

# **A CHANCE AT DOING THE RIGHT THING**

**DISCURSIVE STRATEGIES OF DUTCH BUSINESS  
AND THE CONSTRUCTION OF 'CSR', 1971-2004**

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# ABSTRACT

Why could a pro-CSR global environment suddenly arise in the 1990s? Scholars have recently argued that companies took an active lead in spreading ideas and practices associated with ‘corporate social responsibility’, in order to defend their business interests against political threats, or to legitimize neoliberal reforms. However, current research lacks a rigorous contextualized analysis of the arguments with which business actors sought to convince the rest of society of the plausibility of CSR, i.e., of their voluntary socialization. This thesis researches the ideational role of business firms in legitimizing CSR as a means of social regulation in the Netherlands between 1971 and 2004. It approaches arguments found in the publications of *Stichting Maatschappij en Onderneming* – an inter-firm organization – as contextualized ‘discursive strategies’ which communicated specific ‘story-lines’. This thesis argues that Dutch business contributed significantly to legitimizing CSR in two distinct phases. Business firstly contributed to laying the argumentative foundations for the concept by justifying it as a ‘probational’ measure to give business a ‘chance at doing the right thing’ (1971-1983). After this more argumentative period, business focused on the subjectivation of government officials and business actors in accordance with the social-neoliberal regulatory ‘package’ it had started promoting (1983-2004). To this end, it also aimed at developing useful management concepts to facilitate the voluntary socialization of firms. Tensions between free enterprise and socialization nevertheless persisted in the ‘balancing of interests’ which CSR demanded of business managers.

*Key words:*

corporate social responsibility, business, discursive strategies, story-lines, Hajer

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## INTRODUCTION:

### BUSINESS AND THE RISE OF CSR

Earlier this year, the European Commission and Parliament seemingly arrived at an ideological breakpoint concerning their stance on regulatory issues regarding corporate social responsibility (CSR). The Commission's long-standing abstinence from introducing mandatory legislation may be coming to an end, as the European Parliament recently adopted a majority position in favor of mandatory rules in its negotiations with member states on legislature for the integration of human rights and environmental impact into companies' governance. The Parliament's position could mark a turning point in this respect, because it includes the proposition that non-compliant companies should be liable for damages and be sanctioned through measures such as taking a company's goods off the market and the imposition of fines of at least 5% of their net worldwide turnover.<sup>1</sup> This message reaches us after three decades of non-binding standard-setting and neoliberal 'cheerleading' of companies by the Commission, aimed at stimulating the implementation of socially responsible policies in firms on a voluntary basis.<sup>2</sup> Rapporteur Lara Wolters indeed claimed that 'the European Parliament's support is a turning point in the thinking about the role of corporations in society'.<sup>3</sup>

Whether or not this will prove to be a definitive turning point remains to be seen. In any case, it demonstrates the continuing political relevance of the question how business firms can be

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<sup>1</sup> 'MEPs push companies to mitigate their negative social and environmental impact', <https://www.europarl.europa.eu/news/en/press-room/20230524IPR91907/meps-push-companies-to-mitigate-their-negative-social-and-environmental-impact> (12 September 2023).

<sup>2</sup> D. Kinderman, 'Corporate social responsibility in the EU, 1993-2013: Institutional ambiguity, economic crises, business legitimacy and bureaucratic politics', *JCMS: Journal of Common Market Studies* 51.4 (2013) 701-720.

<sup>3</sup> 'MEPs push companies to mitigate their negative social and environmental impact', <https://www.europarl.europa.eu/news/en/press-room/20230524IPR91907/meps-push-companies-to-mitigate-their-negative-social-and-environmental-impact> (12 September 2023).

properly regulated to contribute to a just and sustainable world. In the EU, and more broadly in fact, the concept of CSR long functioned to implicitly answer this problem by posing that, preferably, companies should contribute to societal objectives on a voluntary basis. Its main regulatory questions subsequently focused on more ‘technical’ issues, such as how private companies could be made accountable for their policies on a voluntary basis. Could they be trusted to adequately report about this voluntarily? Recent developments suggest that the European Parliament tends to answer this question with a clear-cut ‘no’ nowadays.<sup>4</sup> Yet, in the past decades, a more general preference for voluntary commitment and market-based mechanisms of regulation has nevertheless ruled the minds of European government officials. The more fundamental question of whether we can trust the market to correct irresponsible behavior, then, was all the while implicitly answered with a ‘yes, under the right conditions’.<sup>5</sup>

The affirmative answer to this question seems so self-evident nowadays that one tends to forget that CSR is itself a political, and in fact a historical, phenomenon. Indeed, various scholars have posed that ‘CSR’ should essentially be viewed as a specific means for socially regulating company activity, one based on the idea that companies have various responsibilities towards society beyond those captured by law; responsibilities which they should take in absence of state coercion, i.e., ‘voluntarily’.<sup>6</sup> Archie B. Carroll famously traced

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<sup>4</sup> As of 1 January 2025, all large companies active in the EU will be required to report on their societal and environmental impact on a yearly basis. This is the consequence of the recent adoption of the Corporate Sustainability Reporting Directive (CSRD) by the European Parliament. The CSRD was meant to address the shortcomings of the earlier Non-Financial Reporting Directive of 2014 by introducing more detailed reporting requirements and extending the scope of companies obliged to report under the new CSRD from an estimated number of 11,700 to around 50,000 companies. See: ‘Sustainable economy: Parliament adopts new reporting rules for multinationals’, <https://www.europarl.europa.eu/news/en/press-room/20221107IPR49611/sustainable-economy-parliament-adopts-new-reporting-rules-for-multinationals> (12 September 2023).

<sup>5</sup> See: Kinderman, ‘Corporate social responsibility in the EU’.

<sup>6</sup> Lim and Kiyoteru Tsutsui have for instance championed such a view of CSR: Alwyn Lim and Kiyoteru Tsutsui, ‘The Social Regulation of the Economy in the Global Context’, in: Alwyn Lim and Kiyoteru Tsutsui (eds.), *Corporate Social Responsibility in a Globalizing World* (Cambridge 2015) 2. In a similar vein, Stephen Brammer, Gregory Jackson and Dirk Matten understood CSR to have been a mode of ‘private governance’, while others have similarly emphasized how CSR involved the exercise of ‘soft’ or ‘market-driven’ regulation and practices of ‘self-regulation’ by business. See: S. Brammer, G. Jackson and D. Matten, ‘Corporate Social Responsibility and institutional theory: New perspectives on private governance’, *Socio-Economic Review* 10.1 (2012) 3-28; R. Steurer, ‘The Role of Governments in Corporate Social Responsibility: Characterising Public Policies on CSR in Europe’, *Policy Sciences* 43 (2010) 49-72, on 57; D. Vogel, ‘The Private Regulation of Global Corporate Conduct: Achievements and Limitations’, *Business and Society* 49.1 (2010) 68-87, on 70. As such, CSR functioned as a so called ‘umbrella term’, potentially encapsulating a broad set of social issues which were seen to bear a direct relationship to the ‘core business’ of companies. See: K.E. Sluyterman, ‘Corporate Social Responsibility of Dutch Entrepreneurs in the Twentieth Century’, *Enterprise and Society* 13.2 (2012) 313-349, on 335-336; R.J.M. van Tulder and A. van der Zwart, *Reputaties op het spel. Maatschappelijke verantwoord ondernemen in een onderhandelingsamenleving* (Utrecht 2003) 78. See also, on the voluntarism underpinning CSR: U.H. Richter, ‘Liberal thought in reasoning on CSR’,

back the origins of ‘modern’ CSR to Howard R. Bowen’s *Social Responsibilities of the Businessman* (1953), but numerous studies have convincingly shown that the voluntary self-responsibilization associated with CSR appeared in the form of philanthropy, paternalism and ‘trusteeship’ already in the late nineteenth and early twentieth centuries.<sup>7</sup> However, in the literature, the 1990s stand firm as the era in which CSR conquered the hearts of business leaders, academics and politicians over the entire globe, as it was then that a ‘global pro-CSR environment’ arose.<sup>8</sup> Why could such a ‘pro-CSR global environment’ suddenly arise in the 1990s?

Although empirical research on CSR initially hypothesized that firms may have recognized economic benefits or moral necessities to voluntarily taking social responsibilities, recent research suggests that these ‘vocabularies of motive’ may have been constructed by business, states, and civil society organizations (CSOs) in the late twentieth century to legitimize CSR as a means of social regulation.<sup>9</sup> Indeed, the most cited explanations for CSR’s rise hold that it was promoted by NGOs, consumers, investors, academics, states and business associations, as part of efforts to address the ‘governance gap’ that was left by the incapacity of national states to effectively regulate the globalized economy of the 1990s. These groups would have subsequently exercised various institutional pressures on firms to voluntarily adopt socially responsible practices, giving rise to CSR as a mechanism of social regulation based on voluntary stakeholder dialogue and public reporting.<sup>10</sup> While these accounts have been

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*Journal of Business Ethics*, 97.4 (2010) 625-649; M. Djelic and H. Etchanchu, ‘Contextualizing corporate political responsibilities: Neoliberal CSR in historical perspective’, *Journal of Business Ethics* 142.4 (2017) 641-661.

<sup>7</sup> A.B. Carroll, ‘Corporate Social Responsibility: Evolution of a Definitional Construct’, *Business & Society* 38.3 (1999) 268-295, on 269-270. See, for accounts of earlier ‘CSR’, e.g.: A.B. Carroll, ‘A History of Corporate Social Responsibility’, in: A. Crane et al. (eds.), *The Oxford Handbook of Corporate Social Responsibility* (Oxford 2008) 19-46, on 20-25; Djelic and Etchanchu, ‘Contextualizing corporate political responsibilities’, 646-653.

<sup>8</sup> D. Matten and J. Moon, ‘“Implicit” and “Explicit” CSR: A Conceptual Framework for a Comparative Understanding of Corporate Social Responsibility’, *The Academy of Management Review* 33.2 (2008) 404-424. See also: R. Kaplan and D. Kinderman, ‘The Business-Led Globalization of CSR: Channels of Diffusion From the United States Into Venezuela and Britain, 1962-1981’, *Business & Society* 59.3 (2020) 439-488, on 476; C. Stutz, ‘History in corporate social responsibility: Reviewing and setting an agenda’, *Business History* 63.2 (2018) 175-204.

<sup>9</sup> See: J.D. Margolis and J.P. Walsh, ‘Misery loves companies: Rethinking social initiatives by business’, *Administrative Science Quarterly* 48.2 (2003) 268-305, on 273-278; N. Lohmeyer and G. Jackson, ‘Vocabularies of Motive for Corporate Social Responsibility: The Emergence of the Business Case in Germany, 1970–2014’, *Business Ethics Quarterly* (2023) 1-40.

<sup>10</sup> J.L. Campbell, ‘Why would corporations behave in socially responsible ways? An institutional theory of corporate social responsibility’, *Academy of Management Review* 32.3 (2007) 954-962; Matten and Moon, ‘“Implicit” and “Explicit” CSR’, 415-416; SER (Sociaal-Economische Raad), *Corporate Social Responsibility. A Dutch Approach* (Assen 2001); J.M. Cramer, *Learning about Corporate Social Responsibility. The Dutch Experience*. (Amsterdam 2003) 3-4; J.M. Cramer, ‘The Netherlands: redefining positions in society’, in: A. Habisch et al. (eds.), *Corporate Social Responsibility Across Europe* (Berlin 2005) 87-96, on 93; Van Tulder and Van der Zwart, *Reputaties op het spel*; M. van den

extensive, they have also been criticized in recent years for their essentially passive understanding of the role of firms in CSR's rise. Indeed, recent studies have argued that companies actually took an active lead in spreading ideas and practices associated with CSR. However, they did this not so much as an expression of economic or moral concern or in response to external institutional pressures, but rather in order to defend their business interests against political threats, or to legitimize neoliberal reforms.<sup>11</sup> How then must we understand the role of business firms in CSR's rise?

Despite their significant merits, the recent critical perspectives on the relationship between 'corporate power' and CSR unfortunately lack a rigorous contextualized analysis of the argumentation which served to generate plausibility for the CSR-ideas promoted by companies. If business firms played a significant role in legitimizing CSR, other social parties must have found their arguments sufficiently persuasive to embrace the ideas that were promoted or developed by the business community. How could this be achieved argumentatively? On what conditions did these arguments depend for their success? Furthermore, these works have mostly focused on the pre-1990 period, but have not traced the role of business firms up to and including, the moment when a global pro-CSR environment arose in the 1990s. This thesis aims to build on the recent line of critical historical research by addressing these shortcomings in its theoretical designs and periodizations. It aims to do so by attempting to answer the following question:

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Bergh, 'Corporate Social Responsibilities amidst a Free Trade World', in: H. Oldersma (ed.), *From Havana to Seattle and Beyond – The Quest for Free Trade and Free Markets*. Essays in honour of Frans A. Engering (The Hague 2000). See also David L. Levy and Rami Kaplan's summary of this argument: D.L. Levy and R. Kaplan, 'Corporate Social Responsibility and Theories of Global Governance: Strategic Contestation in Global Issue Arenas' in: A. Crane et al. (eds.), *The Oxford Handbook of Corporate Social Responsibility* (Oxford 2008) 432-451, on 435.

<sup>11</sup> See: R. Kaplan, 'Who has been regulating whom, business or society? The mid-20th-century institutionalization of 'corporate responsibility' in the USA', *Socio-Economic Review* 13.1 (2015) 125-155; R. Kaplan and D. Kinderman, 'The Business-Led Globalization of CSR: Channels of Diffusion From the United States Into Venezuela and Britain, 1962-1981', *Business & Society* 59.3 (2020) 439-488; R. Kaplan, 'Inter-firm convening and organisational power: How American multinationals mobilised the Venezuelan business community to adopt CSR practices, 1961-1967', *Business History* (2021) 1-32; D. Kinderman, "'Free us up so we can be responsible!" The co-evolution of Corporate Social Responsibility and neo-liberalism in the UK, 1977-2010', *Socio-Economic Review* 10.1 (2012) 29-57; M. Djelic and H. Etchanchu, 'Contextualizing corporate political responsibilities'; M.A. Höllerer, 'From taken-for-granted to explicit commitment: The rise of CSR in a corporatist country', *Journal of Management Studies* 50.4 (2013) 573-606. See also: G. Hanlon, 'Rethinking corporate social responsibility and the role of the firm—On the denial of politics', in: A. Crane et al. (eds.), *The Oxford Handbook of Corporate Social Responsibility* (Oxford 2008) 156-172; G. Hanlon and P. Fleming, 'Updating the critical perspective on corporate social responsibility', *Sociology Compass* 3.6 (2009) 937-948.

*How can we explain the ideational role played by business in the legitimization of CSR as a means of social regulation in the Netherlands between 1971 and 2004?*

The focus of this thesis thus lies on the 'ideational role' played by Dutch business in the construction of CSR as a set of ideas in the Netherlands. The Dutch case is interesting for such an ideational approach because there are apparent reasons to expect that Dutch firms played a key role in legitimizing CSR-ideas through argumentation in the Netherlands. In addition, the Dutch case allows us to trace the role of business in shaping CSR as its constitutive ideas moved from the margins of political thought in the 1970s towards the mainstream of governance discourse in the late 1990s. And finally, the Dutch case is useful since it allows us to test whether threats to capitalist interests were indeed a condition for the active promotion of CSR by business, as Rami Kaplan and Daniel Kinderman have hypothesized (see Chapter 1, Section 1.4.).<sup>12</sup>

In order to gain insights into the arguments produced by Dutch firms, this thesis analyzes the publications of *Stichting Maatschappij en Onderneming* (Society and Enterprise Foundation, henceforth SMO) between 1971 and 2004. SMO was an inter-firm association founded in 1968 by prominent Dutch companies with the aim of educating society on the function of free enterprise and to make relevant social trends insightful to business firms.<sup>13</sup> In order to interpret the arguments developed by SMO as contextualized ideational and political acts, I approach them as 'discursive strategies' which generate certain 'story-lines' that either support or challenge CSR as a set of ideas about the social regulation of business, i.e., as a discourse.<sup>14</sup> I trace and analyze the arguments found in SMO's publications between 1971 and 2004, because SMO published its first relevant text in 1971, whereas by 2004, CSR

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<sup>12</sup> Kaplan and Kinderman, 'The Business-Led Globalization', 450.

<sup>13</sup> T. van Zijl and S. Langeweg (ed.), *SMO 45 jaar* (The Hague 2013) 14-15. See Appendix 1 for a list of companies and organizations involved in SMO's establishment.

<sup>14</sup> Hajer, M.A., *The Politics of Environmental Discourse. Ecological Modernization and the Policy Process* (Oxford/New York 1995); Hajer, M.A., 'Doing discourse analysis: coalitions, practices, meaning', in: M. van den Brink and T. Metzger (eds.), *Words matter in policy and planning. Discourse theory and method in the social sciences* (Utrecht 2006) 65-75; T. van Leeuwen and R. Wodak, 'Legitimizing immigration control: A discourse-historical analysis', *Discourse Studies* 1.1 (1999) 83-118; A. Carvalho, 'Representing the politics of the greenhouse effect: Discursive strategies in the British media', *Critical Discourse Studies* 2.1 (2005) 1-29; E. Vaara and J. Tienari, 'A Discursive Perspective on Legitimation Strategies in Multinational Corporations', *Academy of Management Review* 33.4 (2008) 985-993; J. Luyckx and M. Janssens, 'Discursive Legitimation of a Contested Actor Over Time: The Multinational Corporation as a Historical Case (1964-2012)', *Organization Studies* 37.11 (2016) 1595-1619.



had come to dominate the Dutch public discourse on the social regulation of the economy, as marked by the establishment of a national CSR-platform (MVO Nederland) by the Ministry of Economic Affairs in that year (see Chapter 1).

The following sub-questions have therefore guided the analysis of arguments in this thesis:

1. *How did the dominant discourse on the social regulation of economic production generally develop in the Netherlands and how did voluntarist discourse relate to this between c.1875-2004?* (Chapter 2)
2. *What kind of discursive strategies did business develop to influence the public discourse on the social regulation of economic production between 1971 and 2004?* (Chapters 3 and 4)
3. *What kind of story-lines did these strategies ultimately generate and how did these contribute to establishing voluntarist ideas as legitimate?* (Chapters 3 and 4)

This thesis argues that Dutch business contributed to laying the foundations for contemporary CSR in the Netherlands by reviving and elaborating voluntarist ideas of social responsibility during the years 1971-1983. These ideas had already figured in Dutch public discourse between roughly 1875 and 1970, but they regained their relevance as SMO sought to protect the autonomy of business in a context of political radicalization, an expanded welfare state and public sector, and economic turmoil. Business subsequently aimed to facilitate the institutionalization of these ideas by developing more specific management concepts in the years between 1984 and 2004. The aim of protecting the autonomy of business had moved SMO to empower firms as partners in societal decision-making by presenting them as the guardians of (sustainable) economic growth. Yet, at the same time, SMO had also negotiated a ‘probational’ chance to voluntarily socialize itself through open communication and consultation with society. By 2004, SMO had not unequivocally accomplished the reconciliation of free enterprise and socialization, as the paradox of ‘balancing interests’ in CSR laid bare the persisting tensions between these two objectives. Despite so, SMO had significantly contributed to legitimizing CSR by developing an array arguments in support of it.

The remainder of this thesis is structured as follows: I firstly discuss the merits and limitations of CSR-scholarship and historiography in further detail below, demonstrating the relevance of my research question and approach for enhancing our understanding of the argumentative role played by firms in promoting CSR. Chapter 1 subsequently discusses the theoretical background to the key concepts of ‘story-line’ and ‘discursive strategies’, and demonstrates how these concepts allow for a more rigorous analysis of the promotion or construction of voluntarist ideas by firms than is currently available in the literature. In order to properly grasp the strategic and semantic significance of the arguments developed by business, the discursive strategies and story-lines will be contextualized in relation to the history of public discourse on business regulation in the Netherlands in Chapter 2. The contextualized historical analysis of argumentation that is central to this thesis is subsequently presented in Chapter 3 and 4. Finally, this thesis concludes with a general summary of the most important insights gained from the contextualized analysis of the arguments developed by business in support of CSR, pointing out the limitations of my approach and arguing that future research on this topic could be advanced by developing a comparative analysis of the contributions of different actor groups in legitimizing or de-legitimizing CSR.

### ***Business and CSR in scholarly literature: business case, external pressures, corporate power or ethics?***

When it comes to CSR’s rise in the Netherlands – or the general history of business regulation in the Netherlands for that matter – in-depth and comprehensive research that could aid in answering my research question has unfortunately remained rather scarce.<sup>15</sup> Scholars active in the field of Dutch business history of the past two centuries have instead shown more interest in topics such as business strategies, multinationals and their role in globalization, competition and cartelization, corporate finance, labor policy, and technology

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<sup>15</sup> Although the history of corporate governance is a respectable topic in Dutch business history, recent studies in this line of work have not treated CSR as part of this history and have usually focused on the influence of public institutions, ownership, and finance on corporate governance (e.g. studying the influence of shareholders on corporate decision-making). See, for instance: Westerhuis, G., and A. de Jong, *Over geld en macht: Financiering en corporate governance van het Nederlandse bedrijfsleven. Bedrijfsleven in Nederland in de Twintigste Eeuw 7* (Amsterdam 2015); P. Frentrop, *De geschiedenis van corporate governance: Van VOC naar 21e eeuw* (Assen 2013).

and innovation.<sup>16</sup> Moreover, the few attempts to explain the rise of CSR in the Netherlands that we do find in the current literature are usually based on rather crude accounts of the history of business regulation.<sup>17</sup> Meanwhile, attention for the social responsibilities of business with regards to ecological themes or political ethics has remained particularly limited.<sup>18</sup> Despite this, the past two decades have witnessed a stream of historical studies of the rise of CSR in various other countries which offer valuable insights with regards to the role of large companies in this process.<sup>19</sup>

Overall, we can distinguish three key insights into the role of business in CSR's rise which have come forth out of the past research, but which continue to raise pertinent new questions. The first of these concerns the indication that a 'business case' for CSR may have been cognitively constructed by business during the late twentieth century. Many early explanations of the rise of CSR had indeed pointed towards the possibility that companies might have recognized a competitive advantage in attracting consumers, employees or

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<sup>16</sup> See, for instance: S. Quak, J. Heilbron and R. van der Veen, 'Has globalization eroded firms' responsibility for their employees? A sociological analysis of transnational firms' corporate social responsibility policies concerning their employees in the Netherlands, 1980-2010', *Business and Politics* 14.3 (2012) 1-21; Westerhuis and De Jong, *Over geld en macht*; K.E. Sluyterman, *Dutch Enterprise in the Twentieth Century: Business Strategies in a Small Open Economy*. Routledge international studies in business history 11 (Abingdon/New York 2005); K.E. Sluyterman and B. Wubs, *Over grenzen. Multinationals en de Nederlandse markteconomie*. Bedrijfsleven in Nederland in de Twintigste Eeuw 2 (Amsterdam 2009); B. Bouwens and J. Dankers, *Tussen concurrentie en concentratie. Belangenorganisaties, kartels, fusies en overnames*. Bedrijfsleven in Nederland in de Twintigste Eeuw 3 (Amsterdam 2012); E. Nijhof and A. van den Berg, *Het menselijk kapitaal. Sociaal ondernemersbeleid in Nederland*. Bedrijfsleven in Nederland in de Twintigste Eeuw 4 (Amsterdam 2012); M. Davids et al., *Innovatie en kennisinfrastructuur. Vele wegen naar vernieuwing*. Bedrijfsleven in Nederland in de Twintigste Eeuw 5 (Amsterdam 2013).

