Chapter 5

Philosophical Basis for CSR

Introduction

CSR is rooted in a strong philosophical foundation from West and East. The basic problem with individuals and corporate is that they lack the awareness of its philosophical basis, philosophical legitimacy and ethical responsibility. The lacuna created due ignorance and lack of awareness has prevented individuals and corporations to acknowledging and implementing CSR practices for the progress and welfare of the society which is the responsibility of every person and corporate.

CSR trails from the perennial philosophy of the great ancient and medieval thinkers according to whom human persons belong to communities naturally and there is no conflict between the individual and common goods. CSR is based upon modern philosophical systems characterized by individualism and the dichotomy between egoism and altruism. In order to successfully establish my research on CSR and its impact on the society and to prove the entire hypothesis as right, I will need to once again enlist some of the key philosophers.

We have already mentioned enough philosophical foundations that establish the legitimacy in the beginning of this research. However, to authenticate hypothesis successfully, we will have to make a probe into the thought of some of the philosophers such as Plato, Aristotle, Cicero, Aquinas, Smith, Kant and Mill from the West; Chanakya, Ashoka, and Great Indian epics Vedas and Bhagavad Gita argue that CSR does make an impact for the progress of the society. Let us not forget the fact that a good corporate is a virtuous community of persons, not as a collection of individual stakeholders brought together by a social contract. It also reminds us to transcend beyond a business culture and have concern for the progress of the society which is the responsibility of the every human being than mere profit-maximization. Thus, it makes recommendations to the practicing managers, their reasons for doing so, and the philosophical traditions in which they are rooted, are strikingly different or paradoxical.
CSR borrows from a wide variety of modern philosophers, it relies especially on the social contract tradition, which has roots in ancient thinkers, such as Protagoras, Xenophon, and Epicurus, and was developed more fully by modern-European philosophers, both British (e.g. Thomas Hobbes, John Locke, David Hume) and Continental (e.g. Spinoza, Jean-Jacques Rousseau, Kant).

Altruism or community is the pivotal concept within the perennial philosophy. It is natural for the human beings to belong to communities like other animals. One characteristic of a community is that there is no conflict between the good of the individual members and the good of the community as a whole. Therefore, to be ethical, to promote the common good, is good for oneself. Hobhouse states that common good is a good in which ‘each man has a share' and that share, in turn, 'consists in realizing his capacities of feeling, of loving, of mental and physical energy, and in realizing these he plays his part in the social life.' Thus the philosophy of all time stresses on the importance of being altruistic.

However, individualism is the most unique features of modern moral and political philosophy, including social contractarianism. Human persons are naturally individualistic and artificially social. This topic will be dealt in details later in this study. In the words of economist Milton Friedman, writing under the influence of modern philosophy at its worst, “Society is a collection of individuals and of the various groups they voluntarily form.” This individualism results in what Henry Sidgwick has called the ‘dualism of practical reason,’ the dichotomy between egoism (individualism) and altruism. When it is looked at the corporate level, the interest of the corporate is the aggregate of the conflicting self-interests of its individual members. Ethics is no longer about promoting one’s own good by promoting the good of the community, but about promoting the interests of others instead of self-interest, or about striking some ethical balance between egoism (individualism) and altruism. To a larger extent, this can be true

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of most recent ethical philosophers, in spite of however sharp their disagreement at alternative points.

Perennial philosophy and contemporary philosophy has fundamental difference in nature which is certainly irreconcilable. Probably, the modern era would love to name it as generation gap. It is certain that a theory of the good corporate rooted in one tradition will differ drastically from a theory rooted in another. Therefore, it is important to strike a distinct balance between the perennial and contemporary philosophy. This scenario would bring about strong philosophical basis, philosophical legitimacy and moral values in encouraging individuals and corporate to engage in CSR for the progress of the society as a whole. So in this age of modernity as enlightened individuals we need to adopt and adapt suitable philosophical concepts that are required for our time which would help smooth deployment of the CSR for the progress of the society.\footnote{Rival philosophical foundations of the good company" (Some part of the data used in this chapter is taken from the link below with the written permission from the author for the use of the larger community.) <http://www.stthomas.edu/cathstudies/cst/conferences/thegoodcompany/finalpapers/lutz%20final%20paper.pdf>, Retrieved on 23-06-2012.}

5.1 Philosophical Basis for Altruism/Communitarianism

Generally, we have a tendency to perceive the business corporation, not as a group of people, but as a community of persons, as it is rooted within the perennial philosophy. “The purpose of a business firm is not simply to make a profit, but is to be found in its very existence as a community of persons who in various ways are endeavoring to satisfy their basic needs, and who form a particular group at the service of the whole of society.”\footnote{John Paul II, Encyclical Letter Centesimus Annus (1 May 1991), 42.} Among the various pillars of the perennial philosophy, we shall consider just four of them such as Plato, Aristotle, Cicero, and Aquinas. They all agree that it is natural for human beings to belong to communities and promoting the common good is good for oneself. Thus, everyone needs to engage in activities that promote progress and welfare of the community/society. And it should not be limited with that instead it should look at the future too. “The social responsibility needs to extend beyond preset members of
society. Social responsibility also requires a responsibility towards the future and towards future members of the society.”

5.1.1 A Critical Analysis of Plato’s Virtuous Community

In Plato’s writings one of the most fundamental ethical and political concepts is justice. It is a complex and ambiguous concept. It may refer to individual virtue, the order of society, as well as individual rights in contrast to the claims of the general social order.

In Book I of the Republic, Socrates and his interlocutors discuss the meaning of justice. They debate whether it is good for oneself to be just. Thrasymachus argues that justice is disadvantageous and injustice advantageous:

Justice and the just are in reality another’s good; that is to say, the interest of the ruler and stronger, and the loss of the subject and servant; and injustice the opposite; for the unjust is lord over the truly simple and just: he is the stronger, and his subjects do what is for his interest, and minister to his happiness, which is very far from being their own.

Thrasymachus thus agrees with most modern moral philosophers that ethics requires benefiting others at the expense of self-interest. Socrates (speaking for Plato) argues, to the contrary, that “to be just is always better than to be unjust.”

Socrates reaffirms this conviction at his trial, after being unjustly sentenced to death: “Nothing can harm a good man, either in life or after death.”

Plato’s greatest contribution in understanding the philosophy of the good corporate, is his account of the relationship between the virtuous person and the virtuous city-state. According to Friedman, “only people can have responsibilities;” because a corporation is an ‘artificial person,’ it can have, at most, ‘artificial responsibilities.’ Corporations cannot be citizens because their value systems are highly constrained and unable to...

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482 Plato, Republic, 357b.
483 Plato, Apology, trans. Hugh Tredennick, 41d.
484 Friedman, “The Social Responsibility of Business Is to Increase Its Profits.”
handle concepts of value beyond instrumentality. Progress cannot happen with artificial responsibilities. It needs real support for flourishing and spreading the fragrance of prosperity and happiness to those in need. Thus only we as members of the society should take care of the needs of the less privileged or weaklings of the society because “We are not our own,” says Calvin.

Business ethicist Lynn Sharp Paine tells us that the idea of organizational ethics is a recent one:

> Ethics itself has historically been thought of as a purely personal or individual matter, rather than an organizational concern. Concepts like ‘corporate values,’ ‘corporate ethics,’ ‘corporate responsibility’ are all of relatively recent vintage, originating, as we have seen, in the needs of modern industrialized societies. For obvious reasons, these concepts are not to be found in classic writings on ethics.

Plato proves that both Friedman and Paine are wrong and explains that not only individual persons, but also communities of persons, can be good. In Book IV of The Republic, Socrates shows us that the most important virtues — wisdom, fortitude, temperance, and justice — are to be found in both the good person and the good city. The wisdom of the city is found in the wisdom of its rulers, its fortitude in that of its soldiers. As a man is temperate when the rational part of his soul is in control of the non-rational part, so the city is temperate when the majority is controlled by the virtuous minority. Finally, the city is just, when each person contributes to the common good by performing the function for which he is naturally best suited. “Justice is wisdom in act,” says Plato.

However, for the modern business corporations Plato’s theory of the virtuous city-state cannot be applied without alterations. Moreover, it is significant that, while he recognizes the necessity of including craftsmen and merchants within the city, they are able to contribute to the virtue of the whole only by playing a subordinate role. Plato assumes

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490 Ibid.
that businessmen cannot be virtuous. Nevertheless, he provides a strong foundation for a theory of the virtuous corporate. He shows us that we are virtuous as members of communities, not as solitary individuals. So good of the community lies in the wisdom of the individuals as wisdom is justice in act.

It should be noted that social contract theory is found within Plato’s Republic. It is attributed to the confused majority, however, not to Socrates:

[The many] say that to do injustice is, by nature, good; to suffer injustice, evil; but that the evil is greater than the good. And so when men have both done and suffered injustice and have had experience of both, not being able to avoid the one and obtain the other, they think that they had better agree among themselves to have neither; hence there arise laws and mutual covenants; and that which is ordained by law is termed by them lawful and just.\(^{491}\)

A belief that was once held by ‘the many,’ but recognized by the leading philosophers to be mistaken, has now become accepted by many contemporary philosophers. Socrates argues, to the contrary, that political communities originate from the fact that we are not individually self-sufficient: “A state, I said, arises, as I conceive, out of the needs of mankind; no one is self-sufficing, but all of us have many wants.”\(^{492}\) In short, we are haunted by wants and needs.

