverting resources to a non-catastrophe social cause, however, does not seem to be the idea that Dunfee has in mind. Unlike in the case of rescue, the SMMO permits the diversion of assistance to a non-catastrophe social cause even if the need for assistance to alleviate the catastrophe continues. All that matters is that there is an “equally compelling” justification for contributing to the alternate social cause. The catastrophe itself need not be over. In turn, the wrong in diverting resources from a catastrophe to a non-catastrophe social cause in the absence of an “equally compelling” justification does not seem to follow from a failure to discharge the responsibility to engage in rescue. To clarify, by an “equally compelling” rationale, Dunfee does not have in mind the satisfaction of some consequentialist calculation according to which overall good is maximized. Rather, he writes that the “key point” is to have corporations “think seriously about the value of each of their social initiatives” in terms of the “human values inherent in the program” (2006, p. 196). Accordingly, the wrong seems to be devoting resources to a social cause that is less valuable than alleviating the catastrophe, and not a failure to discharge the responsibility to engage in rescue.

The question arises as to how to make sense of Dunfee’s claim without adopting the sort of consequentialist reasoning to which he objects. To be clear, the concern is not entirely avoided by shifting the measure of value from some overall aggregate measure of good to what Dunfee terms “human values.” Even if we were shift to some other measure of human value, the problem associated with consequentialist reasoning still remains – namely, the view that the manager’s duty is to maximize some set of values. The problem is that as long as those values are not the same as shareholder wealth, then it seems that the manager fails in this duty when she

maximizes shareholder wealth. I take it that Dunfee would deny such a view.

In the light of these points, what is the best way to make sense of this requirement to devote corporate resources only to those causes that have a justification as compelling as that of alleviating the suffering in a catastrophe? One way to make sense of this requirement is to understand the presumption to maximize shareholder wealth as a very strong presumption. On such an understanding, the rationale for using corporate resources in a manner contrary to shareholder interests must be a highly compelling one (like rescue in the face of a catastrophe). To say there must be an equally compelling rationale to devote resources to a non-catastrophe social cause is simply to say there must be a sufficiently compelling rationale to use corporate resources in a manner that may be contrary to shareholder interests. Hence, it is by granting shareholders a very strong claim over the use of corporate resources that we can make plausible the requirement to compare the impact of different programs without resorting to the sort of purely consequentialist thinking that Dunfee rejects.

4

I close this article with a brief discussion about what the answers to these questions, and Dunfee’s account more generally, suggest for attempts to reconcile granting priority to shareholder interests with any kind of managerial responsibility to promote the interests of other parties. I raise three points.

First, the discussion helps to make clear that the difference between Dunfee’s approach and approaches such as stakeholder theory or corporate citizenship theory is not simply a matter of degree. Like stakeholder theory and corporate citizenship theory, Dunfee’s approach holds that corporate managers have a responsibility to promote interests of parties other than shareholders. In comparison to stakeholder theory or corporate citizenship theory, Dunfee’s approach argues for a more limited scope for promoting the interests of non-shareholders. Accordingly, it may be tempting to characterize the difference between Dunfee’s approach and that of stakeholder theory or corporate citizenship theory as one of degree. This, however, would be a mistake. Under Dunfee’s approach as I have

summarized it, shareholder interests are not simply accorded more weight relative to the interests of other parties. Rather, their interests are best understood as carrying a kind of lexical priority that can be overridden by the interests of other parties only in specific circumstances, e.g., the need for rescue in the face of a catastrophe. In this respect, Dunfee's account is more akin to versions of shareholder primacy that recognize constraints on what is permitted of managers in pursuing the interests of shareholders.⁹

Second, the discussion suggests that any managerial responsibility to promote the interests of other parties is likely to be limited in scope if any kind of non-trivial priority is granted to the interests of shareholders. As discussed in section 2, the most plausible way in which to incorporate marketplace morality and universal moral principles in a manner consistent with the priority of Principle One over Principles Three and Four is to assume that marketplace morality and university moral principles are, in fact, consistent with granting priority to shareholders. As discussed in section 3, the most plausible way in which to make sense of Dunfee's requirement that managers devote corporate resources only to those causes that have a justification as compelling as that of engaging in rescue is to acknowledge a very strong claim to these resources on the part of shareholders. In other words, if we are to grant any sort of non-trivial priority to shareholder interests, the scope for promoting the interests of other parties is likely to be fairly narrow, limited to situations such as that of rescue in the face of a catastrophe.

Third, at the same time, it remains to be seen just what sorts of managerial responsibilities to promote the interests of non-shareholders are consistent with granting priority to shareholder interests. As Dunfee notes, his account of the responsibilities of pharmaceutical companies in the face of the Sub-Saharan AIDS catastrophe is an account of their minimal obligation. His approach leaves open the possibility that more may be required of them. Furthermore, Dunfee's account leaves aside a specific justification for Principle One (1999, p. 149). The approach adopted by Dunfee is to ask under what circumstances it would be permissible or required to override the duty to promote shareholder interests, no matter what the justification for the duty to

promote shareholder interests. There is reason to hold that rescue is one of those circumstances. However, for other circumstances, whether or not it is permissible or required to override the duty to promote shareholder interests may depend upon the nature of the justification for the duty to promote shareholder interests.