<sup>17</sup> See: B. Boudhan, I. Vonk and F. Nelissen, *Maatschappelijk ondernemen. Dienen en verdienen*. SMO-Informatief 96.5 (The Hague 1996); SER, *Corporate Social Responsibility*; Van Tulder and Van der Zwart, *Reputaties op het spel*; Cramer, *Learning about Corporate Social Responsibility*; Cramer, 'The Netherlands'; E.K. Schrijvers, *Lessen uit corporate governance en maatschappelijk verantwoord ondernemen*. Wetenschappelijke Raad voor het Regeringsbeleid (The Hague 2004); M.M. van Huijstee, *Business and NGOs in interaction. A quest for corporate social responsibility*. Netherlands Geographical Studies 393 (Utrecht 2010); J. Jonker, F. Diepstraten and J. Kieboom, *Inleiding in maatschappelijk verantwoord en duurzaam ondernemen* (Deventer 2011). Keetie Sluyterman's work forms a notable exception to this rule, although it remains empirically limited nevertheless. See: Sluyterman, 'Corporate Social Responsibility'; Sluyterman, K.E., *Gedeelde zorg: maatschappelijke verantwoordelijkheid van ondernemingen in historisch perspectief*. Inaugural Lecture Utrecht University (2004).

<sup>18</sup> To my knowledge, this has remained limited to the following studies: Sluyterman, 'Corporate Social Responsibility'; K.E. Sluyterman, 'Royal Dutch Shell: Company Strategies for Dealing with Environmental Issues', *Business History Review* 84.2 (2010) 203-226; K.E. Sluyterman, *Keeping Competitive in Turbulent Markets, 1973-2007. A History of Royal Dutch Shell 3* (Oxford 2007); K.E. Sluyterman, 'Green is More than the Colour of the Bottle: Environmental Issues at Heineken Breweries over the Long Term', *BMGN - Low Countries Historical Review* 137.4 (2022) 43-64; I. Nuhn, *Entwicklungslinien betrieblicher Nachhaltigkeit nach 1945: Ein deutsch-niederländischer Unternehmensvergleich*. Zivilgeschäftliche Verständigungsprozesse vom 19. Jahrhundert bis zum Gegenwart. Deutschland und die Niederlande im Vergleich 10 (Münster 2013).

<sup>19</sup> See, for an overview of recent international literature on CSR's rise: R. Phillips, J. Schrempf-Stirling and C. Stutz, 'The Past, History, and Corporate Social Responsibility', *Journal of Business Ethics* 166.2 (2020) 203-213; Stutz, 'History in corporate social responsibility'.

investors by voluntarily developing policies that would be considered socially responsible.<sup>20</sup> Such ‘instrumental’ perspectives were however strongly criticized to be lacking in unambivalent empirical evidence already by contemporaries.<sup>21</sup> More importantly, as Dana Brown, Anne Roemer-Mahler and Antje Vetterlein have commented before, these perspectives failed to explain why so many companies could have suddenly ‘seen’ the beneficial economic effects of adopting CSR.<sup>22</sup> The main value of these perspectives therefore lies not so much in their analysis of CSR’s rise, but more so in that they raise questions about when such a ‘business case’ for CSR was constructed, by whom, to what end, and how this was done, leaving aside the question of whether such notions of economic interest actually psychologically motivated companies to endorse CSR.

Similar questions can be raised with regards to the construction of ethical motives and their relationship to the financial-economic rationality that is usually assumed to have guided the behavior of business. Keetie Sluyterman, for example, suggested that the moral concerns of company actors could have aligned with those of other people in society in the 1990s, and various late twentieth century examples of ‘alternative’ business initiatives point to the importance of moral reasoning for justifying practices such as certification, labelling, and stakeholder dialogue, or in driving the development of economic rationalizations of

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<sup>20</sup> According to several reviews of scholarly literature, ‘instrumental’ perspectives on the adoption of CSR by companies figure as the most prominent type of explanation for firms to develop socially responsible activities in management and organization studies. In this perspective, self-interest explains why companies would ‘voluntarily’ take social responsibilities, assuming that companies would not engage in costly activities without any prospect of financial benefit. See: Stutz, ‘History in corporate social responsibility’, 184-185, 187; P. Heikkurinen and J. Mäkinen, ‘Synthesising corporate responsibility on organisational and societal levels of analysis: An integrative perspective’, *Journal of Business Ethics* 149 (2018) 589-607, on 591-592; Dana Brown, Anne Roemer-Mahler and Antje Vetterlein, ‘Theorising Transnational Corporations as Social Actors: An Analysis of Corporate Motivations’, Copenhagen Business School International Center for Business and Politics, Working Paper No. 61 (2009). See, for examples of authors pointing to economic motives: Matten and Moon, ‘“Implicit” and “Explicit” CSR’, 415; SER, *Corporate Social Responsibility*, 32. See also: Schrijvers, *Lessen uit corporate governance*, 36.

<sup>21</sup> Elisabeth Garriga and Domènec Melé called this perspective ‘instrumental’ because CSR would be adopted by firms in function of company wealth creation. See: E. Garriga and D. Melé, ‘Corporate social responsibility theories: Mapping the territory’, *Journal of business ethics* 53.1 (2004) 52. See, for criticism on this perspective, for instance: D.J. Vogel, ‘Is There a Business Case for Virtue?’, in: D.J. Vogel, *The Market for Virtue. The Potential and Limits of Corporate Social Responsibility* (Washington 2005) 16-45, on 29-35. With regards to the Dutch case, such accounts have essentially remained purely hypothetical and empirically untested as well. See, for instance: SER, *Corporate Social Responsibility*, 32. The instrumental perspective on CSR was also criticized for assuming that there is a separation between an economic and political domain of behavior which function according to different logics, rendering it impossible for companies to be conceived of as ‘political’. See: Djelic and Etchanchu, ‘Contextualizing corporate political responsibilities’, 642. See also Ulf Henning Richter’s discussion of liberal thought in CSR: U.H. Richter, ‘Liberal thought in reasoning on CSR’, *Journal of Business Ethics*, 97.4 (2010) 625-649, on 633-634.

<sup>22</sup> Brown, Roemer-Mahler and Vetterlein, ‘Theorising Transnational Corporations’, 1.

‘responsible’ conduct.<sup>23</sup> Although there is evidence for the fact that economists and business ethicists played a key role in constructing economic and ethical arguments in the US, Nora Lohmeyer’s fascinating research on the social construction of the ‘business case’ for CSR in Germany is one of the few exceptional scholarly undertakings that explicitly addresses this matter.<sup>24</sup> Lohmeyer found that instrumental, relational, and moral ‘vocabularies of motive’ for CSR were constructed by business associations, state institutions, and civil society organizations as early as the 1970s. However, the ‘business case’ argument became a dominant way of justifying CSR between 1995 and 2014, in order to facilitate coalition-formation among state, business and civil society groups in the context of the erosion of the German social market economy and the neoliberalization of its political economy.<sup>25</sup>

This brings us to the second key insight which the current literature offers on CSR’s rise. This relates to the importance of a shifting socio-cultural and political context in generating new ‘institutional-isomorphic’ pressures on companies to interact with arguments in support of CSR.<sup>26</sup> The most common explanations of CSR’s rise indeed highlight such socio-cultural and political factors, and simply put, they argue that CSR rose as a mechanism of ‘civil regulation’ which was aimed at addressing a governance gap apparent in the regulation of multinational

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<sup>23</sup> Sluyterman, ‘Corporate Social Responsibility’, 338. See also: SER, *Corporate Social Responsibility*, 31-32; Schrijvers, *Lessen uit corporate governance*, 36. This role of ethics is for instance visible in the activity of ‘social entrepreneurs’ like Willem Stork and Anton Philips (c. 1875-1930), the establishment ASN Bank (1960) and Triodos Bank (1980), or the small-scale ‘human- and environment-friendly’ business initiatives which formed part of the establishment of MeMO in 1976, a foundation aimed at promoting and supporting ‘alternative’ business initiatives. See: J.M. Peet, E. van Nederveen Meerkerk and F. van Schendel, *Rente zonder bijmaak. Een geschiedenis van de Algemene Spaarbank voor Nederland en van haar ontwikkeling naar een ethische bedrijfsvoering, 1960-2000* (Amsterdam 2000). See also: ‘Over Triodos Bank’, <https://www.triodos.nl/over-triodos-bank> (Accessed 12 September 2023); P. van Dam and A. Striekwold, ‘Small is Unsustainable? Alternative Food Movement in the Low Countries, 1969-1990’, *BMGN – Low Countries Historical Review* 137.4 (2022) 137-160, on 143-144, 147. See also: J.C. Davis, *From Head Shops to Whole Foods. The Rise and Fall of Activist Entrepreneurs* (New York 2017). Similarly, a-historical research has suggested that various types of personal or organizational ethical principles played a significant role in steering companies towards CSR-adherence and has linked this even to relatively better ‘social performance’. See, for example: J. Graafland and B. van de Ven, ‘Strategic and moral motivation for corporate social responsibility’, *Journal of Corporate Citizenship* 6.2 (issue 22) (2006) 111-123. See also: D.J. Vogel, ‘Is There a Business Case for Virtue?’, 16-19.

<sup>24</sup> See: J.D. Margolis and J.P. Walsh, ‘Misery loves companies: Rethinking social initiatives by business’, *Administrative science quarterly* 48.2 (2003) 268-305, on 273-278. See also Vogel’s discussion of the business case for CSR: D.J. Vogel, ‘Is There a Business Case for Virtue?’, 23-24. See also: N. Lohmeyer, *Instrumentalisierte Verantwortung? Entstehung und Motive des ‘Business Case for CSR’ im Deutschen Diskurs unternehmerischer Verantwortung* (Bielefeld 2017). Nora Lohmeyer’s dissertation treats the formation of the business case for CSR in Germany as dependent upon ‘discursive path-dependencies’.

<sup>25</sup> N. Lohmeyer, *Instrumentalisierte Verantwortung?*; N. Lohmeyer and G. Jackson, ‘Vocabularies of Motive for Corporate Social Responsibility: The Emergence of the Business Case in Germany, 1970–2014’, *Business Ethics Quarterly* (2023) 1-40, on 16-22. See also: N. Lohmeyer and G. Jackson, ‘The Business Case as New Vocabulary of Motive: Discourse Coalitions Around CSR in Germany, 1970–2014’, *Academy of Management Annual Proceedings* 2018.1 (2018) 1-6.

<sup>26</sup> See Rami Kaplan and Daniel Kinderman’s summary of the ‘institutional-isomorphic’ view, as they termed it: Kaplan and Kinderman, ‘The Business-Led Globalization of CSR’, 442-444.

corporations in particular.<sup>27</sup> The increasing power of corporations vis-à-vis governments would have resulted from globalization processes and the inability of states to effectively deal with issues such as mass unemployment and fiscal stress. Civil society organizations (CSOs) would have subsequently stepped into this governance gap to take up the task of social regulation, a role made possible by educational, professional, technological and socio-economic advancements.<sup>28</sup> In acknowledgement of this new balance of power, national states, international institutions, educational institutions, business associations, consumers, employees, and investors would have turned to pressuring individual companies to voluntarily assume greater social responsibilities.<sup>29</sup>

While these institutionalist accounts of CSR's rise offer valuable insights with respect to the role played by the social surroundings of business in the rise of CSR, they ultimately neglect the possibility that certain (groups of) actors may have played a more pronounced role in the process of CSRs rise than others. This brings us to the third key insight into the rise of CSR, one which is highlighted by the more critical historical approaches found in the literature. These approaches illuminate how CSR may actually have originated from within (elite) business circles as a defense strategy of capitalist interests in the face of regulative threats coming from states or society.<sup>30</sup> It should be noted that these narratives of 'corporate power', as Rami Kaplan has termed them, are not entirely at odds with the institutional-isomorphic

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<sup>27</sup> See: Campbell, 'Why would corporations behave', 954-962; Matten and Moon, "'Implicit" and "Explicit" CSR', 415-416; SER, *Corporate Social Responsibility*; Cramer, *Learning about Corporate Social Responsibility*, 3-4; Cramer, 'The Netherlands', 93; Van Tulder and Van der Zwart, *Reputaties op het spel*; M. van den Bergh, 'Corporate Social Responsibilities amidst a Free Trade World', in: H. Oldersma (ed.), *From Havana to Seattle and Beyond – The Quest for Free Trade and Free Markets*. Essays in honour of Frans A. Engering (The Hague 2000). See also David L. Levy and Rami Kaplan's summary of this argument: D.L. Levy and R. Kaplan, 'Corporate Social Responsibility', 435.

<sup>28</sup> E.g.: Matten and Moon, "'Implicit" and "Explicit" CSR', 415-416; Sluyterman, 'Corporate Social Responsibility', 338; Cramer, *Learning about Corporate Social Responsibility*, 3-4; SER, *Corporate Social Responsibility*, 27. Matten and Moon also emphasized how the advent of labor market deregulation and shareholder capitalism had possibly made companies more sensitive to the ethical judgement of potential laborers and investors as well.

<sup>29</sup> Matten and Moon, "'Implicit" and "Explicit" CSR', 411-412, 415-416; Cramer, *Learning about Corporate Social Responsibility*, 3-4; Cramer, 'The Netherlands', 93; Schrijvers, *Lessen uit corporate governance*, 35-36; Sluyterman, 'Corporate Social Responsibility', 337-338; SER, *Corporate Social Responsibility*, 35-36; J. Moon and D.J. Vogel, 'Corporate Social Responsibility, Government, and Civil Society', in: A. Crane et al. (eds.), *The Oxford Handbook of Corporate Social Responsibility* (Oxford 2008); L. Kurtz, 'Socially Responsible Investment and Shareholder Activism', in: A. Crane et al. (eds.), *The Oxford Handbook of Corporate Social Responsibility* (Oxford 2008); N. Craig Smith, 'Consumers as Drivers of Corporate Social Responsibility', in: A. Crane et al. (eds.), *The Oxford Handbook of Corporate Social Responsibility* (Oxford 2008).

<sup>30</sup> See: Kaplan, 'Who has been regulating whom?'; Kaplan and Kinderman, 'The Business-Led Globalization of CSR'; Kaplan, 'Inter-firm convening'; Kinderman, "'Free us up so we can be responsible!"; Djelic and Etchanchu, 'Contextualizing corporate political responsibilities'; Höllerer, 'From taken-for-granted'. See also: Hanlon, 'Rethinking corporate social responsibility', 164; Hanlon and Fleming, 'Updating the critical perspective'. See also: Stutz, 'History in corporate social responsibility'.

theories in explaining the rise of CSR, but are rather complementary to them.<sup>31</sup> Both aspects of the rise of CSR assume that companies needed to regain or renegotiate their social legitimacy as critical social groups challenged their positions of power. Yet, other than presenting CSR as an expression of civil attempts at regulating corporate conduct, corporate power narratives attribute business with the agency of having significantly determined and defined what should be considered legitimate and why, in such contexts of contestation.

In doing so, these critical studies have demonstrated the means by which voluntarist ideas of business' social responsibility were promoted and diffused across various geographies by business-led organizations in the postwar period. Businesses achieved this through the establishment of 'meta-organizations' that facilitated inter-firm contact and generated efforts directed at the modification of collective identities, the re-modelling of conventional forms of organization, the diffusion of management practices, or by learning from the experiences of American 'reference groups'.<sup>32</sup> Based on these insights, Rami Kaplan and Daniel Kinderman outlined two hypothetical conditions under which we should expect to find the proactive corporate construction and diffusion of CSR: first, a presence of threats to national capitalist interests (e.g. from resistance to (neo)liberalization, a threat of state regulation or revolutionary movements); and second, a heightened political, cultural and economic connectivity of national companies with the American business world.<sup>33</sup>

Another advantage of this line of research is that it has more seriously acknowledged how ideas and practices that presuppose significant managerial autonomy of private companies to define and implement social responsibilities – ideas and practices now associated with CSR's

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<sup>31</sup> Kaplan and Kinderman similarly recognize this point: '[O]ur purpose is not to discredit but to complement institutional-isomorphic accounts, and thus to contribute to a more nuanced and balanced understanding of CSR's globalization.' See: Kaplan and Kinderman, 'The Business-Led Globalization of CSR', 440. See also for the term 'corporate power': Kaplan, 'Who has been regulating whom?', 126.

<sup>32</sup> Kaplan and Kinderman, 'The Business-Led Globalization of CSR', 472; Kaplan, 'Inter-firm convening'; Kinderman, "'Free us up so we can be responsible!'".

<sup>33</sup> Kaplan and Kinderman, 'The Business-Led Globalization of CSR', 450. The first condition outlined by Kaplan and Kinderman (threats to capitalist interests) is recognized also by Richard Marens, as well as by the SER and Erik Schrijvers for the Netherlands, although the Dutch accounts neglect the role played by business in legitimizing voluntarist ideas of business responsibility. See: R. Marens, 'Destroying the village to save it: corporate social responsibility, labour relations, and the rise and fall of American hegemony', *Organization* 17.6 (2010) 743-766; R. Marens, 'Generous in victory? American managerial autonomy, labour relations and the invention of Corporate Social Responsibility', *Socio-Economic Review* 10.1 (2012) 59-84; R. Marens, 'What comes around: the early 20th century American roots of legitimating corporate social responsibility', *Organization* 20.3 (2013) 454-476; SER, *Corporate Social Responsibility*; Schrijvers, *Lessen uit corporate governance*.

voluntary character –already existed in the late nineteenth and early twentieth centuries in Western Europe and the United States.<sup>34</sup> According to corporate power accounts, CSR should therefore be considered a revival of voluntarist ideas of business responsibility in a new historical context of marketized globalization; one that nevertheless displayed similar regulative ‘gaps’ of business activity as those which gave rise to earlier instances of CSR-like ideas and practices.<sup>35</sup> Indeed, practices associated with the recent wave of CSR, such as voluntary reporting on business conduct and conduct guidelines for multinational corporations, had appeared already in the 1970s, before they were labelled as expressions of ‘CSR’.<sup>36</sup> Furthermore, practices like product labelling and the development of ethical performance indicators can be observed in the context of small-scale ‘alternative’ business initiatives as far back as the 1960s and 1970s, as I mentioned above already.<sup>37</sup> This suggests that the rise of ‘contemporary’ CSR and the role of business therein might have roots which reach back further in time than the 1990s.

Recent research on the ‘corporate power’ aspects of business’ role in CSR’s rise has ultimately produced greatly valuable insights into the ways in which companies have promoted and diffused voluntarist ideas and practices in the past, as well as their involvement in developing the more recent ‘CSR’ variant of voluntarism. Unfortunately, however, the current literature has not sufficiently addressed the conditions under which the promotion and development of CSR-ideas by business could become successful. This has several dimensions to it. Firstly, if

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<sup>34</sup> See, for instance: Kaplan, ‘Who has been regulating whom?’; Marens, ‘Destroying the village’; Marens, ‘Generous in victory?’; Marens, ‘What comes around’; Djelic and Etchanchu, ‘Contextualizing corporate political responsibilities’. According to Marie-Laure Djelic and Helen Etchanchu, who distinguished two additional historical appearances of voluntarist social responsibility which they summarized within the ideal-types of ‘paternalism’ and ‘trusteeship’, what ‘CSR’ shared with earlier instances of voluntary self-responsibilization of businesses is that they all took for granted the liberal idea that private actors have the legitimacy to voluntarily engage in social roles and responsibilities. See: Djelic and Etchanchu, ‘Contextualizing corporate political responsibilities’, 656. In taking the tracing of CSR in history one step further, Stefan Hielscher and Bryan Husted have argued that ‘proto-CSR’ practices can be found in pre-industrial and pre-capitalist early medieval contexts, arguing how these rose as forms of ‘pragmatic experimentation’ with institutions aimed at addressing social and environmental problems related to economic production: S. Hielscher and B.W. Husted, ‘Proto-CSR before the industrial revolution: Institutional experimentation by medieval miners’ guilds’, *Journal of Business Ethics* 166.2 (2020) 253-269. See also, for observations of ‘early’ CSR in the Netherlands: Sluyterman, ‘Corporate Social Responsibility’, 316-319; Schrijvers, *Lessen uit corporate governance*, 35; SER, *Corporate Social Responsibility*; Nijhof and Van den Berg, *Het menselijk kapitaal*.

<sup>35</sup> Or in the words of Djelic and Etchanchu: ‘We can, however, come to re-interpret the contemporary CSR movement as a case of partial re-privatization of the common good, a partial “return to the past” but under different conditions.’ See: Djelic and Etchanchu, ‘Contextualizing corporate political responsibilities’, 656.

<sup>36</sup> Sluyterman, ‘Corporate Social Responsibility’, 328-331.