Human beings in the ‘state of nature’ are isolated individuals\(^{493}\) according to social contract theories, In the words of John Locke, we are “by nature all free, equal, and independent.”\(^{494}\) As Jean-Jacques Rousseau puts it, “Men are not naturally enemies, for the simple reason that men living in their original state of independence do not have sufficiently constant relationships among themselves to bring about either a state of peace or a state of war.”\(^{495}\) Gabriel Marcel proposes a concrete philosophy which is determined by the ‘bite of reality.’ His philosophy anticipates the appeal of Joseph Cardinal Ratzinger (Pope Benedict XVI) and provides answers to the great questions of life.

\(^{491}\) Plato, *Republic*, 358e-359a.

\(^{492}\) Plato, *Republic*, 369b.


through lived experience and participation which is in the society. What does it mean to be a human being? "To be a creature is to be related, to be co-present to others." To be a human being is to live in communion.\textsuperscript{496} Ratzinger, further explains this communion can happen only through experience with others:

\begin{quote}
The knower to whom being is present must become the lover by whom being is embraced, otherwise the knower maintains the sterile position of being an isolated, insularized ego. The fact is that the experience of being arises in participation; even more strictly, it is an experience of communion: \textit{esse est co-esse}, to be is to-be-with. There can be no I, no knower except in so far as there is communion. A self segregated, sealed off from other selves, quite simply is not. The self surges into being within communion. To be a creature is to be related, to be co-present to others.\textsuperscript{497}
\end{quote}

Hobbes holds the view that Human society is not natural, but artificial.\textsuperscript{498} As he believed it is for the self-preservation which Plato’s theories refute. “The social order is a sacred right which serves as a foundation for all other rights. Nevertheless, this right does not come from nature. It is therefore founded upon convention.”\textsuperscript{499} Because life in the state of nature is precarious, it is in the interest of each individual to form the social contract. “Each of us places his person and all his power in common under the supreme direction of the general will; and as one we receive each member as an indivisible part of the whole.”\textsuperscript{500}

Nevertheless, there exists the possibility of conflicts of wills and of interests: “Each individual can, as a man, have a private will contrary to or different from the general will that he has, as a citizen. His private interest can speak to him in an entirely different manner than the common interest.”\textsuperscript{501}

Social contract theory and the perennial philosophy agree that it is better for humans to live with other humans than to live alone, but not for the same reasons. For social contract theories, one can pursue his self-interest more effectively if he/she agrees with others that all of them will place certain restrictions on their individual pursuit of self-

\textsuperscript{497} Ibid., 314.
\textsuperscript{500} Ibid., Chapter 6.
\textsuperscript{501} Ibid., Chapter 7.
interest. Ethics is external to each person and is concerned with reducing conflicts between different persons’ pursuit of self-interest. For the mainstream of Western philosophy prior to the Enlightenment, however, to promote the good of the community and its other members is to promote one’s own good. For social contract theorists, ethics is opposed to egoism or individualism: “The significance of egoism philosophically is not as an alternative conception of right but as a challenge to any such conception.”\textsuperscript{502} In contrast Plato belongs to a tradition where there is no conflict between the true good of persons and the true good of the communities. When social contract theory is applied to the modern corporations, we may find a collection of individuals without a common good:

Organizational theorists have traditionally seen organizations not as social contracts but as social actors that have goals, pursue interests of their own, make decisions, follow policies, adapt, survive, die, and so on. In this view, organizations exist to achieve some common good or objective, and it seems logical to evaluate organizations on the basis of whether they attain their goals. The trouble is that organizational participants rarely agree on what these common goods or goals are.\textsuperscript{503} So to say, the fundamental difference between social contractarianism and the perennial philosophy is metaphysical. The former considers, we are human atoms, each with our own, unique self-interest. The task of ethics is to find a way for all of us, with our conflicting self-interests, to cooperate. The mistaken belief that game theory can teach us something about ethics is rooted in this individualistic understanding of the human person. However, the latter takes into account, despite undeniable differences of personality, we share a common human nature and naturally have a common good. Certainly, there can be disagreement regarding what that common good is. But there can be no conflict between one’s true good and the true good of other members of one’s community. Originality and uniqueness are not opposed to social nurture; they are saved by it from eccentricity and escape. The positive and constructive energy of individuals, as manifested in the remaking and redirection of social forces and conditions, is itself a

social necessity.\textsuperscript{504} Thus Plato’s concept of virtuous community can strengthen the communal bond by being a virtuous person.

5.1.2 A Critical Analysis of Aristotle’s Self-Love

Aristotle considers Self-love is the expression of one’s own self. The virtuous person is characterized by a love of what is most himself. To be a true lover of self, Aristotle explains in the \textit{Nicomachean Ethics}. So according to him to be ethical is not to act contrary to one’s own good. To live a virtuous life is best, both for one’s community and for oneself. The idea expressed in the Bible "Love thy neighbor as thyself!" implies that respect for one's own integrity and uniqueness, love for and understanding of one's own self, cannot be separated from respect for and love and understanding of another individual. The love for my own self is inseparably connected with the love for any other self.\textsuperscript{505}

Aristotle argues that there are two ways of thinking about the relationship between loving oneself and living virtuously, one mistaken, the other correct. Most people mistakenly believe that self-love is opposed to the virtuous life. The error is that “those who use the term as one of reproach ascribe self-love to people who assign to themselves the greater share of wealth, honors, and bodily pleasures.”\textsuperscript{506}

The reason these human beings are vicious is that they neither love themselves nor they love themselves excessively. They don’t overflow with love not even for themselves. Thereby end up seeking inferior or cheap forms of love for themselves. The virtuous man, Aristotle argues, is actually the one who loves himself best, because he seeks the highest goods for himself:

It is true of the good man too that he does many acts for the sake of his friends and his country, and if necessary dies for them; for he will throw away both wealth and honors and in general the goods that are objects of competition, gaining for himself nobility; since he would prefer a short period of intense pleasure to a long one of mild enjoyment, a twelve-month of noble life to many years of humdrum existence, and one great

\begin{itemize}
  \item \textsuperscript{504} Cited in John Watt, \textit{Individualism and Educational Theory}, (Kulwer Academic Publishers, Dordrecht, 1989), 111.
  \item \textsuperscript{505} Erich Fromm, \textit{Man for Himself}, 129.
  \item \textsuperscript{506} Aristotle, \textit{Nicomachean Ethics}, trans. W. D. Ross, 1168b16-17.
\end{itemize}
and noble action to many trivial ones. Now those who die for others doubtless attain this result; it is therefore a great prize that they choose for themselves. They will throw away wealth too on condition that their friends will gain more; for while a man’s friend gains wealth he himself achieves nobility; he is therefore assigning the greater good to himself. The same too is true of honor and office; all these things he will sacrifice to his friend; for this is noble and laudable for himself... In this sense, then, as has been said, a man should be a lover of self; but in the sense in which most men are so, he ought not.\footnote{Aristotle, \textit{Nicomachean Ethics}, 1169a18-1169b2.}

Aristotle opens his \textit{Politics} by asserting that we also act to attain something that we believe to be good: “Every state is a community of some kind, and every community is established with a view to achieve some good; for mankind always act in order to obtain that which they think good.”\footnote{Aristotle, \textit{Politics}, trans. Benjamin Jowett, 1252a1-3.} According to capitalistic view, a business is established with a view to profit or owner-wealth maximization. We should ask, however, whether that which capitalists think good, is in fact good?

Aristotle distinguishes two species of wealth-acquisition, one natural and one artificial.\footnote{Samuel M. Natale, Mark B. Fenton(Eds.), \textit{Business Education and Training: The developing professional}, (University Press of America, Maryland, 1997), 77.} The natural kind is limited and serves the good of the household: “There is one kind which by nature is a part of the management of a household, in so far as the art of household management must either find ready to hand, or itself provide, such things necessary to life, and useful for the community of the family or state, as can be stored.”\footnote{Aristotle, \textit{Politics}, 1256b27-31.}

The artificial kind of wealth-acquisition belongs to business and is unlimited:

There is another variety of the art of acquisition which is commonly and rightly called an art of wealth-getting, and has in fact suggested the notion that riches and property have no limit. Being nearly connected with the preceding, it is often identified with it. But though they are not very different, neither are they the same. The kind already described is given by nature, the other is gained by experience and art.\footnote{Aristotle, \textit{Politics}, 1256b40-1257a4.}

Aristotle does not envision the modern business corporation and does not ask whether a group of business persons could form a community. When we understand that it is natural for persons to work together in producing goods and services for the community, however, we can see that wealth-getting without limit is not the proper aim of the...
corporation. We should understand a firm’s profit as a means to a greater good, not as an end in itself. In this CSR research the real question is how can it be an end in itself when the profit is made from the society itself?

### 5.1.3 A Critical Analysis of Cicero’s Concept of Identifying One’s Interests

Marcus Tullius Cicero in his most influential philosophical work, treatise *On Duties (De Officiis)* wrote that we are not born for ourselves alone. In his own words, “We are not born, we do not live for ourselves alone; our country, our friends, have a share in us.”

