Responsible business: a challenging opportunity

An introduction to maximising the social impact of business

By Ian Taylor, Researcher & Policy Associate,
Government Outcomes Lab, University of Oxford

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What is responsible business?

Responsible business as an area of study and practice covers the role of business in social life and focuses on how government, business and the third sector can deliver the best outcomes for society. This introduction offers an overview of the topic and some prominent issues for public policy consideration.

Questions that are prominent in approaching responsible business:

- Should businesses focus exclusively on generating profits for shareholders?
- Should businesses be highly active in social and environmental interventions?
- Is it inefficient for business to have either too narrow or too broad a focus?
- Is it ill-advised to allow politics and business to mix too closely?

The dynamism of business makes it arguably the most powerful force in society and the question of how the productivity of business can best serve that society is an important one. Since, fundamentally, businesses are a way of organising the efforts of people to produce and distribute goods and services as efficiently as possible, it is proper that all stakeholders in society constantly consider how to maximise that efficiency. Adam's Smith's observation that profit maximizing firms trading in competitive markets leads to the benefit of all society is complicated by the fact that markets are almost never fully efficient, necessitating government intervene to correct failures.[1] Encouraging responsible business may be a way to guide correction of some of these market failures.

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[1] Stiglitz, J., 'Regulation and Failure' in Cisternino, J. & Moss, D. (eds.), *New Perspectives on Regulation*, (Cambridge, MA; The Tobin Project, 2009), pp. 11-23, at pp. 13-14.

2020 has proven to be a time of intense consideration as to the way that businesses can improve their own prosperity and the prosperity of the wider society that they are a part of. A degree of consensus is forming around business leaders, policy makers and shareholders that it is necessary and desirable for business to take a larger role in society.[2] However, it is complex to determine what the purpose of business should be and what the application of such purpose will mean in practice. The British Academy's ambitious 'Future of the Corporation' research programme has argued that:

'*The purpose of corporations is not to produce profits. The purpose of corporations is to produce profitable solutions for the problems of people and planet. In the process it produces profits, but profits are not per se the purpose of corporations.*'[3]

If this definition of a corporate purpose is accepted then it offers answers to many of the pertinent questions, yet the acceptance and application of this definition is by no means without robust detractors.

Figure 1: Social Issues/Competitive Advantage

History of responsible business

The role of business in society is one that has taken multiple turns and corrections over many decades. Ever since liberal thinkers like Adam Smith and Voltaire promoted freedom of commerce in the 18th century, business has been acknowledged as the engine of productivity in the western world. In the 19th century, industrialists in the UK embodied

[2] The British Academy (November 2019), *Principles for Purposeful Business*. Accessed at;
[3] The British Academy (November 2018), *Reforming Business for the 21st Century*, p. 16. Accessed at;

differing views of how to efficiently design social welfare. Men like Sir Titus Salt engaged in philanthropy to better their community and the conditions of their workforce.[4] Others, like Herbert Spencer, argued that social intervention contrary to the determination of the market was an inefficient absurdity[5]. Anglo-American attitudes progressed to an understanding that there was some expectation of social responsibilities from business in the 1930s and 1940s, with Fortune magazine polling business executives about their social responsibilities in 1946[6]. During the 1950's and 1960's academic research and theory started to define Corporate Social Responsibility (CSR) and its practical implications, setting the stage for regulations against negative externalities of companies in the 1970s.[7] Economic pressures experienced in the UK and the USA caused a correction and an adherence to the thinking of Milton Friedman. As a central figure in articulating the role of business in society, Friedman's argument was that businesses should focus on generating profit for the shareholders, who are the owners of the business. The business executive leading the company should not spend the shareholders money on his own, potentially aggrandizing[8], concerns as this would make him an undemocratically nominated civil servant.[9] A clear distinction was drawn between the freedom of efficient resource allocation in business and the non-market concerns of the state. Friedman called a conflation of the two 'unadulterated socialism'[10]. In an era where the central planning of the state was still a palpable force in the world, Friedman was echoing the caution of the economist and philosopher Friedrich von Hayek; 'Where distinction and rank is achieved almost exclusively by becoming a civil servant of the state…it is too much to expect that many will long prefer freedom to security'[11]. Friedman's logic set out the terms of the debate as between rational effectiveness vs social conscious, or as 'the clash of stockholder and civic interest'[12]. Only gradually did thinking shift to a point where the dichotomy no longer holds much force. By the turn of the century almost 90% of Fortune 500 firms embraced CSR but experts were only just beginning to realise that CSR was becoming a part of the commercial strategies of business.[13] 20 years later a new debate has emerged in the new epoch.