<sup>37</sup> Van Dam and Striekwold, ‘Small is Unsustainable?’, 143-144, 147. See also: Davis, *From Head Shops to Whole Foods*; Peet, *Rente zonder bijmaak*.



business firms played a significant role in legitimizing CSR as a system of social regulation, it is unclear why the ideas that were promoted or developed by them were in fact embraced and accepted by others. Furthermore, prior research has overlooked how the plausibility – and even intelligibility – of these ideas may have been crucially conditioned upon specific representations of events and phenomena that were considered relevant to business regulation by contemporaries.<sup>38</sup> ‘Sustainability’, for instance, was suggested by Markus Höllerer to have functioned as a rationalization of CSR in Austria.<sup>39</sup> What characteristics of sustainability discourse could have facilitated such a function? Apart from ‘sustainability’, the literature suggests that characteristics of other ‘sub-discourses’ might have put limits to plausible argumentation as well, including the ‘global’ character of numerous social issues associated with CSR discourse, the liberal-democratic values underlying stakeholder theories, and the recognition of consumers as a category of stakeholders.<sup>40</sup>

What is salient, moreover, is that the approaches which focus on the role of business in the rise of CSR have limited themselves to studying how firms laid the ideational foundations for CSR *before* the 1990s. However, much less effort has been directed towards investigating how their role in shaping voluntarist ideas evolved throughout the 1990s as CSR-discourse became more elaborate, ‘technical’, and socially accepted.<sup>41</sup> Yet, to interpret the role of companies in constructing CSR as a legitimate means of social regulation, it is crucial to ask

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<sup>38</sup> In their work on the rise of ‘ecological modernization’ discourse, Maarten Hajer has shown, for instance, how contextual discourses crucially determined conditions for successful argumentation. Hajer argued that a combination of economic and natural sciences (predominantly ecology) held remarkably authoritative positions when it came to defining what kind of conceptualizations of ecological problems were considered acceptable. See: Hajer, *The Politics of Environmental Discourse*, 25-26.

<sup>39</sup> Höllerer, ‘From taken-for-granted’, 587.

<sup>40</sup> Among others, authors who have evoked the relevance of these sub-discourses for CSR are: Van Tulder and Van der Zwart, *Reputaties op het spel*, 78; Marens, ‘Generous in victory?’, 471; Höllerer, ‘From taken-for-granted’, 585; Djelic and Echanhu, ‘Contextualizing corporate political responsibilities’, 655-656; S. Vallentin and D. Murillo, ‘Ideologies of Corporate Responsibility: From Neoliberalism to “Varieties of Liberalism”’, *Business Ethics Quarterly* 32.4 (2022) 635-670, on 654. See also the discussions of historical CSR definitions by Alexander Dahlsrud, and by Soumoudip Sarkar and Cory Searcy: A. Dahlsrud, ‘How Corporate Social Responsibility is Defined: an Analysis of 37 Definitions’, *Corporate Social Responsibility and Environmental Management* 15 (2008) 1-13; S. Sarkar and C. Searcy, ‘Zeitgeist or chameleon? A quantitative analysis of CSR definitions’, *Journal of Cleaner Production* 135 (2016) 1423-1435.

<sup>41</sup> As Kaplan and Kinderman have noticed, ‘corporate power’ explanations for the diffusion of CSR remain grounded upon observations of pre-1990 processes. See: Kaplan and Kinderman, ‘The Business-Led Globalization of CSR’, 475-476. Höllerer’s study forms a notable exception to this, as it focuses on the 1990-2005 period in Austria. See: Höllerer, ‘From taken-for-granted’. Despite this, Höllerer’s research only partly covers questions of firm agency, since it studies the *reaction* of different types of business firms towards CSR-discourse (i.e. their possible adoption of it or resistance to it), a discourse which itself is treated as an *external* disruption of the then current institutional order in Austria. However, with regards to the 1990s, it will be interesting to illuminate the *proactive* role of business in shaping this disruption in their ‘home countries’ as well.

how they reacted when voluntarist ideas actually entered the mainstream of governance discourse. What were the attitudes of business towards CSR as these ideas came to be widely embraced by state institutions and civil society when a ‘pro-CSR global environment’ emerged in the 1990s?<sup>42</sup> Were Kaplan and Kinderman right to speculate that business may have played a less active role in constructing and promoting CSR as activists, national governments and transnational institutions ‘kidnapped’ it to turn it to a mechanism of regulation by that point in time?<sup>43</sup>

All in all, then, the existing literature lacks a perspective that unites a focus on the role of companies in promoting and developing CSR with a contextualized analysis of the arguments produced by companies in support or contestation of the idea that firms should – and are able to – carry social responsibilities voluntarily. In that light, it is worthwhile to examine what contribution business firms made to constructing a ‘business case’ for CSR, to what degree they sought to establish CSR as a legitimate answer to moral concerns, and whether they played a significant role in developing the more ‘technical’ concepts associated with CSR throughout the 1990s. What kind of argumentation was employed, and what conditions did this reasoning satisfy in order to make it seem plausible or to ‘sound right’?<sup>44</sup> These questions will be answered in the remainder of this thesis with the help of the concepts of ‘discursive strategies’ and ‘story-lines’. The subsequent chapter will discuss the theoretical foundations of these concepts in further detail.

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<sup>42</sup> Kaplan and Kinderman, ‘The Business-Led Globalization of CSR’, 476. See also how by the late 1990s and early 2000s the Dutch state was actively engaged in promoting CSR and facilitating the implementation of CSR-practices, while NGOs like Greenpeace opened up to stakeholder dialogue with companies in the Netherlands: Huijstee, *Business and NGOs*; Cramer, ‘The Netherlands’; Sluyterman, ‘Corporate Social Responsibility’, 340-341.

<sup>43</sup> Kaplan and Kinderman, ‘The Business-Led Globalization of CSR’, 476.

<sup>44</sup> I ask similar questions as Rami Kaplan did with regards to the rise of CSR: ‘how precisely does ‘capitalism’ ‘know’ how to change [when confronted with threats, JP]? Who are the agents involved? How is the prescription for change invoked, elaborated, legitimized, disseminated and implemented? In short, where is the underlying institutionalization project?’ I focus more strictly on the cognitive construction of legitimacy, however. See: Kaplan, ‘Who has been regulating whom?’, 130. From Maarten Hajer I derive the idea that argumentation becomes plausible when the actors involved in constructing the respective discourse it forms part of judge it to ‘sound right’. See: Hajer, *The Politics of Environmental Discourse*, 63.

# **1 STORY-LINES AS DISCURSIVE STRATEGIES: THEORETICAL APPROACH AND METHODS**

How can we explain the ideational role played by Dutch business in legitimizing CSR as a means of social regulation? The various shapes and characteristics that such a role may have taken can be understood with the help of the concepts of ‘discursive strategies’ and argumentative ‘story-lines’. In this chapter, I demonstrate how these concepts allow for a more rigorous analysis of the promotion or construction of voluntarist ideas by firms than is currently available in the literature. This chapter therefore firstly clarifies the set of ideas that define ‘CSR’, the construction of which forms the central subject of this thesis (section 1.1). CSR is thus approached as a discourse, the construction of which can be analyzed in the ‘discursive strategies’ employed by business firms as they developed arguments which supported a specific view of proper economic regulation (section 1.2.). The final section of this chapter subsequently presents how these discursive strategies generate ‘story-lines’ which aim to transform the socially dominant discourse, and how these argumentative efforts can only be properly understood through an image of the relevant social and historical context of meanings in which they appear (section 1.3.).

## ***1.1. Defining Corporate Social Responsibility as ‘voluntarist’ discourse***

Defining CSR is sometimes presented as a difficult task in the literature.<sup>45</sup> However, thanks to extensive studies of historical CSR definitions, it has become clear that many definitions were

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<sup>45</sup> Examples of authors that have presented the definition of CSR as a difficult task include: D. Matten and J. Moon, “Implicit” and “Explicit” CSR: A Conceptual Framework for a Comparative

nevertheless very congruent in the sense that most of them captured more or less two fundamental ideas.<sup>46</sup> Firstly, whereas the precise degrees and standards of social responsibility for particular issues were often vague – a topic of debate – or in fact intentionally left to individual companies to define in historical CSR definitions, those who employed the concept in the past nevertheless did agree on the fact that companies actually had such a thing as ‘social responsibilities’, which they held towards various stakeholders for a range of social issues.<sup>47</sup> Secondly, and perhaps more crucially, a ‘voluntary’ commitment to these responsibilities has continuously appeared as part of the core of the most significant and widely-used definitions of CSR in English scholarship between 1953 and 2014, as well as in key publications on CSR in the Netherlands.<sup>48</sup>

However, a remaining challenge in defining CSR is that ideas and practices now associated with it can be found already in the late nineteenth and early twentieth centuries in Western-Europe and the US.<sup>49</sup> To distinguish the more recent CSR from earlier expressions of similar

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Understanding of Corporate Social Responsibility’, *The Academy of Management Review* 33.2 (2008) 404–424, on 405; Schrijvers 2004: 33; K.E. Sluyterman, ‘Corporate Social Responsibility of Dutch Entrepreneurs in the Twentieth Century’, *Enterprise and Society* 13.2 (2012) 313–349, on 314. Borrowing Walter Gallie’s notion, Jeremy Moon, Andrew Crane and Dirk Matten argued that CSR is an ‘essentially contested concept’. They considered CSR to be so because it would be an ‘appraisive’ concept that is internally complex and has relatively open rules of application. Although I would dispute the idea that CSR would be contested by its *essence* (indeed, proposing this would deny the fact that CSR gave expression to a widely embraced consensus about proper social regulation as based upon voluntarist self-responsibilization by companies), the fact that it has been contested to some degree is evident. See: J. Moon, A. Crane and D. Matten, ‘Can corporations be citizens? Corporate citizenship as a metaphor for business participation in society’, *Business Ethics Quarterly* 15.3 (2005) 429–453, on 433–434; W.B. Gallie, ‘Essentially contested concepts’, *Proceedings of the Aristotelian Society, 1955–1956*. New Series, Volume 56 (Oxford 1956) 167–198, on 171–172.

<sup>46</sup> See for extensive studies of historical CSR definitions: A. Dahlsrud, ‘How Corporate Social Responsibility is Defined: an Analysis of 37 Definitions’, *Corporate Social Responsibility and Environmental Management* 15 (2008) 1–13; S. Sarkar and C. Searcy, ‘Zeitgeist or chameleon? A quantitative analysis of CSR definitions’, *Journal of Cleaner Production* 135 (2016) 1423–1435. See for discussions of CSR’s historical unicity: R. Marens, ‘What comes around: the early 20th century American roots of legitimating corporate social responsibility’, *Organization* 20.3 (2013) 454–476, on 471; M. Djelic and H. Etchanchu, ‘Contextualizing corporate political responsibilities: Neoliberal CSR in historical perspective’, *Journal of Business Ethics* 142.4 (2017) 641–661, on 655–656; S. Vallentin and D. Murillo, ‘Ideologies of Corporate Responsibility: From Neoliberalism to “Varieties of Liberalism”’, *Business Ethics Quarterly* 32.4 (2022) 635–670, on 650–656.

<sup>47</sup> See: Dahlsrud, ‘How Corporate Social Responsibility is Defined’, 6; Sarkar and Searcy, ‘Zeitgeist or chameleon?’, 1430.

<sup>48</sup> Sarkar and Searcy, ‘Zeitgeist or chameleon?’, 1430, 1432. Compare with: Dahlsrud, ‘How Corporate Social Responsibility is Defined’, 5. See for the Dutch case: Sluyterman, ‘Corporate Social Responsibility’, 315; J.M. Cramer, ‘The Netherlands: redefining positions in society’, in: A. Habisch et al. (eds.), *Corporate Social Responsibility Across Europe* (Berlin 2005) 87–96, on 87; R.J.M. van Tulder and A. van der Zwart, *Reputaties op het spel. Maatschappelijke verantwoord ondernemen in een onderhandelingsamenleving* (Utrecht 2003) 78; E.K. Schrijvers, *Lessen uit corporate governance en maatschappelijk verantwoord ondernemen*. Wetenschappelijke Raad voor het Regeringsbeleid (The Hague 2004) 33–34; J. Jonker, F. Diepstraten and J. Kieboom, *Inleiding in maatschappelijk verantwoord en duurzaam ondernemen* (Deventer 2011) 11; M.M. van Huijstee, *Business and NGOs in interaction. A quest for corporate social responsibility*. Netherlands Geographical Studies 393 (Utrecht 2010) 16–17.

<sup>49</sup> R. Kaplan, ‘Who has been regulating whom, business or society? The mid-20th-century institutionalization of ‘corporate responsibility’ in the USA’, *Socio-Economic Review* 13.1 (2015) 125–

ideas, I propose to treat ‘CSR’ as a specific rendition of voluntarist responsibility which appeared under unique historical conditions set in late twentieth century capitalist societies, similar to Marie Djelic and Helen Etchanchu’s characterization.<sup>50</sup> I propose to define ‘voluntarist social responsibility’, on the other hand, as *a set of ideas and concepts which support, construct or build upon the two premises that 1) private capitalist companies have social responsibilities towards various stakeholders; and 2) that these are responsibilities which companies can and should be expected to take up without being forced to do so by state regulations, i.e. ‘voluntarily’.*<sup>51</sup>

As such, voluntarist conceptualizations of social responsibility can be understood as attempts to reconcile the ideal of free enterprise with social responsibility through a prioritization of the former over the latter. Along with Steen Vallentin and David Murillo, I therefore view the concept of CSR, being a historical rendition of voluntarism, as built upon notions of reality that pertain to a liberal mentality.<sup>52</sup> To be more precise, as Vallentin and Murillo argued later on as well, CSR ultimately encompassed ideas that were home to a ‘variety of liberalisms’, most notably neoliberalism and what the authors call ‘embedded’ liberalism (or social-liberalism).<sup>53</sup> However, since Vallentin and Murillo understand neoliberalism to be a

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155; R. Marens, ‘Destroying the village to save it: corporate social responsibility, labour relations, and the rise and fall of American hegemony’, *Organization* 17.6 (2010) 743-766; R. Marens, ‘Generous in victory? American managerial autonomy, labour relations and the invention of Corporate Social Responsibility’, *Socio-Economic Review* 10.1 (2012) 59-84; Marens, ‘What comes around’; Djelic and Etchanchu, ‘Contextualizing corporate political responsibilities’. According to Marie-Laure Djelic and Helen Etchanchu, who distinguished two additional historical appearances of voluntarist social responsibility which they summarized within the ideal-types of ‘paternalism’ and ‘trusteeship’, what ‘CSR’ shared with earlier instances of voluntary self-responsibilization of businesses is that they all took for granted the liberal idea that private actors have the legitimacy to voluntarily engage in social roles and responsibilities. See: Djelic and Etchanchu, ‘Contextualizing corporate social responsibilities’, 656. See also, for observations of ‘early’ CSR in the Netherlands: Sluyterman, ‘Corporate Social Responsibility’, 316-319; Schrijvers, *Lessen uit corporate governance*, 35; SER (Sociaal-Economische Raad), *Corporate Social Responsibility. A Dutch Approach* (Assen 2001); 23-26; E. Nijhof and J.E. van den Berg, *Het menselijk kapitaal. Sociaal ondernemersbeleid in Nederland. Bedrijfsleven in Nederland in de Twintigste Eeuw* 4 (Amsterdam 2012) 84-88. In taking the tracing of CSR in history one step further, Stefan Hielscher and Bryan Husted have argued that ‘proto-CSR’ practices can be found in pre-industrial and pre-capitalist early medieval contexts, arguing how these rose as forms of ‘pragmatic experimentation’ with institutions aimed at addressing social and environmental problems related to economic production: S. Hielscher and B.W. Husted, ‘Proto-CSR before the industrial revolution: Institutional experimentation by medieval miners’ guilds’, *Journal of Business Ethics* 166.2 (2020) 253-269.

<sup>50</sup> Djelic and Etchanchu, ‘Contextualizing corporate political responsibilities’, 642.

<sup>51</sup> This definition is also inspired by the proposals of Dahlsrud, and Sarkar and Searcy. Dahlsrud distinguished five constituent dimensions of CSR definitions: the stakeholder, social, economic, voluntariness and environmental dimension. To this Sarkar and Searcy added a sixth, that of the ethical dimension. See: Dahlsrud, ‘How Corporate Social Responsibility is Defined’, 4; Sarkar and Searcy, ‘Zeitgeist or chameleon?’, 1431-1432.

<sup>52</sup> Steen Vallentin and David Murillo approached CSR as a liberal ‘governmentality’, a set of concepts and practices aimed at the ‘conduct of conduct’, designating a field of possibilities for the behavior of individuals or groups. See: S. Vallentin and D. Murillo, ‘Governmentality and the politics of CSR’, *Organization* 19.6 (2012) 825-843, on 827, 830.

<sup>53</sup> See: Vallentin and Murillo, ‘Ideologies of Corporate Responsibility’.

mentality that aims to expand ‘the reach of the economic market as a mode of thinking and doing’ onto every sphere of social life, I suggest that CSR discourse may have been more neoliberal than Vallentin and Murillo argued.<sup>54</sup> This is because even social-liberal conceptualizations of CSR apparently relied – although perhaps implicitly – on market-based sanctioning or reward of business conduct through consumer choice.<sup>55</sup>

In what respect, then, was CSR unique as a historical rendition of liberal voluntarist business responsibility? The literature firstly suggests that CSR was more mainstream and ‘hegemonic’ than earlier instances of voluntarist responsibility. Furthermore, and related to this first point, it was more explicitly conceptualized as part of a blueprint for the governance of business conduct. As such, it brought forward various ‘technical’ regulative instruments that were deemed to be compatible with its voluntarist preferences, such as voluntary dialogue and non-binding covenants with stakeholders for decision-making on ethical standards, and voluntary public reporting for accountability purposes. Thirdly, CSR was directed more at the involvement and responsabilization of ‘stakeholders’, being less paternalist in its conceptualization of socially responsible decision-making. CSR also applied to more various stakeholder groups, including ‘consumers’, than earlier renditions of voluntarism, which usually limited themselves to company employees, the working class, or the ‘public’. Furthermore, CSR was oriented at more extensively ‘globalized’ supranational market relations. And finally, CSR encapsulated a wider diversity of social issues for which business was deemed to carry responsibilities, going beyond the more established issues of labor relations, and particularly including ‘sustainable development’.<sup>56</sup>

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<sup>54</sup> Ibid., 641.

<sup>55</sup> Rob van Tulder and Alex van der Zwart make this aspect of CSR explicit as they discuss the ‘reputation mechanism’ on which it relies according to them. See: Van Tulder and Van der Zwart, *Reputaties op het spel*.

<sup>56</sup> Van Tulder and Van der Zwart, *Reputaties op het spel*, 78; Marens, ‘What comes around’, 471; Djelic and Echanhu, ‘Contextualizing corporate political responsibilities’, 655-656; Vallentin and Murillo, ‘Ideologies of Corporate Responsibility’, 650-656; M.A. Höllerer, ‘From taken-for-granted to explicit commitment: The rise of CSR in a corporatist country’, *Journal of Management Studies* 50.4 (2013) 573-606, on 587. Although a significant number of historical definitions of ‘CSR’ often explicitly highlight ‘sustainable development’ as part of it, I propose to treat it not as an ideationally fundamental element of CSR, a space which I confine to the idea of voluntarist social responsibility. Sarkar and Searcy for instance also imply sustainable development in their CSR definitions: Sarkar and Searcy, ‘Zeitgeist or chameleon?’, 1433. See also Dahlsrud’s overview of the most widely used definitions which often do the same: Dahlsrud, ‘How Corporate Social Responsibility is Defined’, 7-11. Instead, being inspired by Maarten Hajer, I propose to treat ‘sustainable development’ as an explicitly stated social issue which reflects the contemporaries’ priorities, and which also exposes how the issue of sustainable development was considered ‘emblematic’ for the more general dilemmas surrounding the social regulation of private company conduct in this era. See: M.A. Hajer, *The Politics of Environmental Discourse. Ecological Modernization and the Policy Process* (Oxford/New York 1995) 19-20.

It is important not to define CSR too narrowly, however, since many of these aspects could have not played a significant role in some cases or points in time, while having been more central in others. Rather, the point here is that these unique elements of CSR discourse provide guidance for finding arguments in favor of or against voluntarist responsabilization. Indeed, these may have also appeared ‘indirectly’ within smaller discussions on specific social issues, or the practice of public reporting, for instance. Furthermore, approaching CSR as a historically unique rendition of voluntarist core ideas also allows for observing its fundamental and technical ideas in the case that these appeared under different headers associated with CSR, such as ‘corporate social responsiveness’, ‘sustainable enterprise’, ‘corporate citizenship’, etc.<sup>57</sup> Indeed, these different concepts are to a certain extent even interesting, as they may point towards specific disagreements or differences between the various actors employing them.

I therefore propose to approach CSR as a social construction which was subject to a continuous dynamic of formulation and reformulation of definitions by different actors. Hence, I approach CSR as a ‘discourse’ following Maarten Hajer’s definition, i.e., as *an ensemble of ideas, concepts, and categorizations through which meaning is given to social and physical phenomena or realities, and which is produced, reproduced, and transformed in a particular set of practices*.<sup>58</sup> Hajer rightly pointed out that ‘discourse’ is thus not synonymous with ‘discussion’, since it refers to a set of concepts that structure the contributions of participants to a discussion.<sup>59</sup> In the case of CSR, this structure was at least formed by the fundamental assumption of ‘voluntarist social responsibility’ defined above. So while the inherent dynamic of formulation and re-formulation inherent to discourses like CSR may have produced different formal definitions (such as ‘corporate citizenship’), it is

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<sup>57</sup> Other such concepts include: ‘corporate social performance’, ‘corporate sustainability’, ‘stakeholder management’, and ‘shared value creation’. See: A.B. Carroll, ‘Corporate Social Responsibility: Evolution of a Definitional Construct’, *Business & Society* 38.3 (1999) 268-295, on 284, 288. See also: ‘A History of Corporate Social Responsibility’, in: A. Crane, A. McWilliams, D. Matten, J. Moon and D.S. Siegel (eds.), *The Oxford Handbook of Corporate Social Responsibility* (Oxford 2008) 19-46; A.B. Carroll, ‘Corporate Social Responsibility: Perspectives on the CSR Construct’s Development and Future’, *Business & Society* 60.6 (2021) 1258-1278, on 1265-1268; B. Sheehy and F. Farnetti, ‘Corporate Social Responsibility, Sustainability, Sustainable Development and Corporate Sustainability: What Is the Difference, and Does It Matter?’, *Sustainability*, 13.11 (2021) 1-17.

<sup>58</sup> M.A. Hajer, ‘Doing discourse analysis: coalitions, practices, meaning’, in: M. van den Brink and T. Metzger (eds.), *Words matter in policy and planning. Discourse theory and method in the social sciences* (Utrecht 2006) 65-75, on 67. See also: Hajer, *The Politics of Environmental Discourse*, 44.