*On Duties (De Officiis)* has been characterized as an attempt to define ideals of public behavior. Although many contemporary scholars maintain that “the field of business ethics emerged during the 1970s,” Cicero presented the following case study in 106 BC:

Suppose that there is food-shortage and famine at Rhodes, and the price of corn is extremely high. An honest man has brought the Rhodians a large stock of corn from Alexandria. He is aware that a number of other traders are on their way from Alexandria — he has seen their ships making for Rhodes, with substantial cargoes of grain. Ought he to tell the Rhodians this? Or is he to say nothing and sell his stock at the best price he can get?

Cicero then explains that two of his predecessors in the Stoic tradition disagreed concerning the solution:

In cases of this kind that eminent and respected Stoic Diogenes of Babylon habitually takes one side, and his very clever pupil Antipater of Tarsus the other. Antipater says that all the facts must be revealed, and the purchaser must be as fully informed as the seller. According to Diogenes, on the other hand, the seller must declare the defects of his wares as far as the law of the land requires, but otherwise — provided he tells no untruths — he is entitled, as a seller of goods, to sell them as profitably as he can.

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516 Ibid., 6.76.
Cicero agrees with Antipater that “the corn-merchant ought not to have concealed the facts from the Rhodians.” His account of Antipater’s argument shows that, like Plato and Aristotle, he understands that acting in the interest of the community does not require sacrificing self-interest, but instead requires identifying self-interest with the common good:

You ought to work for your fellow-men and serve the interests of mankind. These are the conditions under which you were born, these are the principles which you are in duty bound to follow and obey – you must identify your interests with the interests of the community, and theirs with yours. How, then can you conceal from your fellow-men that abundant supplies and benefits are due to reach them shortly?

The moment we are not able to identify our self-interest with the common good it becomes selfishness which in turn leads to egoism or individualism. It will erupt like volcanoes into every spear of the society causing anarchy and chaos hindering the welfare and well-being of the society. Erich Fromm describes nature so beautifully:

The selfish person is interested only in himself, wants everything for himself, feels no pleasure in giving, but only in taking. The world outside is looked at only from the standpoint of what he can get out of it; he lacks interest in the needs of others, and respect for their dignity and integrity. He can see nothing but himself; he judges everyone and everything from its usefulness; he is basically unable to love.

Thus, love becomes the yardstick for partaking in the common good as we identify our self-interest. I would even further say that one should have self-interest to be selfless in serving the common good. Perhaps the purpose of our life is, as Cicero says, not for us but for the entire universe. Thus, Cicero’s provide clear philosophical basis and legitimacy not for CSR instead for the Universal Social Responsibility. Cicero could envision it a couple of thousand plus years ago. Sadly, we had to take so much time and energy to realize the gem of a thought. Better late than never!

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517 Ibid., 6.79.
518 Ibid., 6.84.
519 Erich Fromm, Man for Himself, 130.
5.1.4 A Critical Analysis of Thomas Aquinas on Common Good

Aquinas was a philosopher and theologian in the scholastic tradition. He was the foremost classical proponent of natural theology, and the father of Thomism. His view on natural law is very relevant in this CSR research as I hold strongly similar standpoints. The Angelic Doctor follows Aristotle in distinguishing vicious and virtuous self-love:

Those who love themselves are to be blamed, in so far as they love themselves as regards their sensitive nature, which they humor. This is not to love oneself truly according to one’s rational nature, so as to desire for oneself the good things which pertain to the perfection of reason: and in this way chiefly it is through charity that a man loves himself.

The scriptural command to love one’s neighbor as oneself is interpreted or misinterpreted in various ways. Aquinas addresses it in answering the question whether, out of charity, man ought to love himself more than his neighbor:

It is written “Thou shalt love thy neighbor as thyself.” Whence it seems to follow that man’s love for himself is the model of his love for another. But the model exceeds the copy. Therefore, out of charity, a man ought to love himself more than his neighbor.

For Aquinas, then, the transition from a vicious life to a virtuous life does not require renouncing self-love, but rather converting false self-love into true self-love which similar thought in line with Aristotle. Shakespeare notes it by saying that though it is a sin, it is grounded in the heart. So who can just renounce self-love? So it has to be converted into true love for the other.

Sin of self-love possesseth all mine eye,
And all my soul, and all my every part;
And for this sin there is no remedy,
It is so grounded inward in my heart.

Aquinas also provides a detailed account of prudence, right reason applied to action, as a virtue of the decision-maker. Although many modern moral philosophers oppose prudence and ethics, this would be impossible for Aquinas, because possession of

520 B. N. Mandal (ed), Global Encyclopaedia of Islamic Mystics and Mysticism, Volume 1, (Global Vision Publishing House, New Delhi, 2009), 37.
522 Aquinas, Summa Theologiae, II-II, q. 26, a. 4.
prudence, the first cardinal virtue, is a necessary and sufficient condition for possessing the moral virtues. For both Aquinas and modern philosophers who have rejected the Catholic tradition, prudence is self-regarding. Because Aquinas does not separate the individual good from the common good, prudence is both self-regarding and other-regarding: “Prudence regards not only the private good of the individual, but also the common good of the multitude.”

Once the individual good and the common good are separated, however, prudence becomes egoistic and ethics altruistic:

Moral theorists and society as a whole do distinguish between prudential reasons and moral reasons. ‘Prudential’ (from the word ‘prudence’) refers here to considerations of self-interest; ‘moral’ refers here to considerations of the interests of others and the demands of morality.

Although Aquinas clearly understands prudence as a virtue of the decision-maker, concerning the question whether business persons can be prudent, he is somewhat ambivalent. In one passage, he implies that they cannot be prudent. He considers an objection to his position that military prudence is a species of the virtue of prudence:

Just as military business is contained under political affairs, so too are many other matters, such as those of tradesmen, craftsmen, and so forth. But there are no species of prudentia corresponding to other affairs in the state. Neither therefore should any be assigned to military business.

He meets this objection: “Other matters in the state are directed to the profit of individuals; but the business of soldiering is directed to the protection of the entire common good.” The implication is that no species of prudence pertains to businesspersons, because their activities are directed to the profit of individuals, not to the good of an entire body politic. In another passage, however, Aquinas argues that business persons can be truly, but imperfectly prudent. He writes that imperfect prudence, is indeed true prudence, because it devises fitting ways of obtaining a good end; and yet it is imperfect, from a twofold source. First, because the good which it takes for an end, is not the common end of all human life, but of some particular affair; thus when a man devises fitting ways of

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524 Aquinas, *Summa Theologiae*, II-II, q. 47, a. 10.
526 Aquinas, *Summa Theologiae*, II-II, q. 50, a. 4.
527 Aquinas, *Summa Theologiae*, II-II, q. 50, a. 4.
conducting business or of sailing a ship, he is called a prudent business-
man, or a prudent sailor: — secondly, because he fails in the chief act of
prudence, as when a man takes counsel aright, and forms a good
judgment, even about things concerning life as a whole, but fails to make
an effective command.\textsuperscript{528}

Although empirical observation may lead one to conclude that all business persons are
cconcerned only with enriching themselves, it is possible for business persons instead to
intend to promote the common good. Therefore, commercial prudence is in fact a species
of prudence, even if a few business persons actually possess it. Since the most distinctive
feature of the profession of business management is decision-making in complex
situations, where no set of rules can tell us which the right decision is. We should
understand managerial professional competence and judgment in terms of the cardinal
virtue of prudence. Since prudence is both self-regarding and other-regarding, the prudent
business manager promotes both his own true good and the good of the other persons and
communities affected by his decisions. Thus, corporations headed by human beings with
prudence do not hesitate to see the good of the society in which they are part and thereby
ensuring the smooth functioning of CSR for the progress of the society.

5.2 Philosophical basis for Individualism

The CSR movement is rooted in modern-western philosophy. Although there is enormous
diversity within modern-western moral philosophy, most theories are distinguished from
the perennial philosophical tradition of both east and west by their individualism and
separation of ethics from self-interest. While Immanuel Kant and Mill are generally
considered to represent opposite poles in ethical theory, they agree at this point.
Although CSR borrows from a wide range of modern philosophers, it does so especially
from the social contract tradition. This is explicit in many advocates of CSR: “The point
of applying social contract reasoning to business is to clarify the moral foundations of
productive organizations, of which corporations happen to be one kind.”\textsuperscript{529} Or, as another
promoter of CSR puts it:

\textsuperscript{528} Aquinas, \textit{Summa Theologiae}, II-II, q. 47, a. 13.
\textsuperscript{529} Thomas Donaldson, \textit{The Ethics of International Business} (Oxford University Press, New York, 1989),
47.
The contract between business and society has evolved from the traditional view (Friedman’s minimalistic view) — that economic growth was the source of all progress, social and economic — to one holding forth an organizational imperative to work for social as well as economic improvement (the stakeholder view). This latter, expanded meaning of corporate social responsibility included an implicit, informal social contract between the corporation and its employees.530 Stakeholderism is the most popular approach to CSR. “Investigating the many and varied views propounded around sustainability and CSR opened up the prospect of seeing that at its core is a practical benefit for all stakeholders.”531 Furthermore, a number of business ethicists explicitly merge stakeholderism and social contractarianism. “We believe that empirically a social contact does exist in the United States and most other developed countries that requires management to recognize certain sets of stakeholder interests.”532 Capitalism generally understands corporations as “legal fictions that serve as a nexus for a set of contracting relationships among individuals.”533 The contribution of stakeholder analysis is to increase the number of individual parties to the social contract. “The term ‘stakeholder’ generally refers to anyone directly or even indirectly affected by a company’s operations.”534 Included among stakeholders are “not just stockholders but also customers, employees, and business partners; local communities; government; worldwide public opinion; NGOs; and activists who represent the natural environment.”535 Accompanying the individualism of CSR is the opposition of self-

535 Chris Laszlo, The Sustainable Company: How to Create Lasting Value through Social and Environmental Performance (Washington: Island Press, 2005), p. 6. It should be noted that some Catholic scholars see the possibility of reconciling CST and stakeholder theory. George E. Garvey sees the possibility of reconciling CST with both stakeholderism and shareholder-value maximisation, depending upon the situation in which one is managing: “May managers simply maximize the investors’ returns or, alternatively, should they attempt to protect the interests of all firm ‘stakeholders’? Catholic social thinking is typically moderated and balanced, and this issue is no exception. It is possible to find
interest and ethics. “Whether a person behaves ethically depends in some extent upon balancing self-interests against the interests of others or balancing self-interest against some sort of moral standard.”