A new epoch

Pressure has been building on business to have a social role for the last 50 years, with long-term trends developing and influencing the market. A 2003 IPSOS Mori survey found that 74% of UK consumers said information on a company's social and ethical behaviour would influence their purchasing decisions, and that a majority of the population believed

[4] P. Collier & J. Kay, *Greed is Dead: Politics after Individualism*, (Allen Lane, 2020), p. 44.
[5] J. K. Galbraith, *The Affluent Society*, (London: Penguin Books, 1998) p.48-49.
[6] Carroll, A. B. (1999). 'Corporate social responsibility', *Business & Society*, 38(3), pp. 268–295.
[7] Agudelo, L. et al. (2019), 'A literature review of the history and evolution of corporate social responsibility', *International Journal of Corporate Social Responsibility*, pp. 1-23, p. 3-6.
[8] Lee, M.-D. P. (2008), 'A review of the theories of corporate social responsibility: Its evolutionary path and the road ahead', *International Journal of Management Reviews*, 10(1), 53–73, at p. 55.
[9] Milton Friedman, The New York Times Magazine, September 13, 1970.
[10] Milton Friedman, The New York Times Magazine, September 13, 1970.
[11] F.A. von Hayek, *The Road to Serfdom,* (London: George Routledge & Sons, 1944), p. 136.
[12] Tuzzolino, F. & Armandi, B. R. (1981). 'A need-hierarchy framework for assessing corporate social responsibility', *The Academy of Management Review*, 6(1), pp. 21–28 at p. 22.
[13] Lee, M.-D. P. (2008), 'A review of the theories of corporate social responsibility: Its evolutionary path and the road ahead', International Journal of Management Reviews, 10(1), 53–73, at p. 54.

it was acceptable for companies to benefit from social activities.[14] Developments in communications technology and social media enabled customer boycotts to be increasingly effective[15], driving CSR performance.

A shift from household share ownership to institutional control of shares occurred from 1970 to today, placing more discretion in the hands of fund managers who are able to express a preference.[16] In 2008, U.S. and European institutional investors, representing more than $8 trillion in assets, pledged to use their funds to combat climate change.[17] By 2019 the investment market had been transformed. A 2019 study found that 70% of people in the UK want their investments to avoid harm and achieve good for people and the planet.[18] Oliver Hart & Luigi Zingales theorised that, given a chance to make a choice, investors would select an ethical investment.[19] Again, advances in technology are an influencing factor by enabling choice, for example the cost of investing $100 fell dramatically from $6 in 1975 to less than a thousandth of a penny in 2020[20]. In the midst of global economic uncertainty due to COVID-19, when investors usually look for security, sustainable funds were reported to be outperforming their peers across multiple indexes.[21] October 2020 also saw the milestone of a renewables focused energy company, NextEra, overtaking the oil & gas giant ExxonMobil in market capitalisation.[22] In this context it is perhaps unsurprising that business leaders have been vocal in calls for business to serve a higher social purpose.[23] David Baron has distinguished morally derived ‘responsible’ CSR activities from a strategic engagement in social activities, including to maximise profit, which he calls ‘Corporate Social Performance’.[24] The distinction may be a useful one for future policy design if current market trends reverse.