<sup>59</sup> Hajer, ‘Doing discourse analysis’, 67.

important to note that this dynamic was itself bound by a shared assumption of voluntarism. Therefore, this dynamic at most indicated disagreements over ‘technicalities’.

## ***1.2. Conceptualizing arguments as discursive strategies***

Crucial for the sake of this thesis is that apart from expecting to identify multiple definitions in studying CSR as a discourse, we should assume that the underlying structure of discussions on business responsibility (as expressed by voluntarist assumptions in the discourse of CSR) could itself also have been subject to transformation by actors. In such a case, discourse was transformed through a conscious or unconscious effort to alter the cognitive mentalities that people exercised and which allowed them to render certain statements as socially meaningful. With regards to discussions on business responsibility, such discursive acts may have eventually influenced what could have been meaningfully presented as a problem and whether or how that problem was to be solved. What is of specific interest to my research here is how – and whether – business contributed to constructing ‘CSR’ as the fundamental structure of discussions on business responsibility, how these contributions looked like when it came to the ‘technicalities’ of CSR, and with what kind of argumentative means companies attempted to shape this underlying structure.

To operationalize this, I make use of an interpretative framework developed by Hajer for policy analysis, which I complement with my own synthesis of typologies of argumentation derived from theorization on ‘discursive strategies’.<sup>60</sup> Hajer conceptualized the agency of actors in shaping discourses as at once constrained by historically shaped cognitive structures (which are produced by discourses), but also as having the potential to alter these structures by constructing discursive innovations to them through the use of argumentation.<sup>61</sup> Such argumentations can be categorized and interpreted as ‘discursive strategies’. Anabela

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<sup>60</sup> Hajer, *The Politics of Environmental Discourse*; T. van Leeuwen and R. Wodak, ‘Legitimizing immigration control: A discourse-historical analysis’, *Discourse Studies* 1.1 (1999) 83-118; A. Carvalho, ‘Representing the politics of the greenhouse effect: Discursive strategies in the British media’, *Critical Discourse Studies* 2.1 (2005) 1-29; E. Vaara and J. Tienari, ‘A Discursive Perspective on Legitimation Strategies in Multinational Corporations’, *Academy of Management Review* 33.4 (2008) 985-993; J. Luyckx and M. Janssens, ‘Discursive Legitimation of a Contested Actor Over Time: The Multinational Corporation as a Historical Case (1964-2012)’, *Organization Studies* 37.11 (2016) 1595-1619.

<sup>61</sup> Hajer, *The Politics of Environmental Discourse*, 58-59.



Carvalho defined discursive strategies as more or less conscious ‘forms of (discursive) manipulation of “reality” by social actors in order to achieve a certain goal. A discursive strategy is, in this sense, a transformative discursive move involving the semantic re-definition of an object (or actor).’<sup>62</sup> Although Carvalho’s definition remains open with regards to what the ‘certain goal’ of discursive strategies may be, I assume along with Hajer that this goal was to secure support for their specific representations of reality in order to eventually achieve discursive dominance.<sup>63</sup>

Why would certain actors want to hold on to specific representations of reality? In answering this question with regards to CSR’s promotion by business firms, authors like Rami Kaplan and Nora Lohmeyer have assumed certain interests to have lied behind business efforts to promote the CSR view of reality. In essence, their assumptions come down to the idea that capitalist business firms employ various political strategies to maximize their potential for accumulating profits, including the influence of public opinion.<sup>64</sup> Although it is beyond the scope of this thesis to discuss the plausibility of assuming beforehand that such interests lied behind discursive strategies, I maintain that doing so has an important advantage, but also a possible pitfall. The advantage is that it strengthens the analyst’s capacity to critically interpret the strategic significance of certain argumentation, knowing that fixed interests may be served by them. However, discourse theory holds that argumentation may influence what it means to be a ‘business firm’ as such. As a consequence, arguments may influence the rationality of doing ‘business’ to the point that interests (such as maximized profit-seeking) and the appropriate ways to pursue them become redefined. Thus, a discourse analysis of argumentation does not assume the existence of a defined and constantly uniform interest

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<sup>62</sup> Carvalho, ‘Representing the politics’, 3.

<sup>63</sup> Hajer, *The Politics of Environmental Discourse*, 59.

<sup>64</sup> Rami Kaplan, for instance, applied Christine Oliver and Ingo Holzinger’s ‘dynamic capabilities framework’ to study the diffusion of CSR to Venezuela, a framework which departs from the idea that firms develop various defensive political strategies to maximize their possibilities for ‘value creation’. Similarly, building on ‘power resource theory’, Rami Kaplan and Nora Lohmeyer assume that capitalist firms utilize different resources (like state power) to ‘relax the social embeddedness of markets’, including the promotion of CSR as a form of privatized governance. See: R. Kaplan, ‘Inter-firm convening and organisational power: How American multinationals mobilised the Venezuelan business community to adopt CSR practices, 1961-1967’, *Business History* (2021) 1-32, on 2; R. Kaplan and N. Lohmeyer, ‘A comparative capitalism perspective on the privatization of governance: Business power, nonbusiness resistance and state enforcement in Germany, 2000–2010’, *Socio-Economic Review* 19.1 (2021) 247-272, on 253. See also: C. Oliver and I. Holzinger, ‘The Effectiveness of Strategic Political Management: A Dynamic Capabilities Framework’, *Academy of Management Review* 33.2 (2008) 496-520; W. Korpi, ‘Power Resources and Employer-Centered Approaches in Explanations of Welfare States and Varieties of Capitalism: Protagonists, Consenters, and Antagonists’, *World Politics* 58.2 (2006) 167-206.

behind an specific actor's efforts. Rather, it analyzes the substance of arguments uttered by these actors in the context of alternative possibilities and choices, as to discern how these arguments furthered a specific state of affairs. In doing so, discourse analysis may still 'expose' interests, because it can illuminate patterns of explicit or implicit prioritization of certain problems or values over others in the argumentation of business actors in situations where the discursive context they find themselves in would not logically 'demand' the prioritization of specific problems or values.

When treated as discursive strategies, then, arguments can be seen to consist of strategic characteristics and elements of discursive substance. When it comes to their strategic characteristics, discursive strategies firstly reflect a specific orientation towards certain visions of reality by either being *supportive* or *challenging* of ideas that are constituent of that view of reality. In that sense, supportive or challenging strategies respectively contribute to the legitimation or de-legitimation of certain views of reality; in the case of this thesis this concerns views that supported (legitimized) or challenged (de-legitimized) the voluntarist responsabilization of business.<sup>65</sup> Although arguments could have been formulated with the intent to support 'CSR' as I defined it above, we must also consider the indirect legitimizing effects of arguments which de-legitimized versions of reality that were not compatible with CSR-ideas. Indeed, arguments that legitimize one view of reality will always de-legitimize logical alternatives, and vice versa. Secondly, the strategies employed by actors contributed to legitimizing views of reality that were either socially *dominant* or *alternative*. Thus, arguments can be qualified as either defensive or offensive to the discursive status quo. This can only be done properly by determining the context of dominant ideas to which these strategies related. Together, these strategic characteristics generate a grid with four types of discursive strategies: protective, aggressive, activating, and reactive (see FIGURE 1).

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<sup>65</sup> See: Van Leeuwen and Wodak, 'Legitimizing immigration control', 92-93.

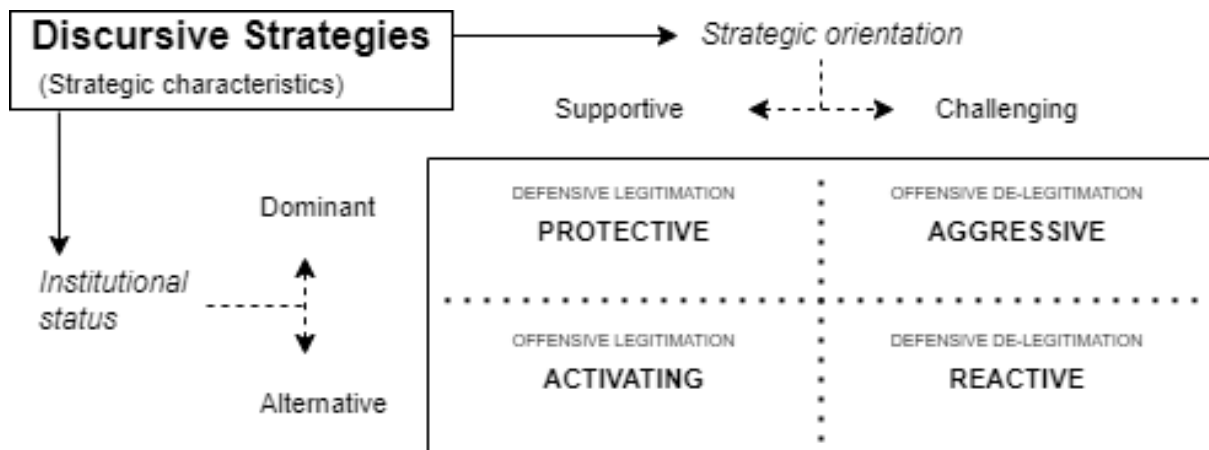


FIGURE 1. A typology of the characteristics of discursive strategies

These strategies all contain a discursive substance as well, which can be seen as the elements of these strategies that communicate a certain meaning as part of an argumentative tactic. Through the communication of meaning, these elements carry implications for (or have an explicit aim at changing) the definition of objects, subjects and their interrelations (or their ‘positioning’). These re-positionings are made possible by the (de-)legitimation of established or new positionings through *analytical* and *evaluative* statements found in an argument (see FIGURE 2). These statements operate by rationalizing certain views or actions through a specific representation of objects of reality and their workings (*analytical*), or through an evaluation of subjects and their interrelations through moral judgment and appeal (*evaluative*).<sup>66</sup> Although they may appear separate, these elements always work in congruence with one another within discourse and argumentation. They may at times even conceal each other as actors may present analytical statements with implicit evaluative implications, or the other way around.<sup>67</sup>

<sup>66</sup> This elemental breakdown of arguments is inspired by Anabela Carvalho’s typology of strategies, Eero Vaara and Janne Tienari’s discussion of legitimation strategies in MNCs, and Theo van Leeuwen and Ruth Wodak’s ‘grammar of legitimation’. I adapted the typologies of these respective authors to fit my purpose by viewing their strategy types as substantial elements which together produce a certain discursively transformative argument by generating a ‘story-line’. Compare: Carvalho, ‘Representing the politics’, 8-9; Vaara and Tienari, ‘A Discursive Perspective’, 988; Van Leeuwen and Wodak, ‘Legitimizing immigration control’, 104-111.

<sup>67</sup> See: Hajer, *The Politics of Environmental Discourse*, 55.

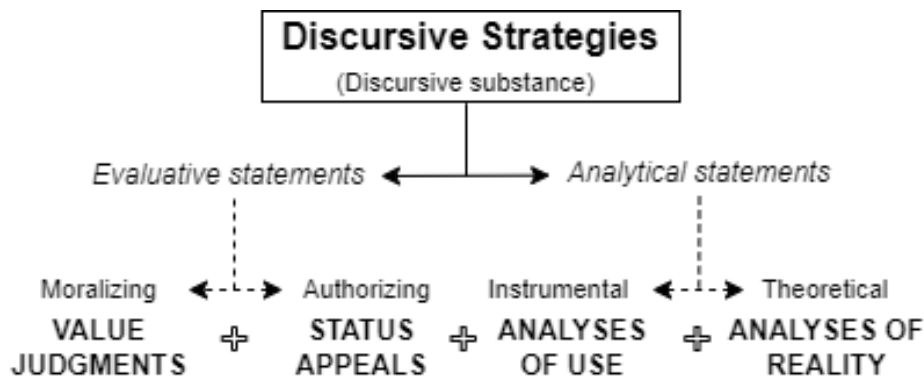


FIGURE 2. Substantial elements of discursive strategies which generate a story-line

On a more specific ‘tactical’ level, statements found in arguments can involve different types of rationalizations of certain views of reality. To be more precise, analytical statements may contribute to legitimating a certain subject- and object-positioning by 1) presenting certain objects or ‘things’ as having a useful result (*instrumental*), or by 2) claiming that things, people, and relations simply function in some manner (*theoretical*).<sup>68</sup> For instance, instrumental analytical statements may use financial calculus to present a course of action as useful. Theoretical analytical statements, on the other hand, may present certain human behavior as ‘natural’, or may claim that specific problems are surrounded by scientific uncertainties, or may present issues as too technologically complex for certain people to understand (we could call this ‘technocratization’).<sup>69</sup> Evaluative statements, on the other hand, may refer to the 1) *authoritative* status of institutions, persons or customs, or express 2) *moralizations* that range from being more implicit to being more pronounced.<sup>70</sup> This could for example involve reference to national legislation, the evoking of the reputation of a CEO to justify relocation policies, the representation of certain ideas or acts as ‘normal’, or the value judgment of some practice as being in the ‘public interest’ or as ‘disturbing’.<sup>71</sup>

<sup>68</sup> Van Leeuwen and Wodak, ‘Legitimizing immigration control’, 105-108.

<sup>69</sup> Vaara and Tienari, ‘A Discursive Perspective’, 988-990; Carvalho, ‘Representing the politics’, 8.

<sup>70</sup> Van Leeuwen and Wodak, ‘Legitimizing immigration control’, 104-105; 108-109.

<sup>71</sup> Van Leeuwen and Wodak, ‘Legitimizing immigration control’, 104, 109; Vaara and Tienari, ‘A Discursive Perspective’, 988-989.

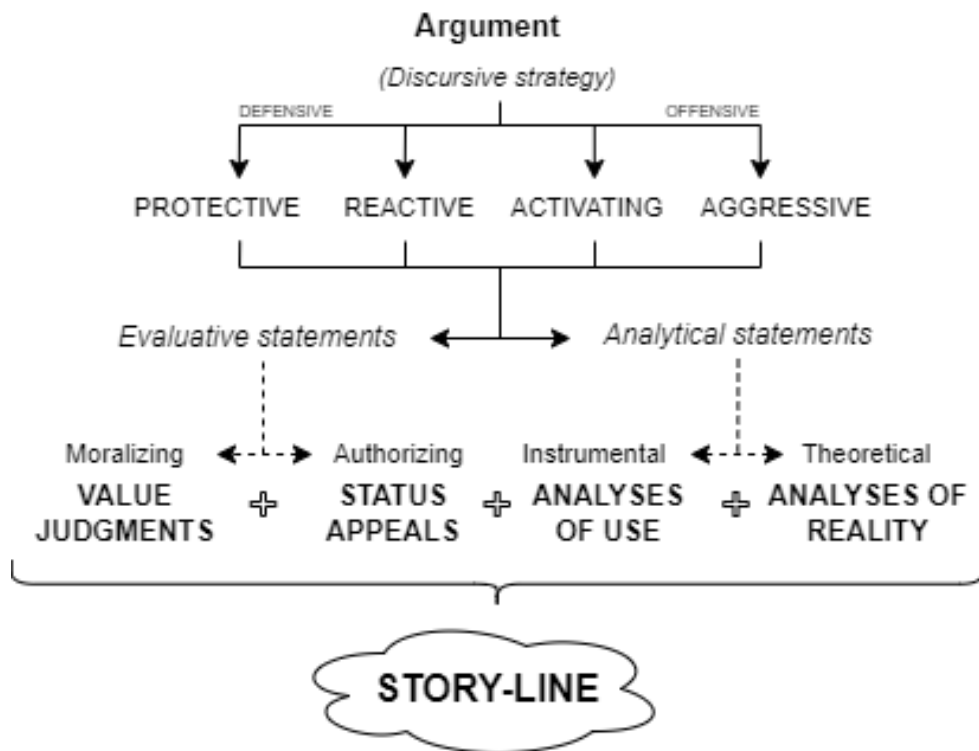


FIGURE 3. *Story-lines in relation to the substance and strategic characteristics of arguments*

### ***1.3. Interpreting story-lines as collections of discursive strategies***

In the end, discursive strategies have a certain transformative effect on the discourse at hand: they may simply reproduce dominant or alternative ideas without any significant re-definition, they may subtly transform existing definitions, or they may actively construct entirely new objects, subjects and positionings to support certain ideas.<sup>72</sup> I suggest that these effects are produced by the interplay of the analytical and evaluative statements which make up an argument or discursive strategy. In the end, arguments (often multiple) will generate a certain ‘story-line’ which brings together the discursive transformations produced by the analytical and evaluative elements of the arguments (see FIGURE 3). Along with Hajer, I define story-lines as linguistic mechanisms of simplification (such as metaphors) which allow for the suggestion of unity and common understanding between various different and potentially contradictory discourses.<sup>73</sup> Story-lines allow for the omittance of discursive

<sup>72</sup> Van Leeuwen and Wodak, ‘Legitimizing immigration control’, 92-93.

<sup>73</sup> Hajer, *The Politics of Environmental Discourse*, 56.

complexity and the negligence of inherently paradoxical features, and as such they make possible the formation of ‘discourse coalitions’ among actors. New discourse coalitions are therefore formed around new story-lines. In that sense, story-lines are crucial for actual discursive and political change to occur, since they allow for the conjoining of ideas and practices that were formerly considered to be separate by actors involved in discourse formation. Hence, new story-lines generate meaning in a common political project for all the actors implied in the new discourse coalition, designating what is to be considered a problem and why so, and how this problem should be defined and tackled.<sup>74</sup>

The transformative success of story-lines ultimately depends on whether the arguments of the actors involved are judged to ‘sound right’ by others, as Hajer puts it. According to Hajer, this judgment results from a socio-cognitive process of persuasion that is not purely cognitive, but which relies on whether the new definitions and positionings of objects and subjects are deemed to be credible and acceptable, and whether their formulator or process of formulation is deemed to be trustworthy.<sup>75</sup> It is important to emphasize how existing discourse nevertheless binds the possibilities of what may ‘sound right’. On the most fundamental level, it determines what can be argued in a socially meaningful sense. Yet, discourse also determines the conditions for the credibility, acceptability and trustworthiness of arguments from the perspective of those on the receiving end. The analytical and evaluative elements of discursive substance distinguished above are parts of arguments which can be seen to ‘communicate’ with these conditions of credibility, acceptability, and trustworthiness set by discourse.<sup>76</sup>

Being inspired by Hajer’s work, the aim of this thesis is to uncover, trace, dissect, and interpret arguments which produced views of reality that legitimized voluntarist ideas and which were formulated by business representatives. This involves analyzing arguments which contributed to a transformation process of the meaning of terms, concepts and practices which were central to discussions on the social responsibilities of large companies in the

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<sup>74</sup> Ibid., 63-65.

<sup>75</sup> Ibid., 59-60. Hajer refers to the defining of objects, subjects and their interrelations as ‘structure-positioning’ and ‘subject-positioning’ (see page 56 op. cit.).

<sup>76</sup> Arguments and story-lines therefore play a key role in the interaction between discourses, as they necessarily relate in some way to the conditions that discourses set for each other in order to define possibilities for socially meaningful and convincing language.

Netherlands. This includes shedding light on the relationship that the story-lines and discursive strategies formulated by business actors carried towards the prevailing dominant discourse on the regulation of economic production and on how they may have contributed to forming new discourse coalitions, as well as on who was responsible for formulating these story-lines. Importantly, however, this endeavor will also involve tracing the routine reproduction of ideas which legitimized voluntarist business responsibility (what Hajer calls ‘structured ways of seeing’) as they came to dominate public debates on business responsibility.<sup>77</sup>

In order to interpret as best as possible the meaning of the arguments developed by Dutch business firms between the 1970s and early 2000s, it is necessary to arrive at a notion of the social and historical context in which these efforts were situated. This is because in discourse theory, we assume that specific objects, subjects and their interrelations are defined by and depend for their intelligibility on their semantic context. This context is potentially an enormous reservoir of relevant concepts, definitions and discussions. To a certain degree, however, we may expect that the arguments and story-lines produced by businesses explicitly referenced the relevant context, as this would play some kind of role in giving meaning to their arguments. Yet, it is possible that there were relevant elements of discourse that would only be evoked implicitly in language use, as for example would be the case for ‘reifications’ of certain views of how the economy functions.<sup>78</sup> Furthermore, discursive strategies may depend on certain ‘context models’ constructed by actors which more or less consciously neglect specific perspectives on issues of business regulation, whereas these may have been apparent in the wider context.<sup>79</sup>

Is it therefore important to construct an image of the relevant context without relying purely on primary sources (see Chapters 3 and 4). To arrive at an initial degree of demarcation, we may state that the most relevant semantic context to the discursive strategies employed by Dutch companies in relation to CSR was roughly formed by broad public debates on the social regulation of companies which took place in parliamentary politics and through

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<sup>77</sup> Ibid., 56-57.

<sup>78</sup> Ibid.

<sup>79</sup> See for the concept of ‘context model’: T.A. van Dijk, ‘Context and cognition’, in: T.A. van Dijk, *Discourse and Context: a Sociocognitive Approach* (Cambridge 2008) 56-110, see especially 71-74.

linguistic media. These debates were not necessarily confined to these domains, and they also relied upon various different ‘auxiliary’ discourses over time, such as those formed in academic contexts. Nevertheless, this narrowing down allows for a somewhat workable direction in determining the relevant context. To properly understand this semantic context, however, we must also trace its development over time, as the contemporary context to the arguments developed by business actors might itself have included terms and concepts which did not have a self-evident meaning. The meanings of such terms and concepts can be understood better by tracing the historical genealogy of debates on the regulation of business in which they originally appeared (see Chapter 2).

#### ***1.4. Methodology: Case selection and materials***

This thesis analyzes the arguments developed by Dutch business firms in favor of voluntarist responsibility as they were aimed at members of the Dutch public, including the business world itself. I motivate this choice on three grounds. First of all, there are apparent reasons to expect that Dutch firms may have played a key role in legitimizing ‘CSR’ in the Netherlands. Despite being limited, the currently available histories of voluntarist self-responsibilization by business in the Netherlands indicate how numerous companies (large or small) had actively uttered ideas of voluntarist responsibility and developed related practices over the course of the twentieth century, and how they continued to do so during the 1990s and 2000s.<sup>80</sup> Yet, current studies of CSR in the Netherlands have essentially refrained from systematically analyzing the argumentative and ideational substance of these activities.