On this view, which dominates the contemporary CSR literature, the task of ethics is to resolve conflicts between individuals’ varying interests:

Morality serves to restrain our purely self-interested desires so we can all live together. The moral standards of a society provide the basic guidelines for cooperative social existence and allow conflicts to be resolved by appeal to shared principles of justification. If our interests never came into conflict — that is, if it were never advantageous for one person to deceive or cheat another — then there would be little need for morality.

The position of Thrasymachus, which Plato understood to be false, has become the doctrine of contemporary business ethicists.

5.2.1 Thomas Hobbes — Not Egoism, but Individualism

Thomas Hobbes was an early-modern social contractarian. Very few people today admit to being Hobbesians, because the ‘Monster of Malmesbury’ is generally regarded as an egoist:

Support, with qualifications, for both the profit-maximizing and stakeholder-interest-maximizing models of managerial responsibility.... The Church merely requires those who are involved in the formulation of policy to consider seriously and account for the implications of their choices as they relate to the dignity of all ‘stakeholders,’ particularly the workers, and the common good” (“The Theory of the Firm, Managerial Responsibility, and Catholic Social Teaching”, Journal of Markets & Morality, Vol. 6, No. 2 [Fall 2003], pp. 534-35). Garvey reaches this conclusion, because he assumes that there are “two, competing theories related to the responsibilities of managers” (p. 528). There are, in fact, more than two competing theories.


537 Shaw and Barry, Moral Issues in Business, 16.

538 There are counterexamples within the CSR literature. Patricia Aburdene’s theory of socially responsible “conscous capitalism” is based upon “enlightened self-interest”, as distinguished from altruism: “The doctrine of Conscious Capitalism holds that business bears moral and ethical responsibilities beyond short-term profit and maximum shareholder return. Equally important, it lifts the frequency of free enterprise from self-interest to the higher octave of enlightened self-interest. Enlightened self-interest is not altruism. It is self-interest with a wider view” (Megatrends 2010: The Rise of Conscious Capitalism [Charlottesville, Virginia: Hampton Roads, 2005], p.175).

The concept of enlightened self-interest has dominated business for a long time. Thomas Hobbes planted the seeds in the early seventeenth century. He argued that humankind was fundamentally egotistic and devoid of any genuine feelings for the needs of others.\(^\text{540}\)

Ethical egoism holds that one is always to do what will promote his own greatest good — that an act or rule of action is right, if and only if it promotes at least as great a balance of good over evil for him in the long run as any alternative would, and wrong if it does not. This view was held by Epicurus, Hobbes, and Nietzsche, among others.\(^\text{541}\)

John Rawls, the most influential twentieth-century social contractarian, excludes Hobbes from a list of his most significant predecessors:

> My aim is to present a conception of justice which generalizes and carries to a higher level of abstraction the familiar theory of the social contract as found, say, in Locke, Rousseau, and Kant.” He then comments, in a footnote: “For all of its greatness, Hobbes’s Leviathan raises special problems.”\(^\text{542}\)

This is, apparently, an attempt to disassociate his own theory from Hobbes’s egoism. Even Robert C. Solomon, an Aristotelian who understands that promoting the good of others is good for oneself, cannot resist the temptation to label Hobbes’s theory as selfish:

> The very existence of the business enterprise and the prosperity and power of corporations suggest not the power of Hobbesian selfishness but rather the human capacity — both natural and cultural — to cooperate and organize, to serve one’s own interests by serving the interests of others.\(^\text{543}\)

If we understand ethical egoism to hold that one is always to do what will promote his own greatest good, then Thomas Aquinas was an ethical egoist and Thomas Hobbes was not. The latter was a modern philosopher, who held that ethics is about acting in the interests of others, instead of one’s own interest. After listing nineteen non-egoistic laws of nature, he adds:

> And though this may seem too subtle a deduction of the Lawes of Nature, to be taken notice of by all men; whereof the most part are too busie in getting food, and the rest too negligent to understand; yet to leave all men inexcurable, they have been contracted into one easy sum, intelligible, even to the meanest capacity; and that is, Do not that to another, which


thou wouldest not have done to thy selfe; which sheweth him, that he has no more to do in learning the Lawes of Nature, but, when weighing the actions of other men with his own, they seem too heavy, to put them into the other part of the ballance, and his own into their place, that his own passions, and selfe-love, may adde nothing to the weight; and then there is none of these Lawes of Nature that will not appear unto him very reasonable.544

Hobbes was not an ethical egoist. Neither did he plant the seeds of enlightened self-interest. Plato did so, when he had Socrates argue that to be just is better for oneself than to be unjust and that nothing can harm a good man. Hobbes is also innocent of the charge of arguing that humankind is devoid of any genuine feelings for the needs of others. His list of the passions includes benevolence or charity, kindness, liberality, and compassion or fellow-feeling.545

Hobbes fundamental mistake was not egoism, but individualism. Where Aristotle maintains that “man is by nature a political animal,”546 Hobbes believed that the natural condition of mankind is ‘solitary.’547 Given Aristotle’s understanding of human nature, to be ethical is good for oneself. Given Hobbes’ understanding, to be ethical often involves acting contrary to self-interest.

Thus, Hobbesian understanding of CSR is at the expense of self-interest, managers should benefit many individuals, not only shareholders. CSR conforms to standard definitions of ‘egoism’ that managers should promote their own highest good by promoting the common good.

5.2.2 Adam Smith’s Concept of Moral Sentiments

Adam Smith is generally considered to be both an egoist and the philosophical father of capitalism, usually on the basis of two passages in The Wealth of Nations:

It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest. We

546 Aristotle, Politics, 1253a2-3.
address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages.548

By preferring the support of domestic to that of foreign industry, [an individual] intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. Nor is it always the worse for the society that it was no part of it. By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it. I have never known much good done by those who affected to trade for the public good.549

A number of business ethicists have discovered that Smith was not only a political economist, but also a moral philosopher, and that a complete reading of his works reveals that he was not an egoist.550 In the words of Robert C. Solomon and Norman E. Bowie, respectively:

Most economists and free enterprise lobbyists refer only to Wealth of Nations and ignore that book’s place in the whole of Smith’s philosophy. In particular, they utterly ignore The Theory of the Moral Sentiments and its central thesis — never abandoned in the economic theory of Wealth of Nations — that people are naturally cooperative and sympathetic, and that their self-interest naturally includes concern for others and their opinions.551

The conventional wisdom says that Smith advocates a brand of ethical egoism that supports utilitarian results… Actually Smith’s moral philosophy is a good deal more complicated. He believed that human beings possessed an innate sympathy for other human beings and that this capacity for sympathy is of greatest value for all of us.552

Solomon also maintains that “Smith is no individualist in the Hobbesian mode.”553 Nevertheless, he acknowledges that Smith understood self-interest and ethics to be separate. “The Theory of the Moral Sentiments makes clear even if Wealth of Nations

549 Ibid., 199.
550 The discovery that Smith also wrote a book on moral philosophy has trickled down to the popular CSR literature: “For all his enthusiasm about the ‘invisible hand’ of market forces working without human intervention, his earlier work—The Theory of Moral Sentiments—laid out a comprehensive argument for morality and compassion in both commercial and governmental affairs. Smith, in short, was no hardhearted capitalist” (Hollender and Fenichell, What Matters Most, 36).
551 Solomon, Ethics and excellence, 85-86.
553 Solomon, Ethics and Excellence, 86.
does not suggest that self-interest must always be kept in balance with benevolence and 
the other moral sentiments.” The basis of ethical theories that ask us to balance self-
interest and morality is anthropological individualism.

Bowie attempts similarly to defend Smith, but also acknowledges that Smith separates 
ethics from self-interest:

Smith says that as a matter of fact we are not always motivated to act in 
accordance with our perceived best interest. Sometimes people act for the 
good of another or for the good of society. Of course people benefit from a 
society where altruism exists. However, people don’t act altruistically 
because they will benefit. Smith does not reduce altruism to enlightened 
egoism.