Shared value

The trend of socially responsible businesses is more than an ethical preference but appears to be an indicator of value. The same 2019 survey of investor preferences found that only 28% would choose a responsible and impactful investment if the returns were lower than for other investments.[25] Therefore a socially responsible business does not

[14] https://www.ipsos.com/ipsos-mori/en-uk/ethical-companies

[15] Edmans, A. (2020), ‘Company purpose and profit need not be in conflict if we “grow the pie”’, Economic Affairs, 40 (2). pp. 287-294, at p.292.

[16] Hart, O. & Zingales, L. (2017), ‘Companies Should Maximize Shareholder Welfare Not Market Value’, *The Journal of Law, Finance, and Accounting: 2*, pp. 247–274, at pp. 264-265.

[17] https://www.marketwatch.com/story/billions-of-investment-dollars-flow-to-climate-change-clean-tech

[18] Department for International Development (2019), “Investing in a Better World: Results of UK Survey on Financing the SDGs”, p. 21.

[19] Hart, O. & Zingales, L. (2017), ‘Companies Should Maximize Shareholder Welfare Not Market Value’, *The Journal of Law, Finance, and Accounting*, *2*, pp. 247–274, at p.253.

[20] The Economist (2020), Finance & Economics: ‘The Generation Game’, 24th October.

[21] https://www.cnbc.com/2020/06/02/esg-funds-outperforming-peers-during-coronavirus-pandemic-bnp-paribas.html

[22] https://www.ft.com/content/39a70458-d4d1-4a6e-aca6-1d5670bade11

[23] https://www.businessroundtable.org/business-roundtable-redefines-the-purpose-of-a-corporation-to-promote-an-economy-that-serves-all-americans

[24] Baron, D.P., Agus Harjoto, M. and Jo, H. (2011), "The Economics and Politics of Corporate Social Performance," *Business and Politics*: Vol. 13: Iss. 2, Article 1, pp. 1-53, at pp.1-2.

[25] Department for International Development (2019), “Investing in a Better World: Results of UK Survey on Financing the SDGs”, p. 29.

negate the necessity for commercial success. Rigorous studies by Colin Mayer, Mary Johnstone-Louis and others have confirmed a trend that companies with higher levels of environmental, social and governance activities (ESGs) are more resilient to shocks, such as those during the 2009-2008 financial crisis and the COVID-19 crisis.[26] The consequence for businesses is that having a measurable social purpose sends a signal of reliable management.

If, as the data would indicate, being socially responsible is starting to equate maximising the value for shareholders then Friedman's logic compels businesses to engage in CSR. The argument that corporate executives should be judged only on how their actions affect the performance of a company are compatible with increasing social activism. On current trends the statement, 'Insofar as his actions in accord with his "social responsibility" reduce returns to stockholders, he is spending their money'[27] is no longer a challenge. The reality that socially responsible activities are a predictor for commercial success[28] aligns with the shared value concept advocated by Michael Porter and Mark Kramer in a seminal 2011 article in the Harvard Business Review. The shared value concept sets out 'policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates'.[29] Shared value creation involves taking a long-term view of enhancing a company's value by working with a range of stakeholders, such as governments, NGOs, and suppliers. It acknowledges that working collectively towards regional infrastructure and institutions is essential.[30]

Since businesses and the market are building in enthusiasm for social responsibility, it is important to consider what role governments should have in the movement forward.

Government role

What the role of government should be in responsible business is not a simple matter and it covers a range of aspects. Responsible business would appear to be beneficial in addressing problems that might be difficult for governments to solve. Hart and Zingales, remaining sanguine about the political process, point out that 'even if the political process is efficient, it might be very difficult to write a regulation that specifies, say, that companies should treat their workers with dignity'[31]. Empirical evidence indicates that public politics has a role in driving higher levels of socially positive activities through the