Second, the Dutch case allows us to trace the role of companies in shaping CSR as its constitutive ideas moved from the margins of political thought towards the mainstream of governance discourse. In the early 1990s, the term ‘corporate social responsibility’ (CSR) appeared for the first time in the Netherlands.<sup>81</sup> Just like in many other Western-European

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<sup>80</sup> See, for instance, the examples of banker Rudolf Mees and Unilever board member Pieter Kuin in: Sluyterman, ‘Corporate Social Responsibility’, 320, 327-328. See also the role of commercial banks in attempting to stimulate ethical business through investment schemes during the 1990s in: Cramer, ‘The Netherlands’, 93.

<sup>81</sup> See: Sluyterman, ‘Corporate Social Responsibility’, 335. See also: Van Tulder and Van der Zwart, *Reputaties op het spel*, 78. CSR translates as ‘*Maatschappelijk Verantwoord Ondernemen*’ or ‘*MVO*’ in Dutch.



countries, usage of the concept of CSR quickly became widespread among academics, politicians and business leaders alike. Scholars even signaled an ‘explosive’ increase and spread of a wide array of practices associated with CSR during the late 1990s and early 2000s.<sup>82</sup> Among these were public reporting by companies, firm interaction and dialogue with a broad set of stakeholders, as well as the increasing commitment of companies to new international responsibility guidelines (or ‘CSR frameworks’) such as the UN Global Compact.<sup>83</sup> The mainstreaming of CSR-ideas is thus clearly visible to have taken place in the Netherlands in the 1990s and early 2000s, more or less in parallel with the rise of a global pro-CSR environment. At the same time, ideas and practices related to contemporary CSR can be traced back at least towards the late 1960s and early 1970s, such as voluntary reporting.<sup>84</sup>

Thirdly, analytically speaking, the Dutch case is useful since it allows us to test the plausibility of Kaplan and Kinderman’s hypothesis that threats to capitalist interests and close ties with the US economy provided the conditions for voluntarist ideas and practices of business responsibility to emerge from within business circles, since both these conditions seemingly applied to the Netherlands in the late twentieth century.<sup>85</sup> Although a serious threat of generalized state regulation of business conduct seemed absent, anti-corporate activism continued to generate public attention over the 1990s in the Netherlands in the face of renewed economic globalization and global environmental issues, causing pressure on companies to address social and ecological issues or otherwise face reputational damage. At the same time, some companies still have faced threats of state regulation directed at their perceived responsibilities for specific issues, such as Heineken for its role in sustaining

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<sup>82</sup> Erik Schrijvers for instance wrote of an ‘explosion’ of initiatives in the area of CSR. See: Schrijvers, *Lessen uit corporate governance*, 34. See also: K.E. Sluyterman, *Gedeelde zorg: maatschappelijke verantwoordelijkheid van ondernemingen in historisch perspectief*. Inaugural Lecture Utrecht University (2004) 19-20; Van Tulder and Van der Zwart, *Reputaties op het spel*, 21.

<sup>83</sup> J.M. Cramer, *Learning about Corporate Social Responsibility. The Dutch Experience*. (Amsterdam 2003) 3; Cramer, ‘The Netherlands’, 89; Van Huijstee, *Business and NGOs*, 17; Schrijvers, *Lessen uit corporate governance*, 34; Sluyterman, *Gedeelde zorg*, 19-20; Van Tulder and Van der Zwart, *Reputaties op het spel*, 21; A. Kolk, ‘Environmental reporting by multinationals from the Triad: Convergence or divergence? *Management International Review* 45.1 (2005) 145-166, on 152; A. Kolk, ‘A decade of sustainability reporting: developments and significance’, *International Journal of Environment and Sustainable Development* 3.1 (2004) 51-64, on 52.

<sup>84</sup> See: Van Tulder and Van der Zwart, *Reputaties op het spel*, 21; Cramer, *Learning about Corporate Social Responsibility*, 3; Cramer, ‘The Netherlands’, 89; Schrijvers, *Lessen uit corporate governance*, 34; Sluyterman, *Gedeelde zorg*, 19-20; Sluyterman, ‘Corporate Social Responsibility’, 335; Van Huijstee, *Business and NGOs*, 17.

<sup>85</sup> R. Kaplan and D. Kinderman, ‘The Business-Led Globalization of CSR: Channels of Diffusion From the United States Into Venezuela and Britain, 1962-1981’, *Business & Society* 59.3 (2020) 439-488, on 450.

alcohol abuse as a beer marketer.<sup>86</sup> Furthermore, the economic ties between the Netherlands and the US had been substantial at least since the end of World War II.<sup>87</sup>

In order to research the role played by firms in shaping Dutch CSR discourse, this thesis will analyze arguments found in a set of publications issued by *Stichting Maatschappij en Onderneming* (Society and Enterprise Foundation, henceforth SMO). I consider SMO (established in 1968) to represent the community of established businesses in the Netherlands to an important degree. SMO was a foundation established by around 30 Dutch companies and the two national federations of employer associations in the country in the wake of increasing critique on the institution of the private capitalist company in the Netherlands.<sup>88</sup> It was founded with the objective of generating ‘insight into the function of enterprise-based production for society and the position of the firm therein’, and to illuminate ‘social developments in relation to the firm and the system of production based upon it’.<sup>89</sup> SMO’s publications are therefore treated in this thesis as a proxy for the discursive strategies of business in the Netherlands. An important limitation to this approach, however, is that the discursive strategies of small- and medium-sized companies were mostly left out of the picture, since they were not prominently represented in SMO.

Over the course of time, SMO published several series of books and journals. I made an initial selection of publications based on keywords in their titles and cover descriptions which lead me to expect to find arguments relevant to the construction or contestation of CSR discourse. These keywords were Dutch equivalents of ‘CSR’ and its synonyms found in the scholarly literature, such as *maatschappelijk verantwoord ondernemen* and *duurzaam ondernemen*.<sup>90</sup> To include publications before the formal appearance of ‘CSR’, I selected publications that covered social issues relevant to the regulation of business (e.g. human rights, controversial political regimes, pollution, sustainable development) or publications

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<sup>86</sup> Sluyterman, ‘Corporate Social Responsibility’, 336.

<sup>87</sup> K.E. Sluyterman, *Dutch Enterprise in the Twentieth Century: Business Strategies in a Small Open Economy*. Routledge international studies in business history 11 (Abingdon/New York 2005); K.E. Sluyterman, ‘Multinationals as Agents of Change’, in: K.E. Sluyterman (ed.), *Varieties of Capitalism and Business History. The Dutch Case*. Routledge International Studies in Business History 28 (New York 2015) 156-182; C.A. van Minnen and G. Scott-Smith, *Four Centuries of Dutch-American Relations 1609-2009* (Amsterdam/Albany 2009).

<sup>88</sup> T. van Zijl and S. Langeweg (ed.), *SMO 45 jaar* (The Hague 2013) 14-15. See Appendix 1 for a list of companies and organizations involved in SMO’s establishment.

<sup>89</sup> *Ibid.*, 16, 28-29.

<sup>90</sup> See Archie B. Carroll’s discussions of historical CSR-concepts: Carroll, ‘Corporate Social Responsibility’, Carroll, ‘A History of Corporate Social Responsibility’.

which explicitly dealt with topics like the ‘economic order’ (*economisch stelsel*), ‘public reporting’ (*maatschappelijke verslaglegging*), ‘socialization’ (*vermaatschappelijking*) or ‘accountability’ (*verantwoording* or *rekenschap*). Based on this selection, I compiled an initial list of around 80 books and booklets, and 120 articles. Due to the sheer size of this corpus and the significant overlap between the topics covered in books and articles, I trimmed down my selection to the books and booklets only, as I expected that the latter would contain the most elaborate formulations of arguments. Finally, I made a selection of around 40 publications from this body of literature which deserved a prioritized reading based on their relevancy for debates on the social regulation of economic production. This final selection of sources served as the definitive corpus for my analysis of the arguments produced by business firms (see Chapters 3 and 4).

The early 1970s are taken as a starting point for studying the role of Dutch companies, because, as mentioned above, it was around this time that a spurt in voluntarist business activities was observable in the Netherlands and beyond. As such, this period can be expected to have given rise to renewed argumentative efforts at justifying voluntarism as well.<sup>91</sup> Moreover, this trend coincided with the onset of new concerted efforts by established business firms in the Netherlands to influence public opinion and reply to social criticism at a time when voluntarism was far from the dominant discourse with regards to social responsibilities of companies.<sup>92</sup> The establishment and activity of SMO is a case in point of this second trend.<sup>93</sup> It may have well been that these two trends in some way intersected. The year 1971 was subsequently chosen as the precise starting point for my research because it was the year that SMO published its first relevant text.

A few decades later, CSR had become strongly engrained in the Dutch economy. In 2004, the Dutch Ministry of Economic Affairs initiated the establishment of a CSR-platform called *Kennis- en Informatiecentrum Maatschappelijk Verantwoord Ondernemen* (Knowledge and Information Center for Corporate Social Responsibility), which became known as *MVO*

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<sup>91</sup> Sluyterman, ‘Corporate Social Responsibility’, 328-331; P. van Dam and A. Striekwold, ‘Small is Unsustainable? Alternative Food Movement in the Low Countries, 1969-1990’, *BMGN – Low Countries Historical Review* 137.4 (2022) 137-160, on 143-147.

<sup>92</sup> J.M. Bruggeman and A.J.W. Camijn, *Ondernemers verbonden. 100 jaar centrale ondernemingsorganisaties in Nederland* (Wormer 1999) 254-260; Sluyterman, ‘Corporate Social Responsibility’, 332.

<sup>93</sup> Van Zijl and Langeweg, *SMO 45 jaar*, 9, 16.

*Nederland* (CSR Netherlands) shortly after.<sup>94</sup> MVO Nederland was a foundation that was initially financed by the state to function as a knowledge platform for the promotion of CSR-practices among various societal organizations, including firms of all sizes, schools, and sports associations. The main idea was that this platform would facilitate contact between different institutions and stimulate interfirm convening on this matter. A broad array of organizations subsequently became ‘partners’ of MVO Nederland, including prominent corporations such as Ahold and Shell, but also employer associations, schools, ministries, and the national consumer protection association *Consumentenbond*.<sup>95</sup> In terms of Hajer’s discourse theory, we may consider the establishment of MVO Nederland to mark the point in time at which CSR’s voluntarist premises had become dominant to the degree that they structured public debates on the regulation of economic production and were expressed in social institutions.<sup>96</sup> That being said, the ideals of voluntarist self-responsibilization appeared in Dutch public discourse on the regulation of economic production already as early as the late nineteenth century, as the following chapter will demonstrate.

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<sup>94</sup> ‘Historie’, <https://www.mvonderland.nl/over-ons/onze-historie/> (Accessed 12 September 2023).

<sup>95</sup> J. van Velzen, ‘Kenniscentrum voor MVO van start’, *Trouw* (25 November 2004), <https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:4DW6-2KY0-0150-Y547-00000-00&context=1516831> (Accessed 12 September 2023).

<sup>96</sup> This is what Hajer calls discursive hegemony: an author’s social credibility requires them to draw on the respective hegemonic discourse (‘discourse structuration’) and a given discourse is translated into institutional arrangements such as policies, rules, organizational design etc. (‘discourse institutionalization’). See: Hajer, *The Politics of Environmental Discourse*, 60-61.

## **2 REGULATING BUSINESS IN THE NETHERLANDS, c.1875-1970**

### ***2.1. Introduction***

When *Stichting Maatschappij en Onderneming* was established in 1968, a vivid societal debate had raged already for years on the lacking democratic character of large multinational corporations in the face of their immense power and impact on the lives of many across the globe. The arguments that were presented, either in favor or against the breaching of ‘freedom of enterprise’, stood within a long tradition of political discussions on how to properly govern a state economy. Indeed, the genealogy of terms like ‘social responsibility’, as they appeared in the context of ‘business’, can be traced back at least to around midway the nineteenth century in the Netherlands. It was around that time that ‘private capitalist business’ took shape as the standard form of economic production in the Dutch economy, a development which almost immediately sparked debates on its social effects. As this chapter will demonstrate, accepted meanings of the social responsibility of business continued to evolve during the following century, but finding the proper degree of ‘freedom of enterprise’ remained at the core of these debates.

This chapter sketches the development of business regulation in the Netherlands between 1875 and 1975 as the historical context to the discursive strategies that were developed by big business in the period 1975-2004 (see chapters 2 and 3). It discusses the social responsibilities of business and their social regulation as they were expressed in the dominant discourses in three distinct phases.<sup>97</sup> The distinctions between these phases rely on

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<sup>97</sup> My periodization can be seen as a synthesis of that of Keetie Sluyterman (2005, 2012), Maarten Prak and Jan Luiten van Zanden (2013), and Erik Nijhof and Annette van den Berg (2012). The works of these authors respectively focused on business strategies, socio-economic relations, and the social

significant differences that were found in either one or both of the following two dimensions of the dominant discourse: 1) The *substance* of the themes of business responsibility that were central in the discourse (or the most important ‘social issues’); 2) The dominant *means* of business regulation as it was expressed in discourse and institutions. In doing so, this chapter pays special attention to the status and evolution of the interrelated ideas that, firstly, business had social responsibilities towards society, and secondly, that it should take these responsibilities voluntarily. This chapter thus aims to answer the following question:

*How did the dominant discourse on the social regulation of economic production generally develop in the Netherlands and how did voluntarist discourse relate to this between c.1875-1975?*

The first phase (1875-1914) was characterized by the ascent of social problems relating mainly to the position of domestic labor in capitalism, problems which occurred within a context of the dominance of classical liberal legitimations of the practice of business and its social regulation. This phase saw the marginal, yet noteworthy, emergence of paternalist voluntarism among so called ‘social entrepreneurs’. During the second phase (1914-1945), a wide societal departure from classical liberalist conceptualizations of business and legitimate social regulation took place. Different varieties of cooperation arose among businesses, but the Netherlands also witnessed its first cautious attempts at corporatist regulation of business through regularized negotiations between capital and labor. Strictly voluntarist business responsibility (i.e. without any state regulation) had lost much of its initial appeal, while the generalized idea that business carried some kind of social responsibility towards the ‘public’ became more and more engrained into discourse.

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policies of firms as they occurred roughly between 1875 and 2010. Nijhof and Van den Berg were in turn inspired by the Dutch labor sociologist Albert Mok, who constructed an authoritative periodization of the views on labor in Western firms earlier. See: K. E. Sluyterman, *Dutch Enterprise in the Twentieth Century: Business Strategies in a Small Open Economy*. Routledge international studies in business history 11 (Abingdon/New York 2005); K.E. Sluyterman, ‘Corporate Social Responsibility of Dutch Entrepreneurs in the Twentieth Century’, *Enterprise and Society* 13.2 (2012) 313-349; M.R. Prak and J.L. van Zanden, *Nederland en het poldermodel. Sociaal-economische geschiedenis van Nederland, 1000-2000*. De geschiedenis van Nederland 10 (Amsterdam 2013); E. Nijhof and J.E. van den Berg, *Het menselijk kapitaal. Sociaal ondernemersbeleid in Nederland*. Bedrijfsleven in Nederland in de Twintigste Eeuw 4 (Amsterdam 2012) 83; Albert L. Mok, *Arbeid, bedrijf en maatschappij* (Groningen/Houten 2011) 165-166.

The third and final phase (1945-1975) was marked by a spurt of state regulation of business activity within the sphere of the Dutch domestic economy, when anti-market discursive and institutional developments of the preceding period were consolidated and proliferated across the economy. While this development reached its apex in the mid-1970s, controversies had arisen surrounding the role of business in postcolonial markets and international labor relations. Since state regulation was practically absent in this spheres, voluntarist responsabilization of business remained meaningful there. It were especially the activities of multinational corporations that became politicized in this context, although the domestic trend towards state regulation of business was generally problematized only shortly after. This shift bore serious consequences for the institutional status of voluntarism.

## ***2.2. Liberal capitalism and the ‘social question’: Social entrepreneurship as a third way, 1875-1914***

We commence our story of the politics of business regulation in the Netherlands around 1875, when classical liberal views of business and its proper regulation were paramount to the institutional organization of the Dutch economy. The democratic and liberal constitution of 1848 instituted a parliamentary system of political representation, but determined the rules of the domestic market economy as well.<sup>98</sup> The subsequent project of economic liberalization abolished several national taxes, stimulated free international trade, opened up the Dutch East Indies for private business, and commodified labor.<sup>99</sup> Not much later, the Dutch economy got propelled into a process of industrialization which was fueled most significantly by the new electrical technologies of production which marked the ‘Second Industrial Revolution’.<sup>100</sup> As a result, new practices of industrial capitalist business arose which relied on complex technologies, labor markets, competition and profit-seeking. At the time, this new mode of economic production was still primarily characterized by family-based ownership and management.<sup>101</sup> Despite so, the first impressions of ‘Big Business’ began to rise within the trade-dominated Dutch colonial economic complex.<sup>102</sup> By the 1910s,

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<sup>98</sup> See: J.L. van Zanden and A. van Riel, *Nederland 1780-1914. Staat, instituties en economische ontwikkeling* (Amsterdam 2000) 20-21.

<sup>99</sup> Van Zanden and Van Riel, *Nederland 1780-1914*, 217; 231-32; Sluyterman, *Dutch Enterprise*, 39.

<sup>100</sup> Sluyterman, *Dutch Enterprise*, 23; 37.

<sup>101</sup> *Ibid.*, 24-25.

<sup>102</sup> Prak and Van Zanden, *Nederland en het poldermodel*, 226.

industrial firms reached similar sizes as there were around fifty companies which employed more than a thousand workers.<sup>103</sup>

Although pressing social issues in the Dutch Indies were mostly neglected under the guise of racist stereotypes, with regards to the domestic economy, on the other hand, a vivid societal debate emerged which centered upon the negative effects of the new scaled-up industrial production on the lives of wage laborers.<sup>104</sup> This debate came to be known as the ‘social question’ to contemporary political elites in Dutch parliament, and its core problems involved the precarious social security, rough working circumstances, and abominable housing conditions of the new urban working class. At around 1875 various politicians, prominent public figures, and even some capitalist ‘enlightened’ entrepreneurs, were all concerned with how industrialization could be reconciled with social security for this new class of industrial workers, especially in the face of the socio-political turmoil which had already hit other European countries.<sup>105</sup> As the precarity and poor living conditions of the laboring class was widely recognized, the core problematic of the social question eventually boiled down to the issue of how to solve it: what would be the proper way to tackle these problems? Who would become responsible for what, and in particular, what would be a legitimate role for the state?<sup>106</sup>

Historiography usually distinguishes between liberal, socialist and Christian (or confessional) political perceptions of the core problematic of the social question, all of which presented their own specific solutions to this problem and bore their unique implications for business’ social regulation.<sup>107</sup> The dominant political discourse was that of liberalism, and in a sense, the ‘social question’ was primarily connected to paradoxes in its discourse. In light of the principle of laissez-faire which dictated that the state should leave the market economy to its

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<sup>103</sup> Sluyterman, *Dutch Enterprise*, 41-45; J.L.J.M. van Gerwen and F.M.M. de Goey, *Ondernemers in Nederland. Variaties in ondernemen*. Bedrijfsleven in Nederland in de Twintigste Eeuw (Amsterdam 2008) 27.

<sup>104</sup> M. van der Linden, ‘Jan Breman, het racisme, het kolonialisme, en de sociale kwestie’, *Tijdschrift voor Geschiedenis* 19.3 (2022) 141-149, on 143-144. It was only in 1917 that a very limited and partial democratic institution was called into being in the Dutch Indies (the purely consultative *Volksraad*) which gave indigenous peoples some voice over social concerns, although Dutch colonial business was also represented in this organ to defend its interests. See: Prak and Van Zanden, *Nederland en het poldermodel*, 239.

<sup>105</sup> Sluyterman, ‘Corporate Social Responsibility’; Nijhof and Van den Berg, *Het menselijk kapitaal*, 83.

<sup>106</sup> Nijhof and Van den Berg, *Het menselijk kapitaal*, 48; 84.

<sup>107</sup> E.g. Prak and Van Zanden, *Nederland en het poldermodel*, 229-233; Nijhof and Van den Berg, *Het menselijk kapitaal*, 48-52.



‘natural’ workings, most liberals considered the social question as primarily an issue of failing self-reliance among laborers. As a result, they aimed to ‘civilize’ the working class by stimulating their education, propagating commercial insurance, and arguing against poor relief.<sup>108</sup> However, liberal democratic ideals also envisioned the extension of suffrage over a class of laborers which was still seen as morally unfit for this right. Yet, it was precisely due to the effects that were produced liberals’ own promotion of wage labor that this had become the case.<sup>109</sup> Some liberals therefore attempted to circumvent this paradox by presenting the market as having the potential to falter, introducing more ‘radical’ positivist views of the state’s function in the economy as a corrective to market dysfunctions instead.<sup>110</sup> The result of this was that a parliament dominated by liberals nevertheless slowly – albeit reluctantly – began to abolish legislative landmarks of classical liberalism, and came to introduce what were understood as legislative correctives to market dysfunctions. Examples of these were the lifting of prohibitions of worker unionization in 1872, the Child Labor Act of 1874, and the Accidents and Injuries Act of 1901.<sup>111</sup>

Marxist socialists, on the other hand, initially framed the socio-economic precarities of the working class as inherent ‘abuses of capitalism’. As the socialist movement gained pace in Dutch society after 1885, the question of how to actually address the problems of the working class in practice became more pertinent within its circles. There were roughly two main approaches to answering this question: hardline socialists saw the solution of the social question as part of the revolutionary creation of new post-capitalist social order, whereas more moderate socialists saw possibilities for significant social improvements through legislative reforms achieved within the existing parliamentary system – especially in the case that universal suffrage would be achieved – and through unionization in civil society. The moderate line eventually dominated within Dutch socialism, although it was confronted with

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<sup>108</sup> Nijhof and Van den Berg, *Het menselijk kapitaal*, 49. See also: Van Zanden and Van Riel, *Nederland 1780-1914*, 319-322.

<sup>109</sup> As Jan Luiten van Zanden and Arthur van Riel remarked, the social question laid bare the ‘tension that existed between the political emancipation of the worker and the commodification of the labor force, which to a certain extent both resulted from (the implementation of) the liberal program.’ See: Van Zanden and Van Riel, *Nederland 1780-1914*, 317.