Smith belongs to a school of moral philosophy in which the traditional virtues are 
classified non-traditionally as either self-interested or other-interested. “When we 
consider the character of any individual, we naturally view it under two different aspects; 
first, as it may affect his own happiness; and secondly, as it may affect that of other 
people.” Prudence, for Smith, is concerned with one’s own happiness. “The care of the 
health, of the fortune, of the rank and reputation of the individual, the objects upon which 
his comfort and happiness in this life are supposed principally to depend, is considered as 
the proper business of that virtue which is commonly called Prudence.” This is a 
fundamental break from the philosophical tradition, in which the virtue of prudence is 
concerned with both the individual good and the common good.

According to Smith, “Concern for our own happiness recommends to us the virtue of 
prudence; concern for that of other people, the virtues of justice and beneficence; of 
which, the one restrains us from hurting, the other prompts us to promote that 
happiness.” These, then, are his three cardinal virtues; prudence egoistic, justice and 
beneficence altruistic.

Solomon and Bowie are correct in pointing out that the father of capitalism was not an 
egoist. With Smith, as with Hobbes, the mistake is not egoism, but individualism. For 
Aristotle, to promote the common good by sacrificing one’s life is to promote one’s own

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554 Solomon, Ethics and Excellence, 87.
558 Smith, The Theory of Moral Sentiments, Part VI, Conclusion.
It is significant that Smith’s ethical theory is one of moral sentiments. Aristotle argued that the virtues and vices are not passions, but states of character. René Descartes, who became the father of modern philosophy by replacing metaphysics with epistemology as the starting point of philosophical inquiry, also transformed the traditional virtues and vices into ‘passions of the soul.’ Smith interprets the virtues tradition in such a way that each virtue is ‘founded upon’ one sentiment and ‘the essence’ of each virtue is a feeling or emotion:

The ancient moralists... have only endeavored to ascertain ... wherein consists the sentiment of the heart, upon which each particular virtue is founded, what sort of internal feeling or emotion it is which constitutes the essence of friendship, of humanity, of generosity, of justice, of magnanimity, and of all the other virtues, as well as of the vices which are opposed to them...

For Rawls, virtues simply are sentiments: “The virtues are sentiments, that is, related families of dispositions and propensities regulated by a higher-order desire, in this case a desire to act from the corresponding moral principles.” Alasdair Mac Intyre, an Aristotelian, comments: “It is no accident that [Rawls] divorces our commitment to both principles and virtues from any substantial belief in the good for man.” Smith belongs to a tradition that uses the language of virtues in a way that would be unrecognizable to Plato and Aristotle.

In short, three levels of interpreting Adam Smith can be distinguished. According to the overly-simplistic interpretation, he is an unqualified advocate of self-interested profit-maximization. According to the simplistic interpretation, he is acquitted of the charge of egoism, because he also wrote a book on moral philosophy. At the next level, we can see that his moral theory is profoundly problematic. He is just as much a father of CSR as he...
is of capitalism, because he accepts the modern dichotomy of egoism (individualism) and altruism.

5.2.3 Immanuel Kant — Ethical Duty versus Self-Love

Kant is the most influential of moral philosophers opposed to the Altruistic Tradition. It would be difficult to exaggerate the influence of his thought on subsequent ethics, including CSR. The founding document of stakeholder theory (as a theory of business ethics, rather than of strategic management) identifies itself explicitly as Kantian.\(^565\)

The divergence of Kant’s secularized Lutheranism from Altruistic ethical theory is extreme. Altruistic ethics is ethics for human persons. Both the natural law and the moral virtues are what they are because human nature is what it is. If there are in the universe rational beings with natures different from our own, their ethical theories will also differ from ours. Kant, on the other hand, attempts to develop an ethical theory for all rational beings, without reference to the peculiarities of human nature:

> Everyone must admit that a law, if it is to hold morally, i.e., as a ground of obligation, must imply absolute necessity; he must admit that the command, “Thou shalt not lie,” does not apply to men only, as if other rational beings had no need to observe it. The same is true for all other moral laws properly so called. He must concede that the ground of obligation here must not be sought in the nature of man or in the circumstances in which he is placed, but sought a priori solely in the concepts of pure reason.\(^566\)

That Kant’s attempt to found his ethical theory on logic, rather than human nature and the good at which a human life should aim, was unsuccessful has been demonstrated by many authors. His categorical imperative works with a few carefully chosen examples, but is unable to distinguish the class of ethical actions from that of unethical actions. Nevertheless, his theory of ethics remains extremely popular today.

For purposes of this CSR research, the most significant feature of Kantian moral philosophy is the divergence of ethical duty and self-love:


It sometimes happens that in the most searching self-examination we can find nothing except the moral ground of duty which could have been powerful enough to move us to this or that good action and to such great sacrifice. But from this we cannot by any means conclude with certainty that a secret impulse of self-love, falsely appearing as the idea of duty, was not actually the true determining cause of the will.\textsuperscript{567}

So distinct and sharp are the boundaries between morality and self-love that even the commonest eye cannot fail to distinguish whether a thing belongs to the one or the other.\textsuperscript{568} The contrast with the classical and Altruistic teaching that to act virtuously is to love oneself is extreme: “To behold virtue in her proper form is nothing else than to exhibit morality stripped of all admixtures of sensuous things and of every spurious adornment of reward or self-love.”\textsuperscript{569} St. Augustine, who distinguishes the Earthly City and the Heavenly City in terms of “self-love reaching the point of contempt for God” and “the love of God carried as far as contempt of self,”\textsuperscript{570} adds an implicit distinction between vicious and virtuous self-love: “Now God, our master, teaches two chief precepts, love of God and love of neighbor; and in them man finds three objects for his love: God, himself, and his neighbor; and a man who loves God is not wrong in loving himself.”\textsuperscript{571}

Instead of distinguishing ethical and unethical self-love, Kant distinguishes self-love from morality: “The possibility of such a command as, ‘Love God above all and thy neighbor as thyself,’ agrees very well with [his own understanding of moral obligation].” He then adds in a note, “The principle of one’s own happiness, which some wish to make the supreme principle of morality, is in striking contrast to this law. This principle would read: ‘Love thyself above all but God and thy neighbor for thine own sake.”\textsuperscript{572}

Kant contrasts moral duty not only with self-love, but also with prudence, sometimes identifying the two: “The maxim of self-love (prudence) merely advises; the law of

\textsuperscript{567} Ibid., 89.
\textsuperscript{569} Kant, \textit{Foundations of the Metaphysics of Morals}, 44.
\textsuperscript{571} Augustine, \textit{The City of God}, 423.
morality commands.” For Altruism, prudence is a virtue, the possession of which is necessary and sufficient for possession of justice, fortitude, temperance and the other moral virtues. For Kant, prudence is contrasted to ethics: “It is a very different thing to make a man happy from making him good, and to make him prudent and farsighted for his own advantage is far from making him virtuous.” This false opposition of prudence and ethics is found throughout the CSR literature. Norman Barry, for example, writes, “In most cases of corporate beneficence, it is not easy to see whether corporate beneficence is genuinely moral (i.e., if it was willingly approved by the shareholders) or merely prudent.” Thus, Kantian concept of ethical duty and self-love encompasses CSR undertakings of individuals and corporations as it is not just duty for the duty sake rather it is an obligation for the well-being of self and others.

5.2.4 J. S. Mill — Individualism and Altruism

The “two favorite philosophers of business ethics” are Immanuel Kant and John Stuart Mill. Kant, the deontologist, and Mill, the consequentialist, are usually presented as opposing alternatives in ethical theory. Mill does indeed criticize Kant for not being a consequentialist:

This remarkable man... lay[s] down a universal first principle as the origin and ground of moral obligation; it is this: “So act, that the rule on which thou actest would admit of being adopted as a law by all rational beings.” But when he begins to deduce from this precept any of the actual duties of morality, he fails, almost grotesquely, to show that there would be any contradiction, any logical (not to say physical) impossibility, in the adoption by all rational beings of the most outrageously immoral rules of conduct. All he shows is that the consequences of their universal adoption would be such as no one would choose to incur.

The disagreement between the two moral philosophers, however, is less significant than their agreement. Both have an individualistic understanding of human nature, with the

consequence that acting ethically can involve acting contrary to one’s own good. Mill’s commitment to individualism is explicit:

To give any fair play to the nature of each, it is essential that different persons should be allowed to lead different lives. In proportion as this latitude has been exercised in any age, has that age been noteworthy to posterity. Even despotism does not produce its worst effects, so long as individuality exists under it; and whatever crushes individuality is despotism, by whatever name it may be called, and whether it professes to be enforcing the will of God or the injunctions of men.\(^{578}\)

Moreover, Mill’s commitment to individualism is united with an aversion to authority: “Those who first broke the yoke of what called itself the Universal Church, were in general as little willing to permit difference of religious opinion as that church itself.”\(^{579}\) Protestantism soon disintegrated into theological pluralism, which paved the way for individualism, capitalism, liberal democracy and moral relativism, as well as the diversity of ethical theories within which CSR is now attempting to correct capitalism.