[26] Johnstone-Louis, M., Kustin, B., Mayer C., Stroehle, J. & Wang, B. (2020), 'Business in Times of Crisis', *Oxford Review of Economic Policy, Volume 36, Number S1*, pp. S242–S255, at pp. 243-245.
[27] Milton Friedman, The New York Times Magazine, September 13, 1970
[28] Edmans, A. (2020), 'Company purpose and profit need not be in conflict if we "grow the pie"', *Economic Affairs, 40 (2)*, pp. 287-294.
[29] Porter, M. E. & Kramer, M. R. (2011), 'Creating Shared Value', *Harvard Business Review* January-February 2011, pp. 1-17, at p. 2.
[30] Porter, M. E. & Kramer, M. R. (2011), 'Creating Shared Value', Harvard Business Review January-February 2011, pp. 1-17, at p. 15.
[31] Hart, O. & Zingales, L. (2017), 'Companies Should Maximize Shareholder Welfare Not Market Value' *The Journal of Law, Finance, and Accounting*, 2017: 2, pp. ,247–274, at p. 249.

threat of increased regulation.[32] It has also been theorised that government involvement can help to mitigate power imbalances between companies working with suppliers and non-profits in creating shared value.[33] Clearly an opportunity exists for government to productively participate.

Business focus

Of course, there is a question as to whether government should even encourage responsible business practices if it reduces the efficiency of profit generation. After all, profit generation undeniably serves a vital function in society, providing returns for savers, guaranteeing pension pots and even enabling insurance provision.[34] In a 2020 Forbes

Figure 2: Stakeholders of a Large Business

Magazine article entitled 'Why Stakeholder Capitalism Will Fail', the leadership expert Steve Denning reminded the business community of the indecision and inertia that can result from diffuse priorities. 'The fatal flaw in 20th century stakeholder capitalism was

[32] Kitzmueller, M. & Shimshack, J. (2012), 'Economic Perspectives on Corporate Social Responsibility', *Journal of Economic Literature, Vol. 50, No. 1*, pp. 51-84, at p. 76.
[33] Porter, M. E. & Kramer, M. R. (2011), 'Creating Shared Value', Harvard Business Review January-February, p. 13.
[34] Edmans, A. (2020), 'Company purpose and profit need not be in conflict if we "grow the pie"', *Economic Affairs*, 40 (2). pp. 287-294, at p.288.

that it offered unviable guidance on what is "true north" for a corporation.'[35] The heterogeneity of the society the business operates in has been suggested as a variable that complicates the ability to balance the trade-offs necessary between stakeholders, such as citizens, customers, employees, and shareholders.[36]

International competitiveness

The danger of negatively impacting the international competitiveness of businesses is an area for consideration on any government policy on responsible activity. As globalisation developed, between 1980-2017, a substantial reduction in the earnings of low skilled workers in the West was observed. This contrasted with the wage development vs skills in emerging markets like India where growth in purchasing power parity dollars over the same period more than doubled[37]. The absolute global economic growth of free trade has not compensated for the inequality of the left behind in the West and rising nationalist protectionism has been the result. There is thus the possibility for a sensitivity of domestic Western businesses to competitors in developing countries, that may not be subject to responsible business obligations. The Indian experience of introducing government policy for CSR was an example of a developing country where investors believed mandatory CSR could harm a firm's performance.[38] However, worries about competitiveness might not be insurmountable since responsible business/CSR policy has been argued to boost business competitiveness in the international market. Support for the competitiveness of multinationals has been used as an explanation for the surprisingly broad and strong government CSR policy seen in the UK[39]. For at least a decade the trends in traditional CSR between developed and developing countries have been surprisingly aligned.[40] A recent study of businesses in sub-Saharan Africa found that increased CSR made export-oriented businesses more competitive.[41] The world's great exporter, China has been increasing CSR activity to enhance its international competitiveness[42], which makes a change from the 1990s when profit generation and growth alone were seen as a responsible contribution to the developing society[43]. Despite increasingly aligned cultural and institutional

