An examination of the symbiosis between corporations and society with lessons for management education and practice

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Abstract

In Biology, symbiosis describes two unlike organisms living together, and one can distinguish between parasitism and mutualism. In the former only one organism benefits at the expense of the other, while in the latter both organisms benefit from the symbiosis. In this contribution, we will show how corporations and business, once expected to provide a benefit to society, have evolved into organizations whose only concern is to maximize shareholder profits, often at the detriment of stakeholders (e.g. employees and communities) and the environment. Several recent particularly significant examples will be used in order to illustrate this point. We will also provide a thorough but accessible overview of corporate social responsibility (CSR) and sustainable management theory in order to show how businesses and management education are responding to recent events.

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Introduction

In Biology, symbiosis occurs when two unlike organisms live together. A symbiotic relationship can be further subcategorized into mutualism or parasitism, the former indicating a relationship where both parties gain while the latter indicates a relationship where only one party gains from the relationship (Sapp, 2004). In this work, we will show how many corporations, previously expected to provide for the common good, have mostly evolved into organizations which generate profits for shareholders but ignore any form of social responsibility. With decisions on wages, corporations influence poverty and wealth dispersion. Through operational decisions, they consume resources e.g. virgin material and landfill space and impact the environment. Unfortunately, while some firms might genuinely seek to give back to society, many others shun such responsibility and seek only to profit. In this contribution, we will examine the symbiosis between corporations and society and call for a more mutually beneficial relationship.

In the next section, we will begin by examining the historical role of corporations. We will see that corporations, once expected to provide a benefit to society, have evolved into profit-maximizing organizations whose only goal is to generate returns for shareholders. One can

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follow the relationship's evolution from mutualism to parasitism. In Section 3, we will provide some fairly recent examples of corporate greed, and irresponsible and unsustainable business practices. We draw on examples from finance, human resources, and supply chain management and highlight parasitic behavior. Section 4 provides an overview on some of the responses of business academics and practitioners to justify a more holistic view of firm performance with emphasis on the common good. This section will show how management education can help return the relationship to a mutualistic one. Concluding remarks will draw lessons from the examples and provide suggestions for ways that corporations can remain helpful, productive members of society.

History of the American Corporation – From Public Good to Public Parasite

It is only a relatively recent development that corporations are merely responsible to contribute to shareholder gains. In fact, at one point, corporations were merely chartered to better serve the needs of communities and societies. In the past corporations were given charters to perform a function for the public good. The first corporations came about in Europe during the 17th Century and were chartered to perform public functions such as building hospitals. Making profit was not even a concern of corporations until the mid 19th Century in either Europe or the United States. At all times, in the United States, legislatures had tight control over corporations and could revoke their charters

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at any time for the public good (New Internationalist, 2002). In early American history, the corporate existence was viewed as a "grant" of privilege from the state, and corporations were allowed to exist only to "perform a [public] service considered of general value." If corporations were to become parasitic their charters would be revoked (Linzey, 1995). In Colonial America, corporations could not even come into being unless they could show they would benefit society at large; charters would only be granted if the corporation could show they would perform a public good. Charters were only for special purposes (most often public purposes) and were of limited duration. Even as late as 1837, corporations were meant to serve the public interest (Linzey, 1995). In 1837, Henshaw (1837) wrote "Corporate charters would not be repealed, admitting this right to exist, as all experience teaches us, unless they had become a public grievance in the opinion of the legislature; in which case their 'particular' privileges ought to be taken from them. They were originally granted to promote the common good; and whenever they cease to accomplish the purposes of their creation, an end should be put to their existence." This argument from Henshaw was a defense for the continued existence of corporations in Massachusetts. While many would credit Adam Smith with starting us down the current path of unfettered capitalism, the reality is Smith during his time recognized the potential for greed in the capitalistic system and called for a moral and ethical foundation to capitalism. Further, Smith's capitalistic assumptions were that the capitalistic system would benefit the whole of society, not the few that we see benefit today (Cavanagh, 2010).

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Perhaps with the adoption of Smith's system, it makes sense that corporate charters were limited to the public good and could be revoked when the public interest was violated. The atmosphere within which corporations operate today is much different from these colonial times and even from the mid 19th century.

Beginning in the 19th Century we began to see an expansion of corporate power and corporate greed and more and more power to control corporations was stripped from state legislatures. The courts and the legislatures began to ignore the warnings from Smith that capitalism could indeed lead to greed. The 1819 landmark case of Trustees of Dartmouth College v. Woodward repealed the right of states to revise corporate charters once they were chartered. Such a revision was found to violate the contracts clause of the US Constitution. (Linzey, 1995). In 1856 in Dodge v. Woolsey, the Supreme Court continued to recognize the courts power to regulate corporations through the court of equity, but also expanded the idea of the corporation as a private contract. Even in this case, the Court still limited the use of corporate resources including profits to their chartered purpose. In 1886, the Supreme Court went further in creating corporate power, in *Santa Clara County v. Southern Pacific Railroad Company*, by for all purposes granting personhood to corporations under the 14th Amendment. Corporations became individuals under the Constitution and were thus forward granted nearly every protection that would be granted to individual citizens under the Constitution. Since this time, the amendment that

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was passed to guarantee civil rights to all US citizens and to end the era of slavery and inequality of citizens has been hijacked by corporations as a method of protecting their corporate interests. After the Santa Clara ruling, legislators in New Jersey and Delaware passed laws expanding the power of corporations in their states. Other states followed in a race to the bottom to attract corporate interests. (New Internationalist, 2002). Over the next several decades, the focus on the public good and the ability of the government to control corporations began to quickly dissipate. Corporations began to be granted licenses allowing them to solely focus on providing economic returns to shareholders and any other expectation to accomplish public good had largely vanished.

By the 1970s, led by Milton Friedman, the Chicago School economists began arguing that not only is profit *a* legitimate purpose of corporations, it is the *only* purpose of corporations. (Klein, 2007).Taking this even further, a concern for the public good or social responsibility would be a breach of corporate leadership's fiduciary duties to the shareholders of the corporation. Unfortunately this extreme level of capitalism that is focused only on the needs of the capitalist has been supported by governments and pushed further by the growing power of corporations. Hertz (2003:13) suggests that "Over the last two decades the balance of power between politics and commerce has shifted radically, leaving politicians increasingly subordinate to the colossal economic power of big business… whichever way we look at it, corporations are taking on the responsibilities of government." Hertz (2003) suggests that we can

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trace this extreme level of corporate power to the Reagan and Thatcher period and their policies of deregulation. Hertz (2003:8) remarks that as a result of these policies, "Business is in the driver's seat, corporations determine the rule of the game, and governments have become referee, enforcing rules laid down by others." The role of the nations has become one of assuring the best environments at the lowest costs for businesses. Klein (2007: 11) gives a stunning explanation of how "Friedman's Chicago School of movement has been conquering territory around the world since the seventies." The requirement of serving the public good has disappeared from the discussion of corporations.

As this corporate power has progressed, corporations and their agents have not followed the suggestions of Matten and Crane (2005) to support and assure the rights of citizens. Rather than stepping into the role of governments as protectors of citizens' rights, the corporate power has been used to push the corporate agenda of growth, profit maximization and the capture of the productivity improvements by the owners of capital. Unfortunately, the actions of the corporations have been better described by Michael Yates (2003:175) than by Matten and Crane. "In a capitalist economy the owners "own" the surplus and they alone decide what to do with it. Human needs will have nothing to do with their decisions, all that will matter to them is that they use the surplus in such a way as to maximize the likelihood that future surpluses will be greater." This direction has led to a drastic increase in wealth and well-being for

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corporations and those whose interests are vested in corporations, but at the same time has led to the decline of the working class in America, extreme global poverty, and staggering levels of inequality in and between countries. While we certainly do not claim that all corporations are parasites, we believe that it must be realized that historically the relationship had benefits for both. Some examples of parasitic behavior will be examined in the next section, in an effort to motivate a return to a more mutualistic symbiosis between corporations and society.

Examples of Irresponsible and Unsustainable Business

In this section, we will provide the reader with several recent examples highlighting irresponsible and unsustainable practices. All of these examples show the parasitic nature of certain business practices which derive benefits from a relationship or situation and take these benefits without any true payoff to society.

Accounting Scandals

A good starting example can be seen in the accounting scandals of the early part of this decade. In these scandals, the companies – most memorable being Enron – would hide liabilities off of their balance sheet, information given to potential investors to judge the value of the stock. Through accounting gimmicks, reluctantly but ultimately accepted by auditing firms, responsible to check the information they provide the public in order to be publicly traded, they misled investors. In one instance, a subsequent audit revealed the need to revise profits downward

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$600 Million due to an accounting inaccuracy (Moore et al., 2006). Scholars who have studied the scandals (Enron, Tyco, WorldCom, etc.) have revealed how there came to be a cozy relationship between auditors and firms being audited. The auditing firm sometimes had lucrative consulting projects with their clients, the firms being audited. This leads to a *conflict of interest* where the auditing firm should perform the audit neutrally as an agent of society since the firm being audited is publicly traded. The conflict arises when the auditing firm is afraid to deliver audit results critical of its customer, and turns a blind eye to abuse. It could also be less nefarious, where the auditing firm, as a result of their experience in dealing with the customer's firm, has a bias towards "seeing things their way". The result, that said, is the same as investors are defrauded, financially damaging many investors.

When the chairman of the Securities and Exchange Commission (SEC), Arthur Levitt, contemplated increasing regulation on auditing firms, he was pressured by no less than 46 members of Congress believing that these firms should be trusted. As an aside, these members threatened withholding funding for the SEC and investigating staff. It was subsequently revealed that these members had received millions of dollars in campaign contributions from large accounting firms and industry lobbyists. We believe that this example is remarkable because it illustrates the detrimental effect of having politicians who are reliant on campaign contributions, even when it must have been clear that many investors would be defrauded. Here,

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those who are elected to serve the people, became agents of the status quo and sought to prevent meaningful change. The Sarbanes-Oxley Act has, according to scholars, been “clearly insufficient” and “overlooking the conflicts of interest built into the system”.

One can see that this example contains illegal behavior and in some cases shareholders were defrauded. That said, legislation restricting the relationship between the auditor and client were only made law after the crisis came to light. This natural response offers some clues into how to discourage disadvantageous behavior from corporations to society.

Mortgage Crisis

Somewhat more recently, the “subprime” mortgage meltdown has attracted attention. This has to do with the *securitization of mortgages*. In the old days, mortgages were given by a local bank, which would individually judge creditworthiness of applicants and receive the funds paid back over a long period. Nowadays, mortgages can be immediately sold on financial markets, with funds that buy up many mortgages and then sell shares of the fund to investors. This, naturally, led to banks offering more and more loans, since their capital was more or less immediately replenished. This is problematic for two reasons. First, the bank knows that it will get its money back relatively soon from the financial markets, so there is little risk. Second, with banks scrambling to make more and more loans, they were less careful about checking applications. Remember that at the time, a real estate boom developed and many people invested money in

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the belief that prices will always rise. That some consumers misled banks in the application is almost certainly the case. Other than banks turning a blind eye and consumers fibbing on applications, the financial industry and ratings agencies also bear some responsibility. The financial industry has resisted regulation, always insisting that market discipline will suffice. Meanwhile, ratings agencies, who certified the shares of funds holding bundles of these mortgages at their highest score, have also been shown to have been prone to conflicts of interest which have created the perception that their objectivity might have been impaired (Lowenstein, 2008).

Bernie Madoff

Bernie Madoff was convicted of defrauding investors of billions of dollars by running an elaborate Ponzi scheme. This is an example where the behavior was patently illegal, but a lack of regulatory oversight potentiated the fraud. In a *Ponzi scheme*, investors are lured with the promise of a high return. The high return, however, comes from the investment of others who have invested after you. As a historical note, as mentioned in the Economist (Economist 2008a), Charles Ponzi's original lure was that investors would double their money in three months, and the fraud caused losses of $160 Million, adjusted for inflation. Madoff's losses by comparison are considerably larger, at least $13 Billion. Bernie Madoff's investment firm delivered returns of 10% per annum over many years, and in boom or bust economies. Due to this

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modest return, it did not warrant the attention of SEC auditors, even after repeated warnings (Applebaum and Hilzenrath, 2008). Some investors, although quite satisfied with the return, were concerned about the manner in which it was attained but ultimately remained among his clientele. Madoff, as a shrewd marketer, targeted investors who were "invited" to invest and discouraged from revealing information to outsiders (Economist 2008b). As the economy proved challenging, many investors demanded their money, causing the system to collapse. Large banking firms like HSBC, several small charitable organizations, and many individuals were faced with the losses. Here, a lack of regulatory oversight - itself an ideological consequence of the belief that markets should be as free from regulation as possible – led to a situation where consumers large and small were not protected from the scandal by the government.

Sweatshops and Manhole Covers

Sweatshops, although difficult to define exactly (Radin and Calkins, 2006), are generally regarded as places where workers are:

- Extremely exploited, including the absence of the living wage or excessively long work hours.
- Subject to substandard work conditions, including health and safety concerns.
- Verbally or physically abused or arbitrarily disciplined.
- Coerced with fear or intimidation, e.g. when attempting to organize.

Sweatshops have gained in attention in the recent years partly as a result of globalization. On

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the one hand, globalization has enabled goods to be produced in places with lower labor or other production costs. On the other hand, differences in laws and customs, coupled with competition to be business friendly leads to a spiral to the bottom, where the cheapest cost is chosen, regardless of worker rights, safety, and environmental concerns.

Manholes for New York City (and several other cities) are now produced in India, as reported in the New York Times (Timmons and Huggins, 2007). The middleman who won the contract from the city subcontracted the manufacturing to a foundry, due at least in part to a large wage difference. American workers earn an average of $25 per hour, the Indian workers earn a couple of dollars per day. The plant had very few safety precautions and workers were even observed barefoot while working with molten steel. The owner was quoted as saying that his company could not "maintain the luxury" of western safety standards, "with all the boots and all that." The plant manager (luckily) asserted that "there are no accidents, never ever. Period." This is another example of legal behavior which has a detrimental effect on society. International standardization of worker living wage, benefit, and health & safety regulations would contribute much to improving this condition globally, ensuring that outsourced jobs go where the workers are most competitive rather than underpaid and unsafe.

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Wal-Mart

Wal-Mart is generally accepted as the largest and most powerful retailer in the United States. It has been criticized for intimidating workers who attempt to unionize, providing wages significantly below the living wage, using part time labor to avoid providing benefits, having an unnecessarily restrictive and expensive health plan, among other complaints. According to a congressional report, each Wal-Mart store costs taxpayers $420,000 per year (Miller, 2004). The mechanism of these costs is easy to grasp. Because most employees are paid low wages, many are forced to taking advantage of government programs to make ends meet. These programs have costs, and these are costs Wal-Mart has effectively passed on to society. This causes what is called in economics an *externality*, where since the labor transaction is not sufficiently compensated, benefits which should be part of the transaction must be covered by a third party, in this case society through government programs. As an aside, this exploitation is generally counterproductive. In a recent article comparing Wal-Mart to a competitor, it was found that the other firm (who paid a living wage and had progressive benefits and employee right policies) achieved superior financial returns (Cascio, 2006).

Recently, Wal-Mart has turned its attention towards suppliers, in an effort to better its ethical and environmental situation (Aston, 2009; Rosenbloom, 2008). Wal-Mart's relationships with suppliers are somewhat unique. Since they have thousands of locations nationwide, they are a particularly sought-after

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retail partner. On the other hand, Wal-Mart is notorious for insisting on perfect performance from suppliers and constant downward movement on the product price. The effect was devastating to Vlastic pickle, which was selling a gallon size of pickles for under three dollars (Fishman, 2007a). In a counterexample, the manufacturer of Snapper lawnmowers "fired" Wal-Mart as a customer when its CEO foresaw a never-ending downward spiral on costs that would eventually force the firm to manufacture overseas and perhaps sacrifice the quality of its product, which is known for its quality (Fishman, 2007b).

Wal-Mart has benefitted at the expense of communities through tax breaks and subsidies, offering back only jobs that fall well below a living wage, and that rarely offer sustainable employment with benefits to any community members (Cavanagh, 2010; Miller, 2004). When they can no longer make an adequate profit in these communities, Wal-Mart simply shuts down, further leading to the urban sprawl we see in so many once vibrant communities. Wal-Mart is also known to apply constant price pressure to suppliers, forcing many to explore cost cutting methods such as reducing employee wages or cutting corners on worker safety. For Vlasic, their relationship with Wal-Mart was certainly financially damaging.

This example is one of legal, profit-seeking behavior, but one where the benefit to society is at best unclear. While consumers might benefit directly or indirectly from lower prices, employees of the retailer and its suppliers are

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arguably exploited. Here, the standardization of worker living wage, benefits, and safety regulations would make a positive contribution to worker's lives.

Turkey Pot Pies

In 2007, authorities tried to ascertain the cause of an outbreak of salmonella that infected 15,000 people (Moss, 2009). The culprit, it turned out, was a frozen turkey pot pie sold by a large agricultural conglomerate. The firm could not accurately say in which of two dozen or so ingredients the salmonella came from, and admitted that they can no longer guarantee the safety of the ingredients. Other firms in this area have said that due to global supply chains, they are no longer able to say where ingredients actually came from or whether or not proper health and safety precautions were observed. To protect themselves from the liability of this risk, they have changed the instructions on the pot pie calling for it to be heated to 140 degrees centigrade in all areas of the pie, as tested by a thermometer. It is unfortunate that during tests, by the time the entire pie was the desired temperature, the crust was burned.

All of these examples of the current parasitic nature of corporations give us reason to examine the relationship and changes which might allow the relationship to return to a more mutualistic one. For many corporations, though not all, it is simply accepted that businesses are to exploit any host - employees, consumers, communities, the environment - they can in order to make a profit. Through acceptance of the Chicago school of economics unfettered

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capitalism philosophy, to the human resources research focused on exploiting human intellectual and social capital, to the marketing research and teaching of pushing products and exploiting consumers, business schools failed to take a more critical stance to this development. In order, to create a sustainable relationship between corporations and society, it will be necessary for business researchers, educators, practicing managers, and members of society to play a role in devising a new system. In the next section, we will explore some ways in which management education has responded to this threat.

Responses

In the following section, we provide a review of how business practice and research have started to respond to this unbalanced relationship via the emergence of corporate social responsibility and the potential contributions of different business disciplines to corporate social responsibility.

Corporate Social Responsibility

In the face of harmful business practices, it is important that business thinking and practices adopt a more responsible approach, taking into account different consequences of business activities, instead of pure profit maximization. This concern has manifested itself in legislation expanding the responsibility of firms, increasing attention on training managers in sustainable management, and the development of theory to support sustainable managerial decision making (Mintzberg Simons, and Basu, 2002; Hart and

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Milstein, 2003). Mintzberg, Simons, and Basu (2002) suggest that too many corporations operate on a series of "half-truths" that result in a sole focus on profits. "Increasingly, global capitalism is being challenged to include more of the world in its bounty and protect the natural systems and cultures upon which the global economy depends" (Hart and Milstein, 2003).

As a result, sustainability has increasingly become mainstream within management studies and practices. The most well-adopted definition of sustainability is that of the Brundtland commission (World Commission on Environment and Development, 1987, p.8): "development that meets the needs of the present without compromising the ability of future generations to meet their needs." However, this definition is rather broad and difficult for organizations to understand and apply. In meeting such demands for sustainable development, focuses tend to be on environmental perspective without explicit incorporation of the social aspects of sustainability (Carter and Rogers, 2008).

More recently, a perspective has emerged that defines sustainability to include three components: The natural environment, society, and economic performance (Elkington, 41994, 2004). This perspective is generally referred to as the *triple bottom line*. The triple bottom line approach suggests that besides economic performance, organizations need to engage in activities that positively affect the environment and the society. In fact, it is argued that businesses' long term profitability and existence is best served by balancing profit making with

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social and environmental goals (see e.g. Hart and Milstein, 2003; Porter and Kramer, 2006).

While there are firms that still perceive sustainability as a liability, recent studies have empirically shown that environmental performance and economic performance are positively linked (e.g. Russo and Fouts, 1997). First, from the operation perspectives, engaging in sustainability activities that optimize energy efficiency could be initiated by firms' drive for cost reduction (Christman, 2000; Hart and Ahuja 1996). Firms engaging in sustainability efforts also gain legitimacy, and incur less unsystematic stock market risk (Bansal and Clelland, 2004). Firms that do not involve sustainability in their decision making might lose legitimacy, resulting in the loss of public trust and damage to employee motivation (Corbett and Van Wassenhove, 1993). As such, focusing on sustainability has been argued to help firms improve operation, innovation, strategic growth, gain sustained competitive advantage, and at the same time deliver sustainable value to the broader society (Hart and Milsten, 2003; Porter and Kramer, 2006; Colbert and Kurucz, 2007). As such, making active efforts to preserve the planet and the communities that firms are embedded in also help make their existence sustainable (Hart and Milstein, 2003).

Sustainable Management

As a result of the increased awareness of sustainability, engagement in sustainability has been observed in research and practices in

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different aspects of business. Hart and Milstein (2003) argue that shareholder value is a multi-dimensional construct. Such multi-dimensional shareholder value is also driven by different global drivers of sustainability, such as cost and risk reduction via pollution prevention, innovation via development of green technology, growth through actively seeking out to serve under-served markets. These drivers for sustainability create both challenges and opportunities for companies. Firms that take the time to develop strategies and actions that address the different aspects of the sustainability-based shareholder value framework would deliver sustainable value for themselves as well as the broader society.

However, the prevailing approaches to sustainability are so fragmented and so disconnected from business and strategy as to obscure many of the greatest opportunities for companies to benefit society (Porter and Kramer, 2006). Linton, Klassen, and Jayaraman (2007) point out that both practitioners and academics have many unanswered questions and much work remains to be done towards more sustainable business practices. We argue that companies need to develop a holistic approach to developing strategies that help them develop sustainable business practices. In particular, we see that different functions of business need to actively involve in sustainability strategies and practices. Additionally, they need to closely collaborate to develop and implement an integrated strategy towards sustainable growth for businesses, taking into account all factors of the triple bottom line. We also believe that business teaching and research should pay more attention towards the

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inclusion of sustainability topics across different business disciplines.

For example, human resource management (HRM) research on sustainability seems to be lacking and there is clearly a potential role for HRM to create a more sustainable environment. When we look at the parasitic behavior in corporations, employees are one of the most common hosts that are exploited. Employees are required to work longer and longer hours, to devote more and more of their beings to their employers and in return they have shared less and less of the productivity gains they have accomplished. HRM practices that are aligned with a truly sustainable system would look to end the exploitation of employees and instead to create a mutualistic partnership between employers and employees.

Additionally, moving towards sustainable development requires firms to engage in various incremental as well as radical changes in business processes and activities. HRM systems should also be established to assure that employees are able to operate in sustainable ways (e.g. Colbert and Kurucz, 2007). Employees should be rewarded for addressing consumer, environmental and community concerns to assure that these external stakeholders also exist in a sustainable way.

Additionally, firms moving towards sustainable growth should also focus on optimizing their operations, reducing the environmental impacts of their operations. At the

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same time, such responsible environmental and HRM practices need to be adopted by a firm's supply chain partner. A firm is not considered sustainable if it "outsources" environmentally harmful or irresponsible HRM activities to its supply chain partners. As such, it is necessary that operation and supply chain management functions and research need to be an integral part of firms' sustainability efforts.

With its increasing important role within companies, information technology could play a critical role in driving firms towards sustainable growth. First of all, information systems account for a significant amount of energy consumed by companies. Thus, most efforts on developing IT for sustainability have been focused on reducing IT's carbon footprint via reducing energy consumption (InformationWeek Analytics Green IT Survey, Jan 2009).

Additionally, IT's capabilities to facilitated better collaboration among employees could help firms improve operation towards sustainability. While firms increasingly implement methods and strategies to prevent pollution, most organizations do not measure the impact their work has on the environment (The CIO March 2008 survey). Such needs could be met by implementing appropriate IT applications and databases that keep track of firms' carbon foot print and provide employees and managers with necessary reports. These systems could potentially enable sustainable HR strategies and practices through the provision of more information.

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The above discussion illustrates the importance of firms taking a holistic approach to sustainable development. At the same time, these illustrations also exemplify the importance of a cross-disciplinary research approach to studying sustainability that would help firms improve their sustainability activities as well as provide better sustainability education for students.

Business and Society and Critical Management Studies

One field of business studies, business and society, continued to explore the role of business in contributing to society and the role of the government to regulate businesses in order that they serve the public interest. Marens (2008) points out that after World War II there was a collection of researchers interested in the field of business and society with a focus on the public good and the necessary restraints on businesses to assure the public good. This field grew throughout the sixties, but during the 1970s quickly disappeared. Marens (2008) points to Mallot (a defense company) CEO's 1978 Harvard Business Review article, "Corporate support of education: some strings attached", as a major part of the turning point of the field of business and society and perhaps the final hijacking of the *business and society* research. This article in essence stated that if business schools wanted corporate support, then they must turn their attention to Milton Friedman and away from Galbraith – clearly a push for an unfettered free market system with no constraints on business' pursuit of profit. He suggests that after this

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point, academicians in the field of business ethics began tying their research to corporate interests, “abandoned any discussion” of constraining business practices through legislation, failed to measure the social and ethical outcomes of economic decisions, and even “faced potential career risks by advocating unionization, countervailing power” or any other form of potential discourse (Marens, 2008, 66). The new field of business ethics from that point forward focused on the idea of a voluntary call for businesses and business leaders to meet their ethical responsibilities. Unfortunately this idea of volunteerism has been an arguably complete failure in terms of social justice.

While the current organizational research agenda clearly focuses mostly on furthering corporate interests and corporate profits, there are some potential avenues of research that may indeed direct us towards other business practices and outcomes. One such emerging research avenue is defined as critical management studies (CMS).

For instance, in the CMS mission statement cited in footnote 31, goals such as “justice, community, human development and ecological balance” should all be studied (Adler, 2002). Zald (2002) suggests that CMS may indeed be a path to consider the larger societal context in which capitalism operates and to consider more micro issues such as massive poverty, displacement and other “dark-side” results of globalization (Zald, 2002). Grey and Wilmott (2002) suggest that CMS should look to transform business research (i.e. business schools) as well as business practices. They point

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out that the knowledge for managers that has been produced by business schools has been weak at best, and that this leaves a place where CMS can step in. They also point to the importance of showing those beyond business schools the importance of considering the context business within the broader society. Adler (2002) also describes a role for CMS that is related to managerial practices. Adler (2002) suggests that CMS may show managers paths through productive means to help "develop working class capabilities" while also bringing some clarity to the "tension between their productive and exploitive roles." Finally, Marens (2008) also suggests that it is time that we begin to again consider the lessons of the past business and society researchers. To ask what the role should be for corporations within the broader society and to consider how we get there, accepting that the idea of volunteerism has failed.

Conclusion

As we have seen, corporations whose sole purpose is to generate profit for shareholders have failed to voluntarily live up to their traditional obligations to society. Examples have shown financial manipulations, considerable labor, health, and safety issues, as well as food safety supply chain concerns to illustrate the harm that can come from poor decisions made. We have seen how corporate social responsibility and sustainable management has gained attention in academia, although it still faces criticism from some.

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The authors believe that the solution to mitigating future financial crises lies in effective regulation. With respect to pollution prevention, worker wages, working conditions, and the like, we must start by mentioning that efforts to improve must be universal and shared by all countries. We could not move down the path of economic development whereby we leave significant environmental problems for our future generations. Similarly, it is important that offering fair wages and good health and safety standards must be a prerequisite for everyone, so that no spiral to the bottom would ensue over the details. The living wage should be used as a minimum wage, adjusted for the costs of living in the place of employment. Also, health and safety standards should also be a standard and not something to compete on. This should also be the case with environmental laws. When they are universally applied, they become a disadvantage to no single firm, since all competitors must deal with the same rules.

Above all, we hope that society can remind corporations of their obligations. It should be known that they are expected to contribute benefits to society. Here, the role of business education cannot be underestimated. With adequate legislation, where voluntary action is not forthcoming, we believe that society can again benefit from corporations and the relationship can become more mutually beneficial.

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