Mill opposes individuality and society. The individual is, or should be, the primary unit. Society is a composite of individuals:

In proportion to the development of his individuality, each person becomes more valuable to himself, and is therefore capable of being more valuable to others. There is a greater fullness of life about his own existence, and when there is more life in the units there is more in the mass which is composed of them.\(^{580}\)

One consequence of this individualism is that there is no natural relationship between one’s own good and the good of others. Morality is separated from prudence. Human nature includes a selfish part and a social part:

The means of development which the individual loses by being prevented from gratifying his inclinations to the injury of others, are chiefly obtained at the expense of the development of other people. And even to himself there is a full equivalent in the better development of the social part of his nature, rendered possible by the restraint put upon the selfish part.\(^{581}\)

This distinction between the selfish and social parts of human nature stands in extreme contrast to the philosophy of Altruism. For Aristotle, to be self-serving is to love oneself


\(^{580}\) Ibid., 121.

\(^{581}\) Ibid.
viciously and to be social is to love oneself virtuously. Because human nature is political, the virtues are both self-serving and other-serving. For Mill, on the other hand, we have ‘self-regarding virtues’ and ‘social virtues.’ He distinguishes “the part of a person’s life which concerns only himself, and that which concerns others.” Because there is no natural harmony of the individual good and the common good, we should endeavor to approximate such harmony artificially:

Utility would enjoin, first, that laws and social arrangements should place the happiness, or (as speaking practically it may be called) the interest, of every individual, as nearly as possible in harmony with the interest of the whole; and secondly, that education and opinion, which have so vast a power over human character, should so use that power as to establish in the mind of every individual an indissoluble association between his own happiness and the good of the whole.

Although Mill is an individualist, he is not an egoist. His ethical theory is individualistic and altruistic. He maintains that there is no “inherent necessity that any human being should be a selfish egotist, devoid of every feeling or care but those which centre in his own miserable individuality.” And he calls “the egotism which thinks self and its concerns more important than everything else, and decides all doubtful questions in its own favor” a ‘moral vice.’ Whatever may be the connotations of ‘utilitarian’ in contemporary ordinary language, Mill cannot justly be accused of advocating egoism.

For Aristotle, to perform an act of ‘self-sacrifice’ is both to act virtuously and to love oneself most, because such an act awards the highest to oneself. To sacrifice one’s own highest good would be highly unethical. For Mill, with the severance of one’s own good from the good of others, sacrificing one’s own greatest good may or may not be ethical, depending upon whether it results in a net increase of utility for everyone affected by the act:

The utilitarian morality does recognize in human beings the power of sacrificing their own greatest good for the good of others. It only refuses to admit that the sacrifice is itself a good. A sacrifice which does not increase, or tend to increase, the sum total of happiness, it considers as

582 Ibid., 133.
583 Ibid., 136.
584 John Stuart Mill, Utilitarianism, 25.
585 Ibid., 20.
wasted. The only self-renunciation which it applauds, is devotion to the happiness, or to some of the means of happiness, of others; either of mankind collectively, or of individuals within the limits imposed by the collective interests of mankind.\textsuperscript{587}

The resulting theory of moral philosophy is fundamentally opposed to the philosophy of Altruism. For Altruistic, to be ethical is to promote one’s own highest good by promoting the good of other persons. For Mill, to be ethical is to regard one’s own interest and the interests of others as separate, and to maximize aggregate utility, while assigning the same weight to one’s own utility as to that of every other individual:

The happiness which forms the utilitarian standard of what is right in conduct, is not the agent’s own happiness, but that of all concerned. As between his own happiness and that of others, utilitarianism requires him to be as strictly impartial as a disinterested and benevolent spectator. In the golden rule of Jesus of Nazareth, we read the complete spirit of the ethics of utility. To do as you would be done by, and to love your neighbor as yourself, constitute the ideal perfection of utilitarian morality.\textsuperscript{588}

Rather than being regarded as the two chief alternatives in ethical theory, the theories of Kant and Mill should be understood as corruptions of fragments of Thomistic moral philosophy, which is simultaneously deontological and teleological without inconsistency. When we gain this understanding, we also understand how much we have lost. However, it should also trigger the question instantaneously as to how much we can gain, if we can get a balance between altruism and individualism? Of course, this question is so vital to the CSR and its impetus for the progress of the society.

5.3 Convergences of Individualism and Altruism in Eastern Thoughts

Is it really possible to strike a balance between individualism and altruism? There exists a clear dichotomy in Eastern and Western thoughts that ‘the East’ values order and ‘the West’ values freedom.\textsuperscript{589} Evident from the writings of Socrates and Lao Tzu, cultural divergences in ancient Western and Eastern philosophical view of the self are thought to have emerged early in human history. The manner in which people define themselves and

\textsuperscript{588} Ibid.  
their relation to others in their environment is referred to as self-construal style, and it is a fundamental way through which culture shapes human behavior.\textsuperscript{590}

Individualistic cultures encourage people to be considered as independent of each other. By contrast altruistic cultures endorse viewing people as highly interconnected to one another. West and East have given ample scope for self-expression and pursuit of individuality over group goals, while altruism favor maintenance of social harmony over assertion of individuality.

Talking of Eastern tradition let us focus on Indian tradition to expose how Hindu scriptures and Indian philosophers tried to converge individualism and altruism for the benefit and welfare of the entire society. Thus, this part would be delving more into Vedas and Gita, Chanakya, Asoka, etc. to show the CSR concepts Indians have followed almost all through the history for the well-being of the society.

### 5.3.1 Arthashastra (4th century B.C) of Kautilya/Chanakya

Roger Boesche describes the Arthaśāstra as "a book of political realism, a book analyzing how the political world does work and not very often stating how it ought to work, a book that frequently discloses to a king what calculating and sometimes brutal measures he must carry out to preserve the state and the common good."\textsuperscript{591} Centrally, Arthaśāstra argues for an autocracy managing an efficient and solid economy. It discusses the ethics of economics and the duties and obligations of a king.\textsuperscript{592} The Arthaśāstra also focuses on issues of welfare (for instance, redistribution of wealth during a famine) and the collective ethics that hold a society together. Kautilya says that artha (sound economies) is the most important; dharma and kama are both dependent on it.\textsuperscript{593} Hence the king shall be ever active in the management of the economy. The root of wealth is economic activity and lack of it brings material distress. In the absence of fruitful economic activity, both current prosperity and future growth will be destroyed. A king can achieve


\textsuperscript{593} K. P. Jog (Eds.), \textit{Perceptions on Kauṭiliya Arthaśāstra}, (Popular Prakashan, Mumbai, 1999), 47.
the desired objectives and abundance of riches by undertaking productive economic activity.594

The root of economies is activity or business. Today the corporations have to engage in activities to maximize profit. It is the right of the corporations to involve themselves in the activities that would fetch economies or profit. Chanakya also says that economies should be used for the welfare of the state. Chanakya clearly points out how a welfare state should be. Arthasastra describes it as:

A concept of government in which the state plays a key role in the protection and promotion of the economic and social well-being of its citizens. It is based on the principles of equality of opportunity, equitable distribution of wealth, and public responsibility for those unable to avail themselves of the minimal provisions for a good life. The general term may cover a variety of forms of economic and social organization.595

For one of the basic duties of the king, as incorporated in Rajadharma of ancient India, was to protect every individual in every respect and ensure his happiness. Kautilya in the Arthashastra laid down thus: “In the happiness of his subjects, lies the happiness of the Ruler; in their welfare, his welfare; whatever pleases him the ruler shall not consider as good but whatever pleases his subjects, the Ruler shall consider as good.”596

Thus, India can boast of having given birth to one of the first widely read economist of the world — Chanakya, who laid out the principles of income generation, mode of governance and sustainable development. As I attempt to delve deep into the roots of CSR concept, I can proudly say, if we are not considering Chanakya’s or Kautilya’s ‘Arthashastra’ as one of the early Indian accounts of corporate governance and sustainable development, either we have not understood him or his work. Where else can we find a better example than Arthashastra for clear mandates or guidelines on social responsibility and responsiveness?

In ‘Arthashastra,’ the concept of a rajarshi (king) is very similar to the wise king of Plato's Republic. For him the king is not a seeker of power for himself but he is using the power for the welfare of the people. In philosophical terminology, the king becomes the

596 Ibid., 197.
state just as a married man (or, a householder) considers himself as the whole family. His individual interest is 'in a way' surrendered to the interest of the whole group, for he merges his narrow self in a wider self in that of a family and, in the case of a king, the whole state.\footnote{K. P. Jog (Eds.), \textit{Perceptions on Kautilya Arthaśāstra}, 48.}

In his ‘Arthashatra,’ Kautilya maintained that a king (CEO in the context of modern corporations or firms) should have no self-interest, happiness and joy for himself, his satisfaction lies in the welfare (happiness) of his people, i.e. he has to submerge his personality into the larger personality of his people. Kautilya states in the happiness of his subjects lies the happiness of the king; and in their welfare his welfare; the King shall not consider as good only that which pleases him but treat as beneficial to him whatever pleases his subjects — the welfare of the many and the happiness of the many. In fact, this CSR concept of the happiness of many need integrated into the area of corporate management as the basic principle. Kautilya stressed the importance of happiness to all stakeholders of an organization as in the stakeholders’ theory. He stated that happiness is obtained not only by wealth and profit, but also by doing things rightly and doing right things. ‘\textit{Dharma}’ without wealth, according to Kautilya is toothless, and wealth without ‘\textit{dharma}’ is useless because a poor person cannot support the entire society.\footnote{Cited in Muniapan, B., and Dass, M. (2008), \textit{“Corporate Social Responsibility: A Philosophical Approach from an Ancient Indian Perspective” International Journal of Indian Culture and Business Management}, Volume 1, Number 4, 2008, 408-420.}

\subsection*{5.3.1.1 Chanakya's Nitishastra}

Chanakya, apart from being a man of wisdom and unfailing strategies, propounded Nitishastra, the ideal way of living for every individual of the society. It is an in-depth study of the Indian way of life. He looked at the country like a person surrounded by problems. He worked at the total annihilation of problems. Most of his views were so farsighted that they appeared to be prophesies. Talking on the diverse subjects such as corruption, he commented very rightly, "It's just as difficult to detect an official's dishonesty as it is to discover how much water is drunk by the swimming fish."\footnote{K. P. Jog (Eds.), \textit{Perceptions on Kautilya Arthaśāstra}, 48.}
5.3.1.2 Chanakya the True CSR Proponent

Chanakya has been described variously, as a saint, as a ruthless administrator, as the kingmaker, a devoted nationalist, a selfless ascetic and a person devoid of all morals.\(^{600}\) Certainly, these words may not be enough to describe him when we consider the contributions he has given for the well-being of the humanity.

The early accounts about the welfare state must pinch each corporate to involve itself in more CSR activities for bringing happiness, in the processes of eliminating poverty and suffering, in whatever through measures we can, today. Arthashastra has relevance not only for India but also the entire contemporary world. Though written in Sanskrit, it remains unique in the entire Indian literature because of its unabashed advocacy of real politick and disciplined economic management. By taking a holistic and integrated approach, Kautilya has provided a new dimension to the field of economics. The economic growth with equity and social welfare as propounded by Kautilya is bound to render sustainability to the economic management system. Thus, I would undoubtedly state that the recent CSR concept must certainly have some of its early roots in Arthashastra. We could even say that the foundation for Arthashastra must have taken roots from concepts of Buddhism as there was so much Buddhist influence on the Maurya Emperor of Chandragupta. Possibly, it must be that Chanakya being a brilliant statesman, philosopher and politician found the absence of concern for the society and fellow beings. So he must have repackaged the same truth and presented it to his own subjects who were lead by the chariots of greed, ego and selfishness like we see the CSR emerging in India and elsewhere in the present world as responsibility and duty of every person who pass through this marvelous reality called life. Thus, modernity itself knocking at the door of human conscience in the name of CSR has to have love and concern for the poor and needy; maintain equality and equilibrium in the society in coherence with the laws of nature or naturalism.

Through Arthashastra and Nitishastra, Chanakya has become a never ending phenomena. He made a fool-proof treatise on welfare state and witnessed its success. He has truly guided the generations with his wisdom. It would ideally suit to conclude the Chanakyan

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philosophical impetus for CSR by illuminating a couple of his quotations: "The secret task of a king is to strive for the welfare of his people incessantly. The administration of the kingdom is his religious duty. His greatest gift would be to treat all as equals."601

"The happiness of the commoners is the happiness of the king. Their welfare is his welfare. A king should never think of his personal interest or welfare, but should try to find his joy in the joy of his subjects."602

Kautilya states in the happiness of his subject lies the happiness of the king; and in their welfare his welfare; the King shall not consider as good only that which pleases him but treat as beneficial to him whatever pleases his subjects — the welfare and the happiness of the many. The leader is the distributor of wondrous wealth.603 Kautilya’s teachings would suggest clear leadership with service to the citizens and discipline of the leaders towards efficiency and wealth management.

Kautilya over-reached the modern concept (of welfare state) in that his, Yogakshema aims at an all-round development, material as well as spiritual, of the society as well as of the individual. It involves the well-being of the poorest of the poor. The Kautilyan state, we are told, ensured freedom, happiness, prosperity and full-fledged development of human personality. Yogakshema demanded higher moral consciousness both at the elites’ and common peoples’ levels.604

In Arthasatra, Kautilya has directed that a king (may be identified as a leader or CEO in the context of organization) should try to establish a welfare nature of state with a key role in the protection and promotion of the economic and social well-being of its citizens (Praja sukhe sukham rajnya).605 Similarly, in today’s business every company should have to satisfy the interest of the all stakeholders.

The root of any business remains in its philosophy and it is also important to maintain ethical standards in every respect.606 Thus Kautilya emphasized to maintain the standards

602 Ibid., 142.
603 Vajasaneeya Samhita xxx-4.
of public governance in the Mauriyan Empire. Kautilya provided the guideline for doing business which was basically followed vedic and traditional ethical values. He has provided strict guidelines for the traders to do business in an ethical manner and to fulfill certain social obligations. According to Kautilya, the state has to play the role of facilitator, regulator and protector. Kautilya has directed that a king should try to establish a welfare nature of state with a key role in the protection and promotion of the economic and social well-being of its citizens.\footnote{Ibid., 67.} Arthashastra alone describes the king a servant of the state who would harbor no personal likes and dislikes; it would be rather the likes and dislikes of the servants that would be followed by him.\footnote{R. Shamasastry, \textit{Kautilya's Arthashastra}, (Weslevan Mission Press, Mysore, 1929), 39.} Arthashastra emphasizes that a king should surrender his individuality in the interest of his duties. Kautilya's view regarding governing a monarchy is equally applicable in successfully running a corporate sector in modern business context.

It is the duty of the state to provide the ‘common good.’ The term is the symbol for the total governmental actions. In ancient India, king became an embodiment of the common good for his people. King is an instrument to achieve ends related to promoting general human well-being, such as peace, order, prosperity, justice and human dignity. A king is bound to ensure that the common good (dharma) is preserved.\footnote{O.P. Diwedi, Common Good and Good Governance: Administrative Theology - Dharma of Public Officials, \textit{Indian Journal of Public Administration}, Vol.36, No. 3, July-September, 1990, 261} Arthashastra gives to the welfare of the citizens, the first place in all considerations of policy; the common good of the people and their sustained happiness are considered as main ends for the service of which Kautilya called out an elaborate administrative system.\footnote{P. Sharan, \textit{Ancient Indian Political Though and Institutions}, (Meenakshi Prakashan, Meerut, 1978), 186.}

In this way Kautilya’s accounts illustrate a blend of individualism and altruism to achieve common good. Thus, ensuring (Yogakshema) the greatest happiness of the greatest number which is both at individual level and at societal level could be the focal point of CSR even today. If we focus on the value of personal reflection and choice, we will observe that this value was stressed by Aristotle in the Western tradition, but also by Kautilya (a contemporary of Aristotle) and Ashoka (two generations later) in the Indian tradition. Kautilya and Aristotle did not believe that personal choice was important for...
The Charvaka School in India defended the pursuit of personal pleasure and satisfaction in a way closely comparable to the classical Utilitarianism of the West...Most dominant moral and religious traditions in both East and West give a prominent place to altruism and duties to others.611 East has been a fertile soil for all sorts of pluralism and tolerance. Especially Indian tradition has a legacy of accepting and fostering every kind of good and bad.

5.3.2 Ashoka’s Concept of Welfare State

We discover that the enlightened emperor Ashoka, in the third century B.C., converted himself to Buddhism. He erected a large number of public stone inscriptions describing the essentials of good public life. The inscriptions gave essential emphasis to the value of plurality, both in public policy and in the private conduct of citizens.612 In order to achieve welfare, the dhammamahamattas were charged to develop, propagate and implement a series of field programs, designed to further the overall dhamma competence of the citizens, which meant to introduce sustainable measures to nurture, in all strains of society, a well-defined set of generic primary qualities, such as: kindness, forbearance, compassion (daya), generosity (dana), truthfulness (satya), etc...With his management team in place, Ashok started giving body to the program, under the well-chosen project headline of Dhammavijaya, or, the Conquest through Righteousness Project.

Furthermore, Ashoka and his dhamma task force encouraged harmlessness towards all forms of life (avihisa bhutanam), which entailed both absolute non-violence and strict veganism; and moderation in spending as well as in saving (apavyayata apabhadata), obviously a combined form of reducing unsustainable consumption and at the same time enhancing the national cash flow. Generally, Ashoka suggests, treating people properly (samyapratipati) is the key. Asoka attempted to bring out a new cult of philosophy and human values with highest of its order to the corporate governance.

With all the above, Ashoka truly ranks among the illuminated forbearers of our modern CSR policies, and careful examination of the Ashoka program can help us set out an

612 Ibid.
effective program of sustainability for ourselves, as well as provide us with the answers and solutions to what might go wrong along the way.

5.4 Echoes of CSR in Vedic Literature

Human vices are as old as the civilization itself. We think Vedas can be considered as the oldest proof for echoes of CSR. The great sages who delivered universal thoughts through the Vedas were concerned about unethical and profit driven human activities and its impact on individuals, society and the environment. Based on the Vedas, CSR can be looked at from three dimensions constituting the individual, social and cosmic perspectives.

5.4.1 Vedas

The individual dimension of CSR focuses on the concept of dharma (righteousness). The Vedas call upon one to speak the truth and follow the righteous path. “One who does not work is a social evil.”\textsuperscript{613} I think, it is grass-root level of CSR that Vedas have propagated at the individual level to respect one’s existence and discharge his duties for the welfare of the self and society.