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[35] Steve Denning, 'Why Stakeholder Capitalism Will Fail', Forbes Magazine, January 2020.
[36] Ramanna K. (2020), 'Friedman at 50: Is It Still the Social Responsibility of Business to Increase Profits?', *California Management Review; 62(3)*, pp. 28-41, at p.34.
[37] Karthik Ramanna, 'Should America Still Believe in Free Markets?', *The American Interest*, July 2020.
[38] Bird, R., Duppati G. & Mukherjee A. (2016), 'Corporate social responsibility and firm market performance: a study of Indian listed companies', *International Journal of Business Governance and Ethics, vol. 11(1)*, pp. 68-88.
[39] Knudsen, J. S., Moon, J. & Slager, R. (2015), 'Government policies for corporate social responsibility in Europe: a comparative analysis of institutionalisation', *Policy & Politics, Volume 43*, *Number 1*, pp. 81-99, at p. 92. See also: Gjølberg, M. (2009), 'The origin of corporate social responsibility: Global forces or national legacies?', *Socio-Economic Review*, 7, pp. 605–637, at pp. 607-609.
[40] Yin, J. & Zhang, Y. (2012), 'Institutional Dynamics and Corporate Social Responsibility (CSR) in an Emerging Country Context: Evidence from China', *Journal of Business Ethics volume 111*, pp. 301–316, at p. 302.
[41] Nyuur, R.B., Ofori, D.F. & Amponsah, M.M. (2019), 'Corporate social responsibility and competitive advantage: A developing country perspective', *Thunderbird Int. Bus.*; 61: pp. 551– 564.
[42] https://www.weforum.org/agenda/2015/03/is-corporate-social-responsibility-chinas-secret-weapon
[43] Yin, J. & Zhang, Y. (2012), 'Institutional Dynamics and Corporate Social Responsibility (CSR) in an Emerging Country Context: Evidence from China', *Journal of Business Ethics volume 111*, pp. 301–316, at p. 303.

approaches to responsible conduct, it is undeniable that the potential for a problematic mismatch in costs of doing business could lead to problems of international competitiveness. It was in the context of an increasingly competitive Japanese economy that Friedmanite thought took hold in the USA in the 1970s and 80s.

Limitations

Johnstone-Louis, Mayer et al. have argued that a socially productive purpose that can inform a decisive strategy is not contradictory to a profit imperative, but caution is still advisable. Shared value and market enthusiasm for socially responsible activities may be coinciding in current trends but Karthik Ramanna has presented the very challenging example of a company with a factory that is haemorrhaging money and asks what the responsible executives should do if closing the factory means mass unemployment in the location of the factory?[44] In encouraging responsible business, government should be conscious of the effects and limits of responsible business policy in the context of problematic commercial performance. In the fringe situations where stakeholders' interests are mutually exclusive, businesses will still need to make hard decision that create winners and losers.[45] However, responsible businesses may require a radical rethink of the assumptions underpinning difficult choices. The Future of the Corporation research has emphasised that decisions informed by a wider concept of ownership and in reference to a clear responsible business purpose would have a moderating effect on potentially damaging strategic decisions.[46]

Capture

The established role of government is to set the taxation and regulations which companies must comply with. Friedman believed that companies should only be compelled to conform with these basic rules of society.[47] Many prominent thinkers, not least business leaders, have called for business to contribute more to society to improve public welfare.[48] The government funding to support businesses during crises, especially during the COVID-19 pandemic, have been seen by some as implying an expanded mutual support relationship in the future.[49] How should such additional contributions be extracted? Social activism by businesses crosses into the areas traditionally occupied by governments through correcting market failures in the provision of public goods.[50] Yet even in the undisputedly government areas of taxation and regulation the ability of business to

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[44] Ramanna, K. (2020), 'Friedman at 50: Is It Still the Social Responsibility of Business to Increase Profits?', *California Management Review, 62(3)*, pp. 28-41, at p.33.
[45] Edmans, A. (2020), 'Company purpose and profit need not be in conflict if we "grow the pie"', *Economic Affairs*, 40 (2). pp. 287-294, at p.291.
[46] The British Academy (November 2018), *Reforming Business for the 21st Century*.
[47] Milton Friedman, The New York Times Magazine, September 13, 1970.
[48] For example; P. Collier & J. Kay, *Greed is Dead: Politics after Individualism*, (Allen Lane, 2020).
[49] Johnstone-Louis, M., Kustin, B., Mayer C., Stroehle, J. & Wang, B. (2020), 'Business in Times of Crisis', *Oxford Review of Economic Policy, Volume 36, Number S1*, pp. S242–S255, at pp. 243-245. See also; https://www.ft.com/content/e85eb8f8-5d77-11ea-ac5e-df00963c20e6
[50] Kitzmueller, M. & Shimshack, J. (2012), 'Economic Perspectives on Corporate Social Responsibility', *Journal of Economic Literature*, March 2012, Vol. 50, No. 1, pp. 51-84, at p. 54.