<sup>110</sup> See for instance Coen Brummer’s discussion of the argumentation apparent in the process of introduction of the Dutch Child Labor Act in 1874, the first expression of so called ‘social’ legislature: C. Brummer, “Een koele beschouwing van het maatschappelijk organisme”. *De kindrewet van Sam van Houten als economisch idee en het politiek debat over sociale kwesties*, *Tijdschrift voor Geschiedenis* 134.4 (2021) 583-602.

<sup>111</sup> Prak and Van Zanden, *Nederland en het poldermodel*; Nijhof and Van den Berg, *Het menselijk kapitaal*, 49.

the reality that universal suffrage (first brought into practice in 1922) by no means produced the expected overwhelming electoral support for their cause.<sup>112</sup>

What is crucial, however, is that socialists saw the state – with its potential to enforce laws on capitalists – as the proper and legitimate institution for battling the problems of the working class, be it on the national or on the local municipal levels.<sup>113</sup> In that sense, they differed fundamentally from liberals, but also from Protestant and Catholic social movements. The latter, although being somewhat late to the game, proposed a ‘third way’ to what they saw as the competitive and individualizing capitalist economy envisioned by liberals or the disharmonious class struggle advocated by state-centered and ‘anti-religious’ socialists.<sup>114</sup> The precarity of the laboring class was problematic from the perspective of the dominant Christian ideologies at the time because of the aggravation of moral impurities (such as alcohol abuse and prostitution) among the working class that it was seen to produce. However, Christian ideologues also criticized entrepreneurs for their failure to act towards responsibilities for the socio-economic care for their laborers which were bestowed upon them as ‘patrons’ in the godly devised social hierarchy.<sup>115</sup> In the end, although there were certainly differences between Protestant and Catholic approaches, the representatives of these groups usually proposed that capitalists and laborers would meet on their own initiative on the level of civil society or the Church to overcome their conflicts of interest. More specifically, they envisioned a system of insurance organized by industry associations which levied voluntary financial contributions from its members.<sup>116</sup>

At first, some employers voluntarily committed themselves to socio-economic consultation with employees within the *Kamers van Arbeid*, but this early experiment at corporatism eventually proved unsuccessful due to mutual mistrust between employers and trade unions.<sup>117</sup> Meanwhile, the most serious attempts at ‘social legislation’ were successfully

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<sup>112</sup> Prak and Van Zanden, *Nederland en het poldermodel*, 230-231; Nijhof and Van den Berg, *Het menselijk kapitaal*, 49-50.

<sup>113</sup> Nijhof and Van den Berg, *Het menselijk kapitaal*, 50.

<sup>114</sup> *Ibid.*, 51.

<sup>115</sup> G.J. Schutte, ‘Arbeid, die geen brood geeft; en de ziel verstikt in smook. Achtergronden en voorgeschiedenis van 1891’, in: G.J. Schutte (ed.), *Een arbeider is zijn loon waardig. Honderd jaar na Rerum Novarum en Christelijk-Sociaal Congres 1891: de ontwikkeling van het christelijk-sociale denken en handelen in Nederland, 1891-1914* (The Hague 1991) 14-15.

<sup>116</sup> Nijhof and Van den Berg, *Het menselijk kapitaal*, 51.

<sup>117</sup> Prak and Van Zanden, *Nederland en het poldermodel*, 232-233; A. van Veen, ‘De Kamers van Arbeid. Experimenten met politieke vertegenwoordiging in Nederland rond 1900’, *BMGN – Low*

blocked by liberals and confessional politicians for several decades into the twentieth century, as they entered in discursive coalitions around anti-statist story-lines and their shared emphasis on voluntarism.<sup>118</sup> This fact meant that companies retained a substantial degree of autonomy in choosing to provide social services and insurances or not. In actual practice, most companies did not organize noteworthy social services or security schemes prior to the introduction of legal requirements in this respect.<sup>119</sup>

There were nevertheless entrepreneurs who may be said to have answered the social question by ‘taking responsibility’ for the welfare of their workers, despite the absence of the force of law to compel them to do so. Most well-known are the initiatives of those who became known as ‘social entrepreneurs’. Prominent examples of these entrepreneurs were Jacques van Marken (yeast and spirit factory) and the Philips family (light bulb factory).<sup>120</sup> While these entrepreneurs all cherished different worldviews and religious convictions, they mostly held affinities with either social-liberal or Christian philosophies. According to Erik Nijhof and Annette van den Berg, their argumentation for self-responsibilization shared three characteristics. They firstly referred to the necessity of finding a middle way between exploitative capitalism and class struggle, evoking the violent crackdown of the Parisian Commune in 1871 and the wave of strikes that European economies witnessed around 1890. Second, they reasoned that businesses were the driving forces behind industrialization and that henceforth they should take responsibility for the new insecurities that had arisen from the uprooting of laborers from their traditional agrarian systems of social care. Third, their arguments explicated a paternalist logic that was often inspired by Enlightenment ideals of the edification of the lower classes.<sup>121</sup>

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*Countries Historical Review* 128.2 (2013) 31-61, on 55-59; Nijhof and Van den Berg 2012, *Het menselijk kapitaal*, 50.

<sup>118</sup> Prak and Van Zanden, *Nederland en het poldermodel*, 230-231.

<sup>119</sup> A contemporary engineering firm calculated in 1890 that slightly more than half of the Dutch industrial companies offered their laborers some very partial illness pay, health care costs assistance, and funeral finance, on their own terms. On the other hand, unemployment insurance, disability funds or widow’s pensions were practically absent. See: Sluyterman, ‘Corporate Social Responsibility’, 316-317; Nijhof and Van den Berg 2012, *Het menselijk kapitaal*, 48; 86.

<sup>120</sup> Van Marken represented the earliest case of social entrepreneurship in the Netherlands, but company owner-managers like Jan Frederik Vlekke (beet sugar production), Jan van Besouw (linen factory), Willem Hovy (beer brewery), Diederich Gelderman (textile industry), Willem Stork (machinery) are often mentioned in this context as well. See, for example: SER (Sociaal-Economische Raad), *Corporate Social Responsibility. A Dutch Approach* (Assen 2001) 23-25; R.J.M. van Tulder and A. van der Zwart, *Reputaties op het spel. Maatschappelijke verantwoord ondernemen in een onderhandelingsamenleving* (Utrecht 2003) 77; Sluyterman, ‘Corporate Social Responsibility’, 317. See also: Nijhof and Van den Berg, *Het menselijk kapitaal*, 48.

<sup>121</sup> Nijhof and Van den Berg, *Het menselijk kapitaal*, 85-86.

These story-lines gave social entrepreneurs an impetus to set up insurance schemes and social services. Although the array and extension of these activities varied per company, social entrepreneurs altogether provided their workers and their families with a wide range of services and schemes, including company housing projects (for which Philips became most famous), employee participation in decision-making, safety provisions, health and well-being policies, schooling and education, and social activities. The most important, however, were the funds established to cover financial risks of labor and life in general. They were often mutually financed by laborers and employers, and sometimes workers participated in administering the funds.<sup>122</sup> The services provided and schemes that were organized were, however, usually limited to permanently contracted laborers, were often partially adequate, and had a somewhat unstable character because they were dependent upon the financial success of the individual company. The entrepreneurs could furthermore single-handedly and arbitrarily select recipients of their services according to their will, even though the services were in principle aimed at the ‘community of workers’.<sup>123</sup>

Due to the salient public appearances of these entrepreneurs, and because of their activity in industries that were technologically innovative and which demanded skilled labor, Erik Nijhof and Annette van den Berg argued that they probably developed such extraordinary social policies in order to optimize their ‘human capital’. In that sense, they would have pioneered new ways of approaching laborers in companies as ‘subjects’ instead of as mere tools of production because of their ethical convictions.<sup>124</sup> Their paternalism nevertheless exposed a measure of contradiction that was apparent in early voluntarist thought and practice: while social entrepreneurs opted for cooperation between ‘labor and capital’ and aimed to treat their workers as equal subjects within such a cooperative enterprise, they nevertheless defended the ultimately overwhelming weight of their individual judgment as ‘patrons’, i.e. as owners of capital. From the perspective of social-interactive discourse theory, this implicit prioritization of their capitalist decision-making privilege over the sharing of power in this respect with laborers may point towards a clever discursive strategy.

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<sup>122</sup> Sluyterman, ‘Corporate Social Responsibility’, 317-318; Sluyterman, *Dutch Enterprise*, 60-66. Jacques van Marken, who was mentioned earlier, for instance introduced profit sharing arrangements, company housing, consumer cooperatives, and experimented as one of the first with a works council.

<sup>123</sup> Nijhof and Van den Berg, *Het menselijk kapitaal*, 48.

<sup>124</sup> *Ibid.*, 86-87.

Although social entrepreneurs often did support some form of generalized obligations of companies to provide social insurances and services, they remained keen on retaining the autonomy to organize and determine the degree of such provisions themselves. In their argumentative resistance to proposals for state execution of collective schemes, social entrepreneurs sided with other employers by emphasizing the purported financial inefficiency of states or voicing ‘practical concerns’.<sup>125</sup> However, as the dominance of liberal thought in Dutch political discourse faded with the introduction of male universal suffrage in 1917, voluntarist initiatives were increasingly understood as an inadequate and partial solution to the social question. The principle of individual company autonomy principle had proven to produce an insufficient overall degree of social insurance among laborers in practice. Thus, in the end, although social entrepreneurs had demonstrated to many laborers and moderate political forces that capitalists were willing to cooperate to a certain extent, they had also shown them that more widespread, collective and mandatory insurance arrangements would be necessary to effectively address these issues.<sup>126</sup>

### ***2.3. Corporatist experiments in times of war and crisis: Voluntarism on the decline, 1914-1945***

Despite increasing calls for state intervention in light of the enduring social question, the regulative reach of the Dutch state initially remained limited. A generally conservative political climate which was dominated by liberals and anti-statist confessional politicians reigned well into the 1930s. However, the World Wars and the Great Depression produced a discursive departure from the assumption that a ‘free’ capitalist market would produce the most desirable social outcomes.<sup>127</sup> Along with Jan Luiten van Zanden, we may pose that this

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<sup>125</sup> Nijhof and Van den Berg, *Het menselijk kapitaal*, 49; 87; Sluyterman, ‘Corporate Social Responsibility’, 318-319. According to Keetie Sluyterman, it was likely that by organizing schemes themselves, social entrepreneurs hoped to maintain the flexibility to reduce the level of benefits in challenging times, and to tailor their services to the specificities of their own industry.

<sup>126</sup> Nijhof and Van den Berg, *Het menselijk kapitaal*, 87-88.

<sup>127</sup> The most stark defenders of free market competition remained critical of the mergers and concentrations occurring in many industries at the time, however, even they distanced themselves from the laissez-faire principle, arguing that the state should intervene to safeguard the functioning of competition to produce the most efficient results, for instance through the monitoring of cartelization. Hence, representatives of this position would refer to themselves as ‘neo-liberals’: B. Mellink and M. Oudenampsen, *Neoliberalisme. Een Nederlandse geschiedenis* (Amsterdam 2022) 20-21.

departure became visible in tensions that existed between the rise of three ‘anti-market’ developments and the ‘old’ classical liberal order.<sup>128</sup> The first was the emergence of large managerial enterprises (often multinational in their character) that relied heavily on administered processes of production.<sup>129</sup> In fact, it was during this period that ‘Big Business’ emerged in the Netherlands, with its typical separation of ownership and management, and what was at the time known as the ‘rationalization’ of company organization through ‘scientific management’.<sup>130</sup> The massive expansion of Philips and Royal Dutch Shell serve as prime examples of this development.<sup>131</sup>

According to Van Zanden, the rise of Big Business represented an ‘internalization’ of formerly separate markets into one company and indirectly justified the idea that non-market organization could function more efficiently than strict market relations.<sup>132</sup> However, the ‘rationalization’ of production processes that accompanied this development contributed in its own way to the erosion of the classical liberal ideal of the free market. This was because ‘scientific management’ gave rise to all kinds of practices of mechanization and specialization that were aimed at minimizing productive inefficiencies. At the same time, ‘scientific’ managers approached the laborer as a human being that was essentially interested in the satisfaction of material needs and could therefore be nudged with financial stimuli to perform as desired by the company. Most managers nevertheless also carried the conviction that, if necessary, forceful discipline of laborers remained justified.<sup>133</sup> Thus, these new practices produced the effect that laborers were more genuinely instrumentalized in function of production processes, while their treatment as rational use-maximizers did not necessarily counter this trend. Perhaps unsurprisingly, the rationalization of production soon met with resistance from laborers, both within factories, as laborers sabotaged systems of

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<sup>128</sup> J.L. van Zanden, ‘Preface’, in: J.L. van Zanden, *The Economic History of the Netherlands, 1914-1995. A Small Open Economy in the 'Long' Twentieth Century* (London 1998) 1-7, on 2-7.

<sup>129</sup> *Ibid.*, 2.

<sup>130</sup> See: Sluyterman, *Dutch Enterprise*, 81-84; Nijhof and Van den Berg, *Het menselijk kapitaal*, 88; Prak and Van Zanden, *Nederland en het poldermodel*, 236.

<sup>131</sup> The lamp manufacturing firm increased its production scale, took over similar companies, and expanded its range of activities (e.g. the production of argon, hydrogen, glass bulbs and radio’s), while Shell massively expanded its colonial business (and profits). See: Sluyterman 2005, *Dutch Enterprise*, 72-73.

<sup>132</sup> Van Zanden, ‘Preface’, 2. In economics, the process through which the ‘internalization’ of markets that are dependent on one another takes place within a firm is also known as ‘vertical integration’, with ‘horizontal integration’ referring instead to the growth of an enterprise by acquisition of competitors with the same production processes. See also Keetie Sluyterman’s usage of these terms to refer to the same processes as Jan Luiten van Zanden: Sluyterman, *Dutch Enterprise*, 81-84.

<sup>133</sup> Nijhof and Van den Berg 2012, *Het menselijk kapitaal*, 88-91.

measurement, as well as outside of factories as labor unions saw their base of support expand.<sup>134</sup>

The rationalization of production in big managerial firms therefore partially accounts for the emergence of the second major anti-market development in this era: the rise of labor unions and the regulation of the labor market through collective bargaining between unions and employers. Trade unions initially gained increasing acknowledgement as legitimate negotiating partners by entrepreneurs due to fears of revolutionary sentiments spreading throughout Western Europe against the background of the Russian revolution of 1917. However, this initial rapprochement set new precedents with regards to class cooperation which impacted upon future relations between labor and capital. By seriously engaging in negotiations and cooperation with unions, business now more genuinely recognized that there was a relationship between social upheaval and capitalist labor relations.<sup>135</sup> The rising legitimacy of labor unions as political actors represented another divergence from the classical liberal ideal of individual market negotiation, because it undermined its critique of ‘cartels of labor’ based mostly on moral objections.<sup>136</sup>

With regards to the regulation of business activity, this shift in the dominant discourse produced the effect that corporatist regulation of business activity increasingly came to be considered as a realistic alternative to ‘unbridled’ capitalism. As industry-based collective bargaining agreements became increasingly significant, it was especially the Catholic labor movement which began to develop blueprints for organizing more general cooperation between capital and labor along industry lines. While their plans were initially still met with the ideological resistance of liberal economists and the cynicism towards unions of Catholic employers, these conservative tendencies were dealt a definitive blow with the Great Depression of the 1930s and the experiences of World War II. Widespread unemployment, social insecurity, disastrous political destabilization, and renewed government intervention had irreparably damaged the plausibility of classical liberal principles.<sup>137</sup>

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<sup>134</sup> Ibid., 92-93.

<sup>135</sup> Prak and Van Zanden, *Nederland en het poldermodel*, 242-243; Sluyterman, ‘Corporate Social Responsibility’, 319-322.

<sup>136</sup> Van Zanden, ‘Preface’, 2-3.

<sup>137</sup> Sluyterman, ‘Corporate Social Responsibility’, 320; 323-324.

In that context, the third and latest development that generated tensions with classical liberal discourse gained ground: the growing role of the state and cooperation in the market economy through coordination of economic activities and the construction of the welfare state. This development only truly gained pace after World War II, but it was already during World War I that precedents were set for state intervention and industry-wide cooperation. Although the Dutch government stayed neutral in the conflict and therefore abstained from running a total war economy, the government setting of prices in markets for essential goods demonstrated a successful break with classical liberal orthodoxy. Furthermore, the effects of the war produced a more or less lasting surge in cooperation and coordination of economic production among Dutch business firms.<sup>138</sup> In the early 1920s, prominent business leaders like Jan van Rossum (*Centrale Suiker Maatschappij*) and Henri Deterding (Royal Dutch Shell) could be seen to advocate that industry cooperation was more ‘rational’ than competition.<sup>139</sup> In addition to industry cooperation, the first national legislation was passed during this era with regards to illness benefits (1929) and health insurance (1941). These schemes presupposed that business carried responsibilities for the distribution of wealth in society as they made financial contributions of employers to the insurance of their laborers compulsory.<sup>140</sup>

The three anti-market developments not only eroded the legitimacy of the idea that ‘free markets’ produced the most efficient and just social outcomes on aggregate, but they also eventually also undermine the legitimacy of the voluntarist ‘third way’ of social entrepreneurs.<sup>141</sup> Initially, voluntarist social initiatives like company pension and illness funds remained in function and even expanded across the domestic economy, while new practices like internal employee associations came into fashion and more spacious and modernist factory designs arose.<sup>142</sup> Such initiatives were in part connected with critiques that existed at the time of the rationalization processes which had instrumentalized labor in Big

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<sup>138</sup> Prak and Van Zanden, *Nederland en het poldermodel*, 234-235.

<sup>139</sup> Sluyterman, *Dutch Enterprise*, 75-76; see also 75-91; Sluyterman, ‘Corporate Social Responsibility’, 322.

<sup>140</sup> Van Prak and Van Zanden, *Nederland en het poldermodel*, 243; R. Bertens and J. Palamar, ‘Het Nederlandse zorgbeleid in historisch perspectief’, WRR Working Paper 45 (2021) 27. Another example of state regulation at the time was the introduction of the Labor Act in 1919, which set a legal maximum of 8 working hours a day and consequently forced entrepreneurs to take responsibility for securing the distribution of work and leisure time in the daily lives of their workers. See: Sluyterman, ‘Corporate Social Responsibility’, 319.

<sup>141</sup> See also Van Zanden’s conclusion: Van Zanden, ‘Preface’, 3-4.

<sup>142</sup> Sluyterman, ‘Corporate Social Responsibility’, 322-323.



Business. These objections to scientific management combined ethical-humanist and private economic reasoning in an interesting way. The main argument was that rationalization could be detrimental to a company's productivity because it further 'alienated' human beings from their labor's product and championed a too simplistic view of the laborer as an extension of the machine that merely reacted to material incentives. This gave rise to 'human relations' and 'human resource management' approaches in which the laborer was viewed as capital with social-psychological needs, an approach that was visible in Philips' labor policies for instance.<sup>143</sup>

Social entrepreneurs, however, sometimes presented their approach to overcoming class conflicts as a purely pragmatic answer to what they saw as legitimate moral concerns of the social question. In 1918, for instance, a Protestant banker from Rotterdam named Rudolf Mees argued that it could not be expected that state companies or cooperatives would take over private capitalist business in the near future. Mees therefore concluded that a harmonious society would result only from a conscious effort of the businessman to bring together his private interest with that of the public.<sup>144</sup> Evidently, not everyone necessarily agreed with Mees' idea of what was to be considered realistic when it came to social transformation, and the Russian Revolution of 1917 had in a sense already proven Mees wrong. Mees' own vision of responsible business, for that matter, also demanded a thorough transformation of the subjectivity of the businessman through institutionalized training in business ethics. This training, as Mees foresaw, would establish business as a genuine 'profession' with according public duties, just like that of medical doctors.<sup>145</sup> Thus, by asserting a somewhat unfounded realism, Mees' argumentation effectively contributed to

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<sup>143</sup> Nijhof and Van den Berg, *Het menselijk kapitaal*, 94-95. At the time, Anton Philips, who was chairman of the Dutch employers' association and prominent shareholder of the Philips company, attempted to legitimize the separation of ownership and management which characterized Big Business by evoking their social policies. They explained that the consequence of this separation was that room was created for different labor relations. Managers gained more space for taking into account the interests of their workforce as they were, after all, also a part of this workforce. See: Sluyterman, 'Corporate Social Responsibility', 322.

<sup>144</sup> Sluyterman, 'Corporate Social Responsibility', 320-322. Interestingly, Rudolf Mees was the father of the later banker Rudolf Mees (1930-2010) who was one among others to establish the Triodos Bank in 1980, a commercial bank explicitly devoted to taking social responsibilities.

Note that similar reasoning gave rise to the idea that company managers were 'public trustees' in the USA during the Interbellum period. Richard Marens has treated this as an early instance of 'CSR'. See: R. Marens, 'Generous in victory? American managerial autonomy, labour relations and the invention of Corporate Social Responsibility', *Socio-Economic Review* 10.1 (2012) 59-84; R. Marens, 'What comes around: the early 20th century American roots of legitimating corporate social responsibility', *Organization* 20.3 (2013) 454-476.

<sup>145</sup> This held a connection also to the rise of schools of 'business ethics'. See: Sluyterman, 'Corporate Social Responsibility', 320-321.

reaffirming the moral idea that private capitalist business was to remain the standard mode of economic production in Dutch society.

But Mees' reasoning also explicated an important general development in thinking about business responsibility at the time which would also remain fundamental to later conceptions of 'CSR' arising at the end of the twentieth century. As Mees wrote in their essay *De moraal in het handelsleven*, since laissez faire capitalism had failed society both morally and as a productive system, business had a responsibility for the 'public' and had to develop an according public consciousness. In that sense, Mees generalized the idea that individual companies carried responsibilities towards their own laborers, an idea which had marked the voluntarism of the previous decades, towards the idea that 'business' as a practice implied responsibilities towards 'society'.<sup>146</sup>

Although this idea was widely embraced, voluntary social policies continued to generate skepticism in society with regards to their adequacy in realizing objectives of social welfare. Take the case of working class income levels, for instance. Although philanthropic ideals had stimulated some entrepreneurs to substantially increase the wages of their laborers, wage levels remained insufficiently high in the eyes of many laborers, a situation which continued to spark class conflicts in the Dutch textile industry for example. In fact, after the government gained the right to declare collective bargaining agreements generally binding in 1937, many companies were forced to substantially increase their wages. For many, this illustrated once more how voluntary philanthropy was a lacking solution to issues of sufficient income.<sup>147</sup> Voluntarism in responsabilization was thus increasingly treated as a flipside of problematic labor relations, instead of as a realistic alternative to free market capitalism.