Dunfee no doubt would have much to say about these points and in response to the two questions that I have raised about his account. I can only speculate whether he would agree with these points or with the answers to these questions. My aim has been to provide what I take to be the most faithful interpretation of Dunfee's account of corporate responsibility and to explore some of the issues it raises. In doing so, I hope to highlight Dunfee's contribution to debates on corporate purpose and responsibility, and to understand what his approach suggests for where to go next in understanding better the responsibilities of corporate managers. As noted at the outset of this article, Dunfee's approach promises to reconcile a number of strongly held intuitions about the responsibilities of corporate managers. It saddens me that we can no longer ask him for further help and guidance.

Notes

¹ See, for example, Donaldson (1989).

² For business ethics, the classic statement of this general view is located in Friedman (1970).

³ With that said, the plausibility of this intuition is often taken to count in favor of stakeholder theory or corporate citizenship theories over shareholder primacy. By making the case that versions of shareholder primacy also are able to accommodate this intuition, the argument in this article may be said to go some way toward a defense of shareholder primacy.

⁴ For some discussions on the relation between corporate social performance and corporate financial performance, see Frank (1996); Margolis and Walsh (2003); Sen and Bhattacharya (2001); Vogel (2005).

⁵ For summary discussions of hypernorms and Integrative Social Contracts Theory (ISCT), see Donaldson and Dunfee (2000, 2005).

⁶ To be clear, the issue I raise is not the question of why the moral beliefs of market participants should be taken to be dispositive on moral questions. That is a question taken up by other authors in this special issue.

⁷ It has been argued, for example, on the basis of John Rawls's theory of justice (1999), that the principles of justice require some form of democratic socialism or economic democracy in which workers have at least an equal say as do providers of capital in the management and governance of corporations. For a summary of this literature, see Hsieh (2008).

⁸ It remains to be argued whether the priority of shareholder interests is consistent with marketplace morality or universal moral principles.

⁹ Elsewhere, I explore the kinds of managerial responsibilities that are consistent with adopting such an approach (Hsieh, 2005, 2009).

References

- Donaldson, T.: 1989, 'Moral Minimums for Multinationals', *Ethics and International Affairs* **3**, 163–182.
- Donaldson, T. and T. Dunfee: 2000, 'Précis for: *Ties That Bind*', *Business and Society Review* **106**, 436–443.
- Donaldson, T. and T. Dunfee: 2005, 'Integrative Social Contracts Theory', in P. Werhane and R. E. Freeman (eds.), *The Blackwell Encyclopedia of Management, Vol. II, Business Ethics*, 2nd Edition (Blackwell, Oxford), pp. 243–247.
- Dunfee, T.: 1998, 'The Marketplace of Morality: First Steps toward a Theory of Moral Choice', *Business Ethics Quarterly* **8**, 127–145.
- Dunfee, T.: 1999, 'Corporate Governance in a Market with Morality', *Law and Contemporary Problems* **62**, 129–157.
- Dunfee, T.: 2006, 'Do Firms with Unique Competencies for Rescuing Victims of Human Catastrophes Have Special Obligations? Corporate Responsibility and the AIDS Catastrophe in Sub-Saharan Africa', *Business Ethics Quarterly* **16**, 185–210.
- Dunfee, T. and D. Hess: 2000, 'The Legitimacy of Direct Corporate Humanitarian Investment', *Business Ethics Quarterly* **10**, 95–109.
- Frank, R.: 1996, 'Can Socially Responsible Firms Survive in a Competitive Environment?', in D. Messick (ed.), *Codes of Conduct: Behavioral Research into Business Ethics* (Russell Sage Foundation, New York), pp. 86–103.
- Friedman, M.: 1970, 'The Social Responsibility of Business is to Increase Its Profit', *The New York Times Magazine*, 13 September, p. 32.
- Goodin, R.: 1985, *Protecting the Vulnerable: A Re-Analysis of Our Social Responsibilities* (University of Chicago Press, Chicago).
- Hess, D., N. Rogovsky and T. Dunfee: 2002, 'The Next Wave of Corporate Community Involvement: Corporate Social Initiatives', *California Management Review* **44**, 110–125.
- Hsieh, N.: 2005, 'Property Rights in Crisis: Managers and Rescue', in M. Santoro and T. Gorrie (eds.), *Ethics and the Pharmaceutical Industry in the 21st Century* (Cambridge University Press, Cambridge), pp. 379–385.
- Hsieh, N.: 2008, 'Justice in Production', *The Journal of Political Philosophy* **16**, 72–100.
- Hsieh, N.: 2009, 'Does Global Business Have a Responsibility to Promote Just Institutions?', *Business Ethics Quarterly* **19**, 251–273.
- Margolis, J. and J. Walsh: 2003, 'Misery Loves Companies: Rethinking Social Initiatives by Business', *Administrative Science Quarterly* **48**, 268–305.
- Melé, D.: 2008, 'Corporate Social Responsibility Theories', in A. Crane, A. McWilliams, D. Matten, J. Moon and D. Siegel (eds.), *The Oxford Handbook of Corporate Social Responsibility* (Oxford University Press, Oxford), pp. 47–82.
- Rawls, J.: 1999, *A Theory of Justice*, Revised Edition (Harvard University Press, Cambridge).
- Scanlon, T.: 1999, *What We Owe to Each Other* (Belknap Press, Cambridge).
- Sen, S. and C. B. Bhattacharya: 2001, 'Does Doing Good Always Lead to Doing Better? Consumer Reactions to Corporate Social Responsibility', *Journal of Marketing Research* **38**, 225–244.
- Vogel, D.: 2005, *The Market for Virtue* (Brookings Institution Press, Washington, DC).

*Department of Legal Studies and Business Ethics,
The Wharton School, University of Pennsylvania,
Philadelphia, PA 19104-6340, U.S.A.
E-mail: nhsieh@wharton.upenn.edu*