capture the governmental agenda is a legitimate concern[51]. Taxation powers in the Anglo-American world have already been severely limited through regulatory capture from a well-resourced private sector. When companies succeed at regulatory capture they manage to unduly influence the regulatory government elements through the use of relationships, expertise or more subtly through ideas.[52] The potential of subtle capture through ideas has been hinted at by Larry Summers, Economist and former Treasury Secretary under Bill Clinton, who believes that the socially responsible ambitions of some companies may be empty rhetoric devised as a strategy to hold off effective regulation and taxation reform.[53]

It has been persuasively argued by Karthik Ramanna that it is in the 'corporate DNA' to engineer the rules in ways that increase profits, and that the adoption of a responsible business agenda could lead to a 'cultural capture' of western political systems in the same way that taxation has already been captured and limited.[54] Public policy practitioners and politicians must recall the warning of Joseph Stiglitz that; 'awareness of the risks of regulatory failure, including those resulting from regulatory capture, should play an important role in regulatory design'.[55] On the positive side, even attempts to subvert socially responsible activism by companies would still require the prerequisite of internalising the norms that such obligation existed. The leveraging of these norms to realise a new productivity is a promising prospect for government. It should also be emphasised that the capture and subversion of the tax system would not have been considered as an argument against the instigation of the obligations for businesses to pay taxes.

Focus example: education

To illustrate how shared value addresses both business and society it is useful to examine an area of public good provision in detail. Some long-sighted companies are already investing in education services. IBM has been consistently increasing spend on educational CSR and in 2019 spent $708.1m.[56] The long-established investment appears to have had a substantial impact. Working with education ministries in different countries, in its first 10 years IBM's KidSmart Early Learning Program claimed to have reached more than 10 million students and 100,000 teachers.[57] All of this was achieved by 2009 and with one seventh the cash budget of 2019. The educational expenditure is classified by IBM as CSR, however, such investments could potentially be acknowledged as being central to the

[51] Miller, D. & Harkins, C. (2010), 'Corporate strategy, corporate capture: Food and alcohol industry lobbying and public health', *Critical Social Policy 30*, pp. 564-589.
[52] Stiglitz, J., 'Regulation and Failure' in Cisternino, J. & Moss, D. (eds.), *New Perspectives on Regulation*, (Cambridge, MA; The Tobin Project, 2009), p. 18.
[53] https://www.ft.com/content/e21a9fac-c1f5-11e9-a8e9-296ca66511c9
[54] Ramanna K. (2020), 'Friedman at 50: Is It Still the Social Responsibility of Business to Increase Profits?', *California Management Review*, *62(3),* pp. 28-41.
[55] Stiglitz, J., 'Regulation and Failure' in Cisternino, J. & Moss, D. (eds.), *New Perspectives on Regulation*, (Cambridge, MA; The Tobin Project, 2009), p. 19.
[56] IBM 2019 Corporate Social Responsibility Report. Accessed at; https://www.ibm.org/responsibility/2019/esg-metrics
[57] https://www.ibm.com/ibm/responsibility/downloads/initiatives/COF03015USEN-KidSmart.PDF

business' commercial future. The distinction is important, as investments in education can solve a problem of resource allocation in capital flows that are vital to efficiency.