The Vedas assert that there shall be proper distribution of wealth from the wealthy to the poor. They also condemn those who enjoy wealth without partaking it with others. "One shall not be selfish and consume all by himself."\textsuperscript{614} It also indicates that social distribution of wealth generously. “Wealth accumulated through 100 hands should be distributed to 1000 hands.”\textsuperscript{615}

The Vedas advocate conservation of resources to take care of future requirements. They condemn poverty and give the clarion call to eradicate it. “One shall produce fair wealth for today and tomorrow.”\textsuperscript{616}

The Vedas attach great importance to environmental protection and purity. They insist on safeguarding the habitation, proper afforestation and non-pollution. “Earth, atmosphere,
sky, sun, moon, stars, water, plants, trees, moving creatures, swimming creatures, creeping creatures all are hailed and offered oblations.”

5.4.2 Vedanta and Bhagavad Gita

Vedanta is drawn primarily from the Vedic literatures. The Vedic literatures are composed of many books. The Bhagavad Gita literally means the ‘song of the blessed one.’ It is also known as Gitopanisad, is the essence of Vedic knowledge and one of the most important Upanishads in Vedic literature. Gandhi calls it the gospel of selfless action. Vedanta is relevant to CSR as it promotes the welfare, and happiness of all beings. This is also indicated by a popular Vedic prayer — *loka samastha sukhino bhavanthu*— which means that all may be happy, healthy and prosperous.

Vedanta promotes the concept of *nishkama karma*; a perspective on the action and decision making that emphasizes performing one's duties without attachment to the fruits thereof — and where both the action and the fruits are offered to the divine. In the context of CSR, the societal contribution must not have with any expectations in return but rather as a duty needs to be done to the society.

In Vedanta, the law of *karma* (cause and effect) is expected to motivate the business people to carry out their duties to serve humanity (CSR). This philosophy implies that the present nature of an individual's life (effect) or organizations is determined by their previous actions (cause). Good *karma* needs to be accumulated by business for long term benefits.

In the context of CSR, organization should not only be interested in their own welfare but also the welfare of all stakeholders and society (*sarva loka hitam*) “Let the rich satisfy the poor with a broader vision.” Thus, transcending the individual and altruistic limitations for the welfare and happiness of the entire world is the epitome of *sarva loka hitam*.

Vedanta emphasizes that the corporations should not run away from their *dharma*. The Bhagavad Gita stressed that duty (*dharma*) needs to be done without attachment and for

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617 *Taittiriya Samhita* 1.8-13.
619 *Rig Veda Samhita*, x.117-5.
those who do their duty without attachment will attain the supreme goal.\textsuperscript{620} “On action alone be thy interest, Never on its fruits. Let not the fruits of action be thy motive, Nor be thy attachment to inaction.”\textsuperscript{621} It is a wakeup call for every responsible person to go beyond boundaries of individualism and altruism to become selfless persons.

\textit{Ashrama dharma} or duties of life's stages is a developmental \textit{dharma}. The natural process of maturing from childhood to old age through fulfillment of the duties of each of the four stages of life namely are \textit{brahmacharya} (student) \textit{grihastha} (householder), \textit{vanaprastha} (elder advisor) and \textit{sannyasa} (religious solitaire). This is the individual social responsibility in relation to the society, family, organization and society.

\textit{Rita dharma} or the universal duty and the protection of the environment falls within this scope of \textit{dharma}. This is global social responsibility, universal social responsibility or even environmental social responsibility.

\textit{Varna dharma} or social duty defines the obligations and responsibilities within the nation, society, community and business. This is directly relevant to social responsibility (CSR). Duty or \textit{dharma} is given great importance in Vedanta. \textit{Sarva loka hitam} in Vedanta referred to "well-being of stakeholders customers and society." There are four principal kinds of dharma known as \textit{chaturdharma} which are highly relevant to CSR namely: \textit{Rita dharma, Varna dharma, Ashrama dharma} and \textit{Svadharma}.

Throughout the Bhagavad Gita, Krishna and Arjuna discuss the virtues and vices of human character. Today, these same personal qualities can be seen driving decision-making in the workplace. In chapter 7 of the Gita, Krishna describes two main types of human character — \textit{sattvic} and \textit{rajasic}.\textsuperscript{622}

Sattvic leaders are driven by the harmony between the self and the surroundings and are repelled from provoking confrontation or disparity. In addition, they do not hesitate to accept suffering if such hardships cause peace and harmony for the people in their organizations.\textsuperscript{623}

\textsuperscript{620} Bhagavad Gita, 3.19.
\textsuperscript{621} Bhagavad Gita, 2.6.
\textsuperscript{622} Julius J. Lipner, \textit{The Bhavagadgītā for our Times}, (Oxford University Press, New Delhi, 1997), 72.
“Sattvic leadership radiates calmness, purity, and righteousness. It embodies happiness and knowledge,” says Krishna.⁶²⁴ Leadership character should thus incorporate integrity and a focus on people and competency. The central leadership message of the Gita directs people to become sattvic leaders who put the interest, needs and wants of others ahead of themselves. When leaders act with purely selfish motives, they tend to emit negative energy to those within their firm. This negative energy can have grave ramifications in the workplace. Krishna calls this type of leadership character rajasic. Rajasic leaders “create chaos and darkness in their organizations”⁶²⁵ by their egotistical desires.

For Krishna, this objective is the highest level of consciousness and self-awareness that transcends the physical world and physical senses. In the context of management and business, this ‘supreme state’ refers to a higher level of leadership consciousness and firm value. Krishna would view the theory through a holistic approach, seeing it as a way to bring out the best in each individual who is important to the wellbeing of the overall organization.⁶²⁶

In the text of the Bhagavad Gita lies the ‘crisis and emancipation’⁶²⁷ of the modern corporate executive. Like Arjuna, today’s business leader has to overcome both an internal and external dilemma, whether to ceaselessly pursue the bottom line for the sole benefit of shareholders or whether to broaden the scope of the firm by balancing the relationships of all stakeholders who are impacted by the firm. The challenge for today’s business executive is to place individuals before profits, so that employees and customers can inevitably benefit shareholders. The Gita requests leaders to accept this challenge and be the sattvic frame of reference for ethics and morality that the corporate world has lacked for many years.

⁶²⁵ Ibid., 115.
⁶²⁶ Ramesh N. Patel, Philosophy of the Gita, 158.
If not we all will sit tight asking the same old questions: How do I (We) CHANGE to inculcate these values in my personal life and organizations? Thus Tolstoy said it rightly, "Everybody wants to change the world, but no one thinks of changing himself."\textsuperscript{628}

\textbf{Conclusion}

Rich philosophical heritage of East and West have contributed enormously to the concept of CSR in maintaining ethical balance in the society which leads to welfare and progress of the society. It demonstrates that corporations are a part of society just as much as each of us is an individual. In other words, it gives CSR wider scope and responsibility for both individuals and corporations.

The sages of ancient East and West expressed their views thousands of years ago that can still make people calm, shocked and sober. They lived in a time when what they admired and cherished were going to fade away, which is quite similar to today’s world. Aristotle explored the nature of the world; Confucius the nature of human beings whereas Buddha explored the unlimited nature of human wants. In spite of the differences in their thinking, they shared a lot in common. They tried their best to save kind-heartedness, restore reasoning, and reduce people’s greed for power and profit. According to Aristotle, there are mainly three types of life — life of ease and comfort, life of a statesman, and life of a thinker, with the last being the happiest and the best. Only those who are moral can gain the best and be the happiest in life because happiness means the realization of high morality.

According to them, one is happy not only because he lives a good life but also he makes others live a good life while continually elevating his own morality. They all regard the mean as the highest level of morality. People should not go to extremes is the legacy of all great philosophers of East and West left us is invaluable. Thus, theoretically speaking, it is clear the philosophy of East and West can still guide our life and society today for this world we are living in needs justice, generosity, kindness, benevolence, and the mean.

\textsuperscript{628} Quote from Leo Tolstoy cited in Ben Lowe, \textit{Green Revolution: Coming Together to Care for Creation}, (InterVarsity Press, Illinois, 2009), 104.
The goodness of human nature manifests itself from within. This sense of internal goodness is not merely a being but a generative activity, indeed a creative impulse that expresses human care in the context of human relatedness. Self-realization depends on innate subjectivity as well as social environment. It is also predicated on an anthropocosmic vision that human beings in their all embracing fullness are co-creators of the cosmos through the great transformation which CSR is trying to bring about in the modern world. The ‘co-creator’ status obligates us with responsibility and freedom — choiceless choice. And of course, freedom with responsibility will force us to ask the existential question which philosophers and sages have been asking for ages: What is the purpose of life as a human being? Is there a purpose in life at all?

However, we have to understand that we have purpose in life. Our lives are not just for vanishing like mushrooms that pop up after a rain. It is even ridiculous to use the imaginary of mushrooms. They do have a purpose and end to fulfill. Every human being and every living being has a responsibility to himself, others and nature. This fact we cannot ignore whether we follow altruism or individualism. However, the serious question now is that, are we ready to undertake the universal responsibility by contributing voluntarily for a better society and a better environment? Whatever may be the answer, the next chapter will deal with how important CSR is for the progress of the society? How significant is it in maintaining the equilibrium in the society? What is that in us that withhold every human being from CSR friendliness? What are stumbling blocks to CSR in the realistic world?