Another reason why voluntarist responsibility lost some of its initial appeal may have to do with the fact that paternalist social relations were on the decline. Christian-inspired duties of protection and liberal objectives of edifying laborers through top-down moralization had in important ways rationalized voluntarism in the preceding decades. However, these ideas were now undermined further as laborers came to be approached more strictly as rational

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<sup>146</sup> Ibid.

<sup>147</sup> Ibid., 323-324.

use-maximizing market participants and as commodified instruments of production, instead of as members of a local economic community. Furthermore, as we saw above, labor's independent organization more seriously set the tone in socio-economic politics, and as a result workers came to be treated more as negotiating partners and less as subjects of social care. The introduction of universal suffrage in 1919 only further intensified this process by giving laborers a democratic voice. These anti-paternalist developments only accelerated as economic turmoil and war scourged Europe. By the 1940s, it seemed only a matter of time before business responsibilities would be seriously regulated by law.

#### **2.4. *The heyday of state regulation and the 'public' firm: New voluntarist initiatives, 1945-1975***

The years between 1945 and 1975 in many respects saw the further engraving and embedding of the three 'anti-market developments' which had challenged the old liberal order in the period 1914-1945. The year 1945 nevertheless marks the beginning of a new era due to the remarkable pace and extensiveness with which the state took an active role in steering and checking the market economy, and due to the economy-wide proliferation of interfirm industry cooperation and socio-economic concertation between business and labor unions.<sup>148</sup> Most notably, in the fifteen years or so following the end of World War II, business activity became strongly coordinated and subject to central regulation in order to make companies contribute to full employment and economic 'growth within the national framework'.<sup>149</sup> By the time that the Dutch government aimed to once more liberalize the market economy with regards to prices, the responsibilities of business for the social security of domestic laborers and for national income distribution had become strongly enshrined in the compulsory tax and social insurance laws of the welfare state.<sup>150</sup>

The remarkable pace and extensiveness with which the state took an active role in the economy was firstly visible in the governmental policies that were aimed at reconstructing

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<sup>148</sup> See: Nijhof and Van den Berg, *Het menselijk kapitaal*, 299. Especially the rise of labor unions and the expansion of collective social security arrangements was considered a 'breakthrough' (or 'doorbraak') by the social democratic and left-leaning Christian democratic movements. See: Prak and Van Zanden, *Nederland en het poldermodel*, 254.

<sup>149</sup> Prak and Van Zanden, *Nederland en het poldermodel*, 241.

<sup>150</sup> Prak and Van Zanden, *Nederland en het poldermodel*, 248-251.

the Dutch economy which had been ravished by the war. In comparison to the years after World War I, the Dutch government was much less eager to liberalize the economy as quickly as possible. Instead, business was expected to take responsibility in contributing to the postwar reconstruction of the domestic economy and its further growth, as well as in securing as much as possible a full employment of domestic labor. To contribute to these objectives, companies active in important consumer markets had to accept far-going regulation of prices. More importantly, all sectors became subject to a centrally directed wage policy which was aimed at mitigating increases of wages to strengthen the competitive advantages of Dutch exporting industry.<sup>151</sup>

The business world, however, played a crucial role in setting boundaries as to when state regulation would be considered an infringement upon its autonomy. As Sluyterman remarked, 'business was prepared to cooperate with labor and government, but the basic principle remained freedom of enterprise'.<sup>152</sup> For instance, with regards to the aim of the Dutch government to increase industrial production levels for the purpose of economic growth, large firms fervently resisted the state corporatist plans devised by social democrats. Business leaders were instead convinced that the ideal way to realize industry growth remained 'voluntary' cooperation between firms. In the end, the best the Dutch government could do was to develop 'supportive' policies that promoted education and created favorable tax conditions. In the meantime, companies aimed to further their industry's commercial advantages over international competitors by reaching gentlemen's agreements on industry structuring, forming cartels on price ranges, and founding industry associations.<sup>153</sup> At the same time, this economic logic of cooperation remained selective, as business vigorously promoted free competition in the international economic sphere, for instance as part of their support for integrating European markets.<sup>154</sup>

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<sup>151</sup> Prak and Van Zanden, *Nederland en het poldermodel*, 248. Sluyterman, *Dutch Enterprise*, 134-135. See also for the two-sided effects of this wage policy on business' potential to be competitive: Nijhof and Van den Berg, *Het menselijk kapitaal*, 93.

<sup>152</sup> Sluyterman, *Dutch Enterprise*, 139. By the 1960s, as Sluyterman writes, business increasingly departed from these kinds of interfirm agreements as they proved difficult to enforce. Instead, businesses more often merged, causing even larger corporations to emerge. See: Sluyterman, *Dutch Enterprise*, 159-165.

<sup>153</sup> *Ibid.*, 157. The industrialization policy of the Dutch government was motivated in part by the disappearance of income for Dutch business from the colonies as a result of the appropriation of Dutch properties by the newly independent Indonesian government. See: Prak and Van Zanden, *Nederland en het poldermodel*, 250.

<sup>154</sup> Sluyterman, *Dutch Enterprise*, 166-167.

It subsequently becomes interesting to ask whether business was at the time willing to voluntarily surrender parts of its freedom of enterprise in cases that were not supported by a calculative logic of shared economic interests. To some extent, the development of the welfare state and the existence of extralegal welfare provisions within companies in this period supports the idea that business was in fact willing to do so. In the 1950s and 1960s, a wide range of collectively financed social security schemes were introduced in the Netherlands.<sup>155</sup> Since the finance of these schemes relied on contributions of both employees and employers, they were recorded as cost items on the balance of individual firms which were not directly part of any economic strategy to increase private profits. Employers nevertheless politically supported the introduction of this ‘great leap’ in the Dutch welfare state.<sup>156</sup> In addition to the support of collective social security arrangements by business, the continued provisioning of social services within individual companies was at first sight also not compatible with the logic of financial cost minimization. As many conventional issues of labor relations came to be regulated by the state, large industrial firms like Hoogovens, Royal Dutch Shell and Philips developed new additional social initiatives, including holiday trips, corporate events and the contracting of a ‘social worker’ to offer assistance and guidance to employees.<sup>157</sup>

Yet, we should take caution not to conclude all too eagerly that non-economic rationales played a significant part in driving the policy choices of actors in business. For one, social security arrangements were to an important degree supported by business in exchange for the cooperation of labor unions in mitigating increases in wage levels, as well as for financial support by the state in safeguarding the continuity of their enterprises.<sup>158</sup> In addition, much of the support coming from liberals and the business world for state regulation of the economy was of a somewhat exceptional character as it formed part of a temporary interest in cooperation for reconstructing industrial activity. Furthermore, their support of social security arrangements relied on the unprecedented economic growth of the postwar years and the supposition that not many people would be in such dire positions that they would

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<sup>155</sup> With respect to pensions funds and unemployment insurance there had already been significant corporatist initiatives already before World War II. See: Nijhof and Van den Berg, *Het menselijk kapitaal*, 297-299.

<sup>156</sup> In fact, this ‘great leap’ was widely carried, as is testified by the fact that liberal and Christian democratic governments were the ones responsible for passing the most extensive social welfare legislature in the late 50s and 60s. See: Prak and Van Zanden, *Nederland en het poldermodel*, 253; Nijhof and Van den Berg, *Het menselijk kapitaal*, 299.

<sup>157</sup> Sluyterman, ‘Corporate Social Responsibility’, 325.

<sup>158</sup> Sluyterman, *Dutch Enterprise*, 146-147.

unsustainably strain the social security system.<sup>159</sup> Finally, it is possible that business was in important ways pressured to find new rationalizations for regulation and cooperation in the face of the increasing power of political opponents, most notably that of labor unions, and the existence of Communist alternatives in the Second World.<sup>160</sup>

Similar nuances should be made with regards to the provision of social welfare services by individual companies. While such arrangements were in fact voluntarily set up in large companies, they were nevertheless strongly connected to managerial philosophies of ‘human relations’, which held that approaching the laborer as a social being would be advantageous also to company productivity and continuity. In addition, especially with regards to housing, these initiatives depended in significant ways on government subsidies.<sup>161</sup> What is more, many large companies were selective in developing specific social policies. For example, companies like Unilever made no efforts to develop co-determination with their workers on their economic policies, instead, their interest associations watered down and disregarded new legislature on works councils to the point that it was considered almost meaningless by laborers.<sup>162</sup> Indeed, it can be said that the story-lines of national economic reconstruction, growth and full employment did not have a boundless potential for legitimizing cooperation for the business world. Business leaders had already resisted what were in their eyes too generous social welfare arrangements in the 1950s and 1960s, a position which would gain a renewed urgency in the 1970s, as economic turmoil arose in the Netherlands.<sup>163</sup>

At the same time, an opposing development had become visible by the early 1960s as well. This trend expressed itself in the broadening of business responsibilities in two respects. Firstly, the number of social issues for which companies were deemed to carry responsibilities expanded, especially with regards to issues that had a more international or ‘global’ character. The most telling category of such boundary transgressing problems were the new environmental issues. For a long time, environmental issues had appealed to the

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<sup>159</sup> Prak and Van Zanden, *Nederland en het poldermodel*, 250; 256.

<sup>160</sup> Sluyterman, ‘Corporate Social Responsibility’, 326.

<sup>161</sup> Nijhof and Van den Berg, *Het menselijk kapitaal*, 94-96.

<sup>162</sup> The power of works councils slightly increased with the introduction of the Structuurwet (1971) as they gained the right to veto nominees for supervisory boards within limited liability companies with over 250 employees. See: Nijhof and Van den Berg, *Het menselijk kapitaal*, 189-196; Sluyterman, *Dutch Enterprise*, 136-138.

<sup>163</sup> Sluyterman, ‘Corporate Social Responsibility’, 332. See also: J.M. Bruggeman and A.J.W. Camijn, *Ondernemers verbonden. 100 jaar centrale ondernemingsorganisaties in Nederland* (Wormer 1999) 231-239.

local consciousness of business people as they were confined to problems regarding the negative effects of industrial activity on the direct surroundings of factories. By the 1960s, however, knowledge became abundant on the complex ways in which business activity impacted upon the living environments and the quality of water and air beyond the direct surroundings of factories.

This thematic broadening of responsibilities was accompanied by the designation of a wider variety of social groups that could be considered ‘stakeholders’ in company activities, including consumers. These groups especially held ‘multinational corporations’ (MNCs), responsible for the maintenance of controversial political regimes, human rights violations, unequal international labor relations and the exploitation of industrial workers overseas. At one point in the 1960s, the most radical challengers of business maintained that firms should be transformed via legislation into democratic institutions in which both laborers, consumers and society had a meaningful say.<sup>164</sup> Although these radical views never turned mainstream, they did testify to the rise of new political actors which claimed to have a say in shaping business policy. One of these new political actors, the consumers, turned towards market-based forms of organized activism, such as boycotts and product labelling, to pressure established companies to take responsibilities. This was visible for instance in the rise of the fair trade movement in the Netherlands in the 1960s.<sup>165</sup>

Yet, before these forms of market activism rose in prominence, the idea that company managers were public trustees had already stimulated firms to go beyond the minimal requirements of law. This happened especially with regards to the public objectives of generating growth and full employment, as firms voluntarily instigated industry-wide cooperation. Keetie Sluyterman saw similarities in this respect with the United States, where comparable ideas of the public trusteeship of managers existed.<sup>166</sup> It should be noted, however, that in the United States, public trusteeship functioned at the time as a legitimation

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<sup>164</sup> Sluyterman, *Dutch Enterprise*, 159-165. The idea that consumers were to be taken into account as a legitimate interest group had existed at least since the 1920s, when it figured as part of proposals for corporatist industry-level consultation between interest groups, and had found expression already in cooperative forms of enterprise. Yet, the idea of consumers as a generalized group of interest which had to be represented within individual companies was a novelty at the time. See: Sluyterman, ‘Corporate Social Responsibility’, 144-145

<sup>165</sup> Sluyterman, ‘Corporate Social Responsibility’, 329. See: P. van Dam, *Wereldverbeteraars. Een geschiedenis van fair trade* (Amsterdam 2018).

<sup>166</sup> Sluyterman, ‘Corporate Social Responsibility’, 326-327.

of the *absence* of state regulation of the economy in the face of increasing calls for more enforceable social regulation.<sup>167</sup> In that sense, it differed from the function that ideas of public trusteeship had in the Netherlands, since these also justified an extensive net of official corporatist institutional relations. As such, the main function of ideas of managerial trusteeship in the Netherlands was not necessarily to argue in favor of purely voluntarist versions of business responsabilization – although it could also do this –, but mostly to legitimize the regulation of compulsory socio-economic consultation between capital and labor.

## ***2.5. Discussion and conclusion***

This chapter illustrated how the ‘social question’ instigated the first range of attempts at conceptualizing a socially responsible business practice at a time when the most pressing discussions raged over the desirable degree of state regulation of social responsibilities. In this context, social entrepreneurs uniquely diverged from the dominant *laissez faire* principles, as they maintained that business carried responsibilities beyond economic law. Yet, they embraced and cherished the entrepreneurial freedom, voluntarism and discretion granted to them within the industrial capitalist market system as well. This form of voluntarist responsabilization was legitimized from various ideological standpoints, but very much shared paternalist attitudes despite their different ideological forms of appearance. Voluntarism also occurred in different industries which nevertheless all demanded relatively skilled labor and were technologically innovative. The enduring social question, however, generated increasing societal support for some kind of state regulation of the economy, a tendency which potentially shunted voluntarism aside as an adequate ‘third way’ to capitalism or socialism.

To an important extent, this was exactly what happened in the decades that followed. Taking the years 1914-1945 as a whole, we may conclude, similar to Sluyterman’s observations, that two social issues drove discursive changes in the dominant classical liberal discourse on the social regulation of business in this period: the social security of workers and the negative

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<sup>167</sup> See: R. Marens, ‘Destroying the village to save it: corporate social responsibility, labour relations, and the rise and fall of American hegemony’, *Organization* 17.6 (2010) 743-766.



impacts of unbridled competition for business.<sup>168</sup> These issues drove three ‘anti-market’ developments: the advent of Big Business and industry cooperation, the rise of labor unions and corporatism, and a growing state regulation of the economy. These developments eventually generated a new legitimation of business as the key driver of national welfare, which entailed generalized duties towards ‘society’. Voluntarist social policies built upon this idea as they continued and even expanded in this period. Despite being legitimized from the perspective of productivity or as a form of moral pragmatism, these initiatives were nevertheless generally viewed as inadequate, while its paternalist motivations had surely lost their appeal in society as well.

The new role of business would eventually gain full expression in the corporatist socio-economic coalition which arose between business and society in the postwar decades surrounding full employment and economic ‘growth within the national framework’.<sup>169</sup> The liberal-corporatist coalition on business regulation which arose from this story-line depended in crucial ways on its legitimation in terms of private economic interest. In the end, this produced a situation in which the responsibilities of business to growth and employment rested partially on voluntary industry cooperation, and partially on their regulation via compulsory public institutions of corporatism. The responsibilities of business for themes of social security, however, were more unequivocally regulated through compulsory insurance schemes enforced by the state. Despite these shifts, the socialization of companies had not gone far enough to more radical voices in society. As large industrial firms and multinational corporations came to rule the economy, they became more strongly criticized by various social movements for their undemocratic structures, their roles in unequal international socio-economic relations, for sustaining controversial regimes, and for aggravating environmental issues. In this context, activist groups gained ground and pressured companies to take more responsibilities.

In retrospective, then, the perennial problem in business responsibility discourse as it developed in the Netherlands since 1875 was how to resolve the tension that existed between freedom of enterprise and the ethical norms set by society for the organization of economic

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<sup>168</sup> Sluyterman, ‘Corporate Social Responsibility’, 324.

<sup>169</sup> Prak and Van Zanden, *Nederland en het poldermodel*, 241.

production. This tension had initially given rise to the early voluntarist initiatives at self-responsibilization of 'social entrepreneurs', and one century later, it continued to form the core problematic of discourse on business' social responsibility as new socio-economic and environmental issues arose. However, beneath this surface, significant discursive and institutional changes had taken place. With regards to social issues, there was certainly a progressive trend in terms of the range of different themes and groups for which business was seen to carry responsibilities. In addition to early themes like social security insurance and labor conditions, the dominant discourse developed to include the role of business in producing general welfare and economic stability through economic growth and full employment. This trend was furthered by the subsequent 'discovery' of the impact of corporations on environmental issues, their business ethics with regards to controversial regimes, as well as their role in sustaining unequal labor relations in the new global market economy that had arisen after decolonization.

All the while, however, representatives of business starkly defended their 'freedom of enterprise'. Yet, the meaning of this motto had surely altered since its earliest classical liberal legitimations. Indeed, business had increasingly reconciled its entrepreneurial freedom with more cooperative and coordinated forms of market economy over time, pushed by the endurance of pertinent socio-economic issues and challenges coming from alternative conceptualizations of economic production. This eventually resulted in a liberal-corporatist consensus of business' social responsibilities in the Netherlands which depended on the idea that business carried social responsibilities for attending to the public interest, and that there was some form of private economic interest in public regulation and social coordination as well. However, as the definition of these social responsibilities started to broaden out by the late 1960s, business began to embrace the idea that this consensus could only be upheld by limiting the costs that collective institutions produced for firms.

### 3 LAYING THE FOUNDATIONS:

#### BETWEEN FREE ENTERPRISE AND SOCIAL RESPONSIBILITY, 1971-1983

*Oh if just some Power had given us the gift  
to see ourselves as others see us.  
It would from many a blunder  
and foolish notion free us!*<sup>170</sup>

#### 3.1. Introduction

The above poem was quoted by Pieter Kuin to speculate on what might have been the thoughts of the business people who were present at a conference on the societal role of business in 1972.<sup>171</sup> The conference was organized by management training bureau De Baak, which had welcomed two prominent social critics, the social democratic economist Cees de Galan and the social-Christian sociologist Harry Hoefnagels, to voice their concerns over the way in which business functioned at the time. Because of their 'broad experience' in business, government, and education, SMO asked Kuin to comment on these critics. Kuin, who worked as a professor of Business Administration at Erasmus University in Rotterdam at the time, had in fact only recently retired from Unilever's executive board, had worked as a government official earlier, and had become a member of SMO's supervisory board in the meantime. Kuin's comments on the critics were perhaps somewhat surprising. They firstly

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<sup>170</sup> My translation of Pieter Kuin's translation of a poem by Robert Burns, cited in: C. de Galan, H. Hoefnagels and P. Kuin, *Kritiek en tegenkritiek. De onderneming in de huidige maatschappij*. Zoeklicht 2 (Scheveningen 1973) 5. The original poem reads: 'Oh wad some Pow'r the giftie gie'us / to see oursels as ithers see us! / It wad frae mony a blunder free us / and foolish notion'. Kuin's translation reads: *O als een hogere Macht ons toch de gave eens gaf / onszelf te zien als and'ren doen. / Wat zou zij ons voor menige fout / en dwaze voorstelling behoe'n!*

<sup>171</sup> De Galan, Hoefnagels and Kuin, *Kritiek en tegenkritiek*, 5.

suggested that listening to social criticism could be wise for entrepreneurs as they might finally unlearn the ‘blunder and foolish notion’ that business should be viewed as an autonomous regulatory area that should be interfered with as less as possible by the rest of society.<sup>172</sup> But Kuin, who was himself a member of the Dutch labor party (PvdA), was by no means sympathetic with all social critics, some of which he denounced as propagandist ‘agitators’ or ‘conformists of alternative thought’ who did not care for the truth but simply carried a negative attitude towards business for the sake of it.<sup>173</sup> Of more ‘serious critics’ like De Galan and Hoefnagels, Kuin demanded awareness of their own personal position and specific perspective on the functioning of business in society.<sup>174</sup>

Kuin had thus taken on a mission of defending ‘enterprise-based production’ by engaging in debates with thinkers who proposed alternative organizations of economic decision-making based on more centralized planning and more influence of employees.<sup>175</sup> In doing so, Kuin had laid the foundations of the notion that ‘business’ was an institution where the tensions that were seen to exist between the pursuit of private economic interest and conformity to the ethical norms of society could be reconciled. Kuin’s commentary on the social critics in fact perfectly reflected the dual objective that *Stichting Maatschappij en Onderneming* (SMO) – the inter-firm association whose publications are subject to analysis in the remainder of this thesis – had set for itself as it was established in 1968 in reaction to the increased politicization of the private company: 1) to inform the public about the function of free enterprise for society, and 2) to gain insight into societal developments that carried a relationship towards free enterprise and the economic system based on it.<sup>176</sup>

As we saw in Chapter 2, at the time when SMO was established, the dominant discourse had taken the shape of a liberal-corporatist consensus in which a fair degree of regulated and voluntary coordination of business was considered legitimate. However, under this consensus, corporations still faced critique coming from various social movements. These concerns focused on the undemocratic structures of especially large firms, the unequal

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<sup>172</sup> Ibid.

<sup>173</sup> Ibid., 6-7.

<sup>174</sup> Ibid., 7.

<sup>175</sup> ‘Enterprise-based production’ is my translation of the term *ondernemingsgewijze produktie*, which was commonly used to refer to the capitalist organization of economic production in Dutch public discourse in the 1970s.

<sup>176</sup> T. van Zijl and S. Langeweg (ed.), *SMO 45 jaar* (The Hague 2013) 16.

international labor relations upheld by them, their support of controversial regimes, and their contributions to the degradation of the living environment. This chapter demonstrates how SMO's efforts to protect the reputation of 'free enterprise' in a politicized context resulted in a revival and continuous promotion of voluntarist ideas of the social responsibility of business. SMO published several series of studies on various topics relating to the business-society interface to achieve this. By analyzing the arguments found in a selection of these publications (see Chapter 1), this chapter attempts to answer the following question:

*What story-lines and discursive strategies did business formulate with regards to the social regulation of economic production between 1971 and 1983, and how did these contribute to establishing voluntarist ideas as legitimate?*

I distinguish two more or less distinct subphases of argumentation between 1971 and 1983. The first phase (1971-1975) is marked by wide acceptance of the idea that business had such a thing as 'social responsibilities' beyond their primary economic function in Dutch public discourse, something that was visible in the texts of SMO as well. However, the main objective that SMO set out to achieve in these years was to protect the autonomy of decision-making within the firm in light of the inevitable – and also desirable – socialization of its choice rationality. The arguments promoted by SMO in the first years (1971-1975) of its existence accordingly focused on providing story-lines for why the postwar economic order, which relied upon 'enterprise-based production', could be maintained despite the overwhelming environmental challenges that it faced, and why it was possible to reconcile it with objectives of firm democratization and global justice. Both ethical and economic reasoning was crucial here: an autonomous business world was presented as a key condition for a free and prosperous society. In the meantime, SMO promoted the view that business could be trusted to respond to societal demands and communicate honestly about their choices, doing away with what it saw as cynical attitudes towards business.

In the late 1970s and early 1980s (1975-1983), SMO continued to passionately defend the autonomy of business, but was now strongly aided in this endeavor as a context of economic turmoil arose in the Netherlands. This gave rise to the promotion of a view on the proper regulation of the economy by SMO, which implied a preference for voluntarist self-responsibilization by business over state regulation. Efficiency arguments now appeared to

make a case for deregulation and framework laws, while environmental upheaval, international business ethics, and firm democratization moved SMO to promote voluntary social accountability from business firms. While boundaries were being set on the state, SMO discovered the potential of year reports for realizing this social accountability and accordingly promoted social reporting. In doing so, SMO also provided early justifications of stakeholder dialogue.

### ***3.2. Defending business: The private company as a trustworthy embodiment of freedom and efficiency, 1971-1975***

When SMO set out on its mission to demonstrate the function of business for society, the idea that there was such a thing as an effective voluntary self-responsibilization by business firms had fallen out of favor to the point that it had to be actively revived. Indeed, in light of the so called ‘cultural revolution’, the capitalist form of production had become controversial to the extent that several business leaders in the Netherlands found it necessary to begin ‘seeing themselves as others see them’, as Kuin had advocated earlier.<sup>177</sup> Following the landmark publication *Limits to Growth* (1972) by the so called Club of Rome, public concerns aggravated with the increased awareness surrounding the role of business in driving the depletion of the fossil fuels that drove the industrial economies of the West.<sup>178</sup>

To the dissatisfaction of Pieter Kuin, however, the reality was that firms and their leaders had remained markedly silent while the foundations of their existence were being carved out by others.<sup>179</sup> SMO’s first feat to counter this reality was to publish a discussion of prevailing social critiques of business in the United States, including the replies to them of American business leaders. Hendrikus van der Valk, a Dutch professor of economics who worked for the International Monetary Fund at the time, was asked to comment on the situation in the

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<sup>177</sup> P. de Rooy, ‘Fundamental changes in mentality. 1966: the cultural revolution’, in: P. de Rooy, *A Tiny Spot on Earth. The Political Culture of the Netherlands in the Nineteenth and Twentieth Centuries* (Amsterdam 2015) 229-263, on 241-260.

<sup>178</sup> K.E. Sluyterman, ‘Corporate Social Responsibility of Dutch Entrepreneurs in the Twentieth Century’, *Enterprise and Society* 13.2 (2012) 313-349, on 328-239.

<sup>179</sup> De Galan, Hoefnagels and Kuin, *Kritiek en tegenkritiek*, 5.

United States.<sup>180</sup> They articulated the first significant story-line which functioned to pursue business to partake in the public debate more actively:

### **Story-line**

Similar rounds of critique on enterprise-based production are found in the Netherlands as in the United States. Although some business leaders find this critique unfair, it is possible that it is legitimate and it can also be useful for business to consider it in order to expose relevant societal currents, if it is critique that was voiced seriously at least. That is also why counter-criticism remains necessary, because that way false claims may be distinguished from serious arguments. In the US, counter-criticism has thus far been relatively absent, and if voiced, it was of an unimpressive quality. So it is desirable that business promotes its worldviews more actively and convincingly. The first signs of this have luckily appeared.

To substantiate this story-line, Van der Valk observed how the societal changes occurring around their time would increasingly demand from business that it take its social responsibilities; they maintained that they were in fact a proponent of this trend.<sup>181</sup> However, according to Van der Valk, the societal debate tended to unfairly attribute business firms with responsibilities for problems it did not create. Thus, it would be necessary for business leaders to actively correct such false imagery. In commenting on an effort by James Roche – president of General Motors at the time – to correct some of the images of business apparent in the American public debate, Van der Valk claimed that the reputational damage which American business had suffered by the early 1970s came as a result of its own passive attitude and poor argumentation: ‘The American business world, despite being the father of modern marketing, has refrained from developing and expressing its economic and societal worldviews in a timely and qualitatively sound fashion’.<sup>182</sup> Van der Valk’s plea thus exposed a value judgment of the supposed poor quality of counter-arguments produced by business

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<sup>180</sup> Van der Valk had worked for the academic journal *Economisch-Statistische Berichten* as an editor, had been a secretary of Nederlands Economisch Instituut, and became professor of Economics in Utrecht and at Netherlands School of Economics (*Economische Hogeschool Rotterdam*, which would be renamed Erasmus University Rotterdam in 1973). See: H.M.H.A. van der Valk, *De Amerikaanse onderneming in de branding*. Zoeklicht 1 (The Hague 1971) 25.

<sup>181</sup> Amerikaanse onderneming: 21. See also the statement of Kuin which was cited above in the introduction and which posed that business people should bid farewell to the idea that enterprise is an autonomous domain that should not be interfered with at all: De Galan, Hoefnagels and Kuin, *Kritiek en tegenkritiek*, 5.

<sup>182</sup> See: Van der Valk, *De Amerikaanse onderneming*, 20.

firms, arguing that it was time to step up their argumentative game. In what was perhaps a gesture towards SMO's activities, Van der Valk reassured themselves that the first signs of such an active and sound defense of business autonomy were luckily already appearing.<sup>183</sup>

Indeed, between 1971 and 1976, SMO's publications would repeatedly defend the autonomy of business with the help of several interlinked discursive strategies. Against the background of especially pertinent environmental issues and calls for democratization, the following story-line arose from these publications:

### **Story-line**

The current system of economic production, which is based upon free enterprise and minimal market regulations, has produced unprecedented material prosperity. Enterprise-based production is the motor of this economic growth. This production system is desirable due to its superior economic efficiency compared to centralized economic planning, but also because of the room it leaves for individual freedom and responsibility. On the other hand, this economic order has produced unforeseen negative effects, not just with regards to the environment, but most recently in that area. All the while, the entrepreneurs whose policies are central to this system have remained overly negligent of the demands of society, particularly to those of their own employees. Despite this, to be addressed adequately, neither the environmental issues nor the issue of internal democratization demand a fundamental transformation of the societal structures of economic decision-making, nor do they demand from us that we give up economic growth. Indeed, there is ample room for the necessary responsabilization of business activity within the system. The desired changes are impeded mostly by dysfunctional or inadequate political institutions, lacking knowledge, and unnecessary social division.

The above story-line served to defend capitalist business by promoting the idea that it was beneficial to society as a whole. This idea was for one part supported by a discursive strategy found in SMO's publications which focused on the ethical qualities of capitalism in giving space to the human longing for individual freedom. In *Stelsel ter sprake* (1974), the liberal professor of Law Nicolaas van Esveld debated with the social democratic economist Wil

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<sup>183</sup> Ibid., 21.



Albeda and the former Minister of Agriculture Sicco Mansholt (Labor Party/PvdA) on firm democratization, the desirability and sustainability of economic growth, national and global income and wealth distribution, and the functioning of political institutions. Although the authors disagreed over the extent to which the private sector and its decision-making structures needed to be curtailed and over the desirability of income re-distribution as such, they all seemed to agree on the merits of free enterprise in principle.<sup>184</sup> Van Esveld, however, was the most elaborate in their defense of this idea. They posed that humans are by nature firstly and foremostly self-preserving individuals, and only after that also members of a community. According to Van Esveld, a social order had to accommodate this natural tendency, and they found the market to be a fit principle of organization to do so, since it was ‘an expression of the democratic principle of the freedom of choice, the freedom of labor, and the freedom of consumption’.<sup>185</sup> In their view, tinkering with the economic order would inevitably lead to a neither tactical nor desirable ‘planned dirigisme’ of people and the stripping of their freedoms.<sup>186</sup>

For the defense of business autonomy, however, efficiency-related arguments eventually proved to be the most important. SMO’s supervisory board member Kuin, who was mentioned above, would be one of the more prominent voices to articulate these arguments. Just like Van der Valk, Kuin had to some degree acknowledged that socialization of the company would be inevitable.<sup>187</sup> In fact, while Cees de Galan – a prominent social democratic

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<sup>184</sup> Mansholt argued that the market mechanism embodies some kind of democratic principle through consumer choice, but departed from Esveld in posing that the market would have to be restricted more to achieve a decentralized distribution of income that would be considered just in the face of stagnating growth, arguing that part of this would be a greater public sector and the institution of workers’ self-management on the firm level. Albeda similarly expected the private sector to retreat in favor of the non-profit and public sectors, generating a more equal distribution of income in the process, and similarly expressed their concern over the concentration of power and the rise of technocracy in the economy. See: W. Albeda, N.E.H. van Esveld and S.L. Mansholt, *Stelsel ter sprake. Prof. dr. W. Albeda, prof. mr. N.E.H. van Esveld en dr. S.L. Mansholt schrijven en discussiëren over een economisch stelsel voor nu en morgen* (Scheveningen 1974) 77, 82.

<sup>185</sup> Albeda, Van Esveld and Mansholt, *Stelsel ter sprake*, 78. See also Gerrit Wagner’s argument in: Stichting Maatschappij en Onderneming, *Tussentijds bestek. Vraagstukken rond milieu en economische groei. Verslag van een serie lezingen en discussies in het Koninklijk Paleis te Amsterdam op 27-28 april en 18-19 mei 1973* (The Hague 1973) 12-13. Wagner was president-director of Royal Dutch Petroleum Company (Shells’ Dutch half) at the time.

<sup>186</sup> Albeda, Van Esveld and Mansholt, *Stelsel ter sprake*, 78.

<sup>187</sup> In these years, SMO spread the idea that business would have to answer more to external interest groups as well as facilitate more worker participation and consultation internally as a result of changing social expectations. These changes were thus approached as ‘social facts’, as also becomes evident in the 1975 opinion poll conducted by SMO on a number of pressing social issues and the relating responsibilities of business: Stichting Maatschappij en Onderneming, *Zorgen voor morgen. Een onderzoek naar opinies over taken in de samenleving* (Scheveningen 1975) 188-189. See also: J. Knoester (ed.), Warren G. Bennis, Philip E. Slater, *Bureaucratie, democratisering, werkoverleg*. Informatief 8 (Scheveningen 1974, 2<sup>nd</sup> print 1976). Warren G. Bennis expected the democratization of

economist – predicted more thorough processes of ‘internal’ and ‘external’ democratization of the company to take place in the near future in *Kritiek en tegenkritiek* (1973), Kuin’s reaction to them focused mainly on criticizing their plea to impair the autonomy of company managers.<sup>188</sup> They maintained that ‘enterprise-based production’ provided an important service to society as a whole because it produced valuable goods and services. Kuin posed that this servicing function of enterprise to society was all too often overlooked by its critics.<sup>189</sup>

The significance of this point was – as Kuin suggested later in their argument – that this societal function had to be carried out by private capitalist enterprises because, in comparison to states, their greater potential to make correct economic decisions would result in a more efficient economy on aggregate.<sup>190</sup> According to Kuin, the chances were next to nil that the state would make correct decisions in the ‘thousandfold divided’ and ‘rapidly changing’ markets of goods and services.<sup>191</sup> Indeed, Kuin argued how it was illusory to assume that markets could be controlled at all, except in extremely exceptional circumstances. Private companies, on the other hand, were seen to depend on flexibility, innovation and an entrepreneurial spirit of risk-taking due to pressures emanating from market competition and the objective of profit-seeking. The crucial feature of enterprise-based production upon which these qualities were seen to arise was the considerable degree of autonomy and discretion that a company’s management enjoyed in its decision-making on how to employ the firms’ productive resources.<sup>192</sup> Thus, as Kuin summarized, business had to be able to continue to ‘perform daringly’.<sup>193</sup>

Although Kuin did not provide any empirical evidence to substantiate their claims about efficiency, the assumption that markets were superior in this respect was more widely shared at the time. In that same year of 1973, the prominent Christian democrat and economist Jelle Zijlstra – at the time head of the Dutch Central Bank, having previously served as Minister of Economic Affairs and Prime Minister – stated in a public debate on the desirability of

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firms’ internal decision-making structures to be inevitable based on notions that lie somewhere in between ‘informed predictions and Godly prophecy’, as they put it.

<sup>188</sup> De Galan, Hoefnagels and Kuin, *Kritiek en tegenkritiek*, 32-33.

<sup>189</sup> *Ibid.*, 9. See also Gerrit Wagner’s similar reasoning in: Stichting Maatschappij en Onderneming, *Tussentijds bestek*, 12-13.

<sup>190</sup> This assumption was also underwritten by Hendrikus van der Valk, when they cited Roche of General Motors in: Van der Valk, *De Amerikaanse onderneming*, 20.

<sup>191</sup> De Galan, Hoefnagels and Kuin, *Kritiek en tegenkritiek*, 32.

<sup>192</sup> *Ibid.*, 32-33.

<sup>193</sup> *Ibid.*, 32.

terminating economic growth for environmental purposes how ‘it needs to be said’ that the price mechanism is ‘extraordinarily inventive and efficient’ and that this efficiency ‘cannot be reached easily in other ways’.<sup>194</sup> Just like Kuin, Zijlstra remained utterly skeptical of the capacities of centralized economic decision-making to govern the market economy.<sup>195</sup> The arguments of Kuin and Zijlstra thus represented a discursive strategy to generate societal authority for private economic decision-making, and by doing so, to de-authorize the state.

That is not to say that the arguments found in the publications of SMO acquitted private companies of taking the perspective of society in their decision-making. Even if the pursuit of economic self-interest in the market was expected to ultimately satisfy collective economic interests as well, with regards to securing socially just economic relations, the ‘price mechanism’ was not necessarily trusted by the likes of Kuin and Zijlstra.<sup>196</sup> In fact, as mentioned in the introduction to this chapter, Kuin argued in *Kritiek en tegenkritiek* (1973) that business had to become responsive to genuine societal critique because this was a possible indication of its right to exist.<sup>197</sup> Indeed, Kuin assumed that society ultimately decided upon the legitimacy of business and as such would regulate the behavior of business through more coercive means, i.e., through state sanctioned prohibitions and orders, if business was not responsive enough to its demands. It was therefore necessary – and indeed possible – for business leaders to recognize that voluntary responsiveness to critique would serve their ‘enlightened self-interest in the long term’.<sup>198</sup>

The crucial flipside of this was that a fundamental transformation of the economic system would not be needed in order for the necessary changes in behavior to actually occur, as Kuin, Van Esveld, Albeda, and Zijlstra all concluded.<sup>199</sup> The idea that the economic order and its accompanying business autonomy could remain in place was substantiated in a dual fashion. Firstly, the existing economic order was argumentatively defended by employing discursive strategies which presented the social criticism on companies and business leaders as cynical, imprecise, and ideological. Gerrit Wagner, the president-director of Royal Dutch

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<sup>194</sup> Stichting Maatschappij en Onderneming, *Tussentijds bestek*, 125.

<sup>195</sup> *Ibid.*, 127-128.

<sup>196</sup> De Galan, Hoefnagels and Kuin, *Kritiek en tegenkritiek*, 57; Stichting Maatschappij en Onderneming, *Tussentijds bestek*, 125.

<sup>197</sup> De Galan, Hoefnagels and Kuin, *Kritiek en tegenkritiek*, 5-6.

<sup>198</sup> *Ibid.*, 6, 61. Kuin called this ‘*welbegrepen eigenbelang op de lange termijn*’.

<sup>199</sup> De Galan, Hoefnagels and Kuin, *Kritiek en tegenkritiek*, 57; Albeda, Van Esveld and Mansholt, *Stelsel ter sprake*, 77, 79; Stichting Maatschappij en Onderneming, *Tussentijds bestek*, 129.

Petroleum Company (Shell's Dutch half) at the time, may have had this aim in mind when they addressed the implications of the groundbreaking report *Limits to growth* (1972) for business. Wagner initially acknowledged that a mentality change among business leaders would be necessary, yet they ultimately seemed primarily concerned with rehabilitating the public image of multinational corporations by calling out the cynical images which existed in society of them anti-social tax evaders.<sup>200</sup> Kuin similarly defended the reputation of business leaders by asserting that there were apparent signs that business leaders were already implementing the organizational changes demanded by calls for worker participation through a 'new style of managerial leadership'.<sup>201</sup> Furthermore, they maintained that a great variety of activity exists among companies; that company managers did not live in moral isolation from society; that they possessed a conscience; and that the demands of capital were by no means seen as absolute by them.<sup>202</sup>

Both Wagner and Kuin thus shared Hendrikus van der Valk's observations in *De Amerikaanse onderneming in de branding* (1971) about the public debate's unfair representation of firms.<sup>203</sup> In *De betwiste ondernemersfunctie* (1975), Kuin would go on to blame the resurgence of 'ideology' in society for this wrongful image. They concluded that what should therefore be expected of the entrepreneur was

*recognition and rejection of purely ideological slogans of the left and the right, but also a willingness to implement reforms which meet truly felt needs. This is part of their specific responsibility for the sound functioning of the productive apparatus and for the satisfactory design of much of the working life in our country.*<sup>204</sup>

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<sup>200</sup> Stichting Maatschappij en Onderneming, *Tussentijds bestek*, 16, 30-34.

<sup>201</sup> De Galan, Hoefnagels and Kuin, *Kritiek en tegenkritiek*, 31.

<sup>202</sup> *Ibid.*, 8-9, 32.

<sup>203</sup> In *Kritiek en tegenkritiek*, Kuin displayed their distaste for what were in their eyes ungrounded and unempirical critiques of free enterprise also in their reaction to Harry Hoefnagels' essay, whose theoretical stance they characterized as coming from the objectionable attitude of 'those who think correctly, do not need to look'. See: De Galan, *Kritiek en tegenkritiek*, 49.

<sup>204</sup> P. Kuin, 'Ideologieën', in: P. Kuin, J.H. van Stuijvenberg, A.W.M. Teulings, E. Bloembergen, P.J. van Gorkum, J. Pen, R. Huetting, W. Albeda, *De betwiste ondernemersfunctie*. Informatief 10/11 (Scheveningen 1975) 21. Kuin had possibly drawn inspiration from an earlier publication of SMO concerning a similar discussion of the 'ideologies' and ideological mixtures of anarchism, Marxism, Maoism and what Kuin called 'the champions of the Third World'. This earlier discussion was a republication of a text authored by Chris Cviic, a British conservative Catholic journalist who had emigrated from the Croatian Republic of Socialist Yugoslavia and who wrote for *The Economist* at the time and at the time. See: C. Cviic, *Ideologieën*. Informatief 2 (The Hague 1972); G. Partos,

The above quotation displays how Kuin attempted to persuade business people to take an active role in the public debate on the social regulation of business for their own sake. They did so by presenting the position of business as neutral, reasonable, and non-ideological, but they also posed that having an ear for society's complaints was part of business' task definition as well. Kuin's appeal therefore neatly illustrates how SMO already laid the foundations for CSR between 1971 and 1975 as part of its aim to defend the autonomy of business.

The second way in which the existing economic order was argumentatively defended was by countering calls to infringe upon the autonomy of managers in service of environmental sanitation, worker participation, and a more equal distribution of income and wealth. This was done through theoretical-analytical re-definitions of the determinants of social injustice, the nature and implications of environmental threats, and of human preferences. In its most abstract sense, the supposition that the economic system was not at fault rested upon a seemingly essentialist view of the connection between personal and entrepreneurial freedom and its conflictual relationship with the 'public interest'. In their address on the implications of *Limits to growth* (1972), Wagner for instance argued that the 'biggest hurdle to determining the right balance between freedom and social boundedness is man himself, for he is, despite his good intentions, essentially egoistic and short-sighted'.<sup>205</sup> However, as Wagner argued, the point was to strike the correct balance between private and public interests through a soundly functioning political system, other than through the reform of the autonomy of business, which was seen to embody the right to personal freedom.<sup>206</sup>

In addition, it was argued that the environmental problems, the realization of sufficient income levels for employees, and the adequate participation of workers did not by any means demand a fundamental impediment of the existing autonomy of business managers. The legal scholar Van Esveld for instance observed how most laborers were not at all interested in

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'Christopher Cviic obituary. Journalist, broadcaster and Balkans specialist', *The Guardian* (25 January 2011), <https://www.theguardian.com/media/2011/jan/25/christopher-cviic-obituary> (12 September 2023). Compare with: Kuin, 'Ideologieën', 11-17.

<sup>205</sup> Wagner also summarized this in the phrase 'the accumulation of the acceptable can be unacceptable'. See: Stichting Maatschappij en Onderneming, *Tussentijds bestek*, 13.

<sup>206</sup> Ibid., 13. Albeda had similarly maintained that worker's self-management would not solve the tension between private and public interests immanent in the economy. See: Albeda, Van Esveld and Mansholt, *Stelsel ter sprake*, 77.

playing a part in strategic decision-making within the companies that employed them.<sup>207</sup> Furthermore, Kuin had argued that limited income growth was the only true obstacle to the freedom of laborers, and that since business motored this growth, it had to retain the autonomous space of economic decision-making to optimally fulfill this function. Kuin subsequently objected against more redistribution of income, claiming that ‘everyone can see that this would not help much’.<sup>208</sup> Zijlstra, however, developed this argument most systematically in their contribution to the public debate on the environmental challenges raised by the Club of Rome that was published by SMO.<sup>209</sup> They asked whether more centralization was desirable to address the environmental issues, and claimed to approach this question from an as neutral, objective and scientific point of view as possible.<sup>210</sup>

Zijlstra eventually concluded that none of the five main issues raised by the Club of Rome – population growth, food scarcity, environmental pollution, economic growth, and resource depletion – self-evidently demanded a more centrally guided economy.<sup>211</sup> Population growth was seen as system independent by Zijlstra. They furthermore argued that there is both evidence for better food production in decentralized as well as centralized economies. With regards to pollution, Zijlstra stated that it was possible to implicate the costs of pollution in the production process and to ‘make the polluter pay’. Similarly, they suggested that the costs of future scarcity of resources could be calculated in the production process and that the price mechanism would to an important extent account for resource scarcity as well