Over four editions of *The Affluent Society*, from 1958-1998, John Kenneth Galbraith identified that while the market free flow of capital allocation worked sufficiently well for material investments, 'it operates only with manifest uncertainty and inefficiency as between material and personal capital'[58]. The reason for this is the responsibility of the state for the provision of early education to the vast majority of people, with the private sector being largely uninvolved. Since there is no obvious market mechanism for the flow of capital from successful business to education this is an impediment to investment resource allocation. Government acts to remove the impediment through the provision of universal schooling. Nevertheless, it may be hard to deny the relevance of Galbraith's observation to the left behind communities, as well as to the businesses that would seek to grow in those communities. Some regions achieve schooling more successfully than others. Sir Paul Collier has offered an excellent analysis of the educational failings in the UK in comparison with more successful models in Switzerland and Germany, where there is significant business involvement.[59] The educational impediment takes on increasing significance in high tech world of the 2020s, as was identified by the economist of The New Deal. 'There can be no question of the importance of the impediment…this investment has become increasingly essential with the advance of science and technology.'[60]

Business involvement in education is not therefore a purely charitable act, it can help to remove an impediment to the free flow of capital to improve long term efficiency. Successful businesses could, for example, invest more in the community schooling of their local area, thus allocating capital to the future human resources of the community that developed a successful business. An ideal resilient business has been theorised as having a purposeful strategy with intergenerational considerations[61], activism in early education of the local community of a business could be no better statement for long-term success.

It is obvious that working with government is essential if businesses wish to make use of support for education as part of their plans to be commercially resilient in the long-term, since government policy determines the outputs and outcomes of those services. There are multiple ways that business could intervene positively in education. An example could be through assisting national and regional government with data collection, insight and expertise in planning for education service outcomes with expected market demand. Previous studies, such as the Working Futures Report 2017-2027[62], have sort to assist in policy and planning for the provision of education and training. Data collection is valuable. The Working Futures study has a national focus and was carried out by the now defunct UK Commission for Employment and Skills, an industry-led organisation that was funded by the Education Department. There is scope for business to lead, and possibly fund, studies which could take a more regional approach and could introduce innovation in methods, driving quality. Businesses can also support innovative interventions, such as the Risk-

[58] J. K. Galbraith, *The Affluent Society,* (London: Penguin Books, 1998) p.202.

[59] P. Collier, *The Future of Capitalism*, (London: Penguin Books, 2018), pp. 170-176.

[60] J. K. Galbraith, *The Affluent Society*, (London: Penguin Books, 1998), p.202.

[61] Johnstone-Louis, M., Kustin, B., Mayer C., Stroehle, J. & Wang, B. (2020), 'Business in Times of Crisis', *Oxford Review of Economic Policy, Volume 36, Number S1*, 2020, pp. S242–S255, at p. 248 & 251.

[62] Rob Wilson, Sally-Anne Barnes, Mike May-Gillings, Shyamoli Patel & Ha Bui, 'Working Futures 2017-2027: Long-run labour market and skills projections for the UK', Department for Education, February 2020.

Avert Programme[63] that delivers targeted early intervention on risk aversion to improve school children's wellbeing, social functioning and relationships to school. The Risk-Avert Programme was launched in 2013 and has reached 30,000 pupils in over 200 schools and 7 local authority areas. Since the Risk-Avert programme is supported by the Essex Partnership, a coalition of business, government and civil society working together towards a 20-year strategic goal for better outcomes in the County, it is a model for the kind of social intervention that businesses could support to meet commercial and social goals.

Conclusion

The development of the concept of responsible business has been dramatic in the past 50 years since Friedman's correction to a profit only focus, even if the fundamental problem of inefficient markets and the human desire to serve a purpose are old ideas. The new epoch of responsible business is an incredibly exciting time and the potential for constructive coalitions in society powered by business is enormous. The circumstances have converged to make a radical shift in the role of businesses in society not just desirable but realistic. Problems remain and will be of vital importance as the area of public policy develops. This discussion addressed the four questions stated at the beginning of the piece, but it was unable to definitively answer them. This is because the answers are not simple and require considerable thought in the coming years so that government, business and the third sector can deliver the best outcomes for society.

[63] https://www.risk-avert.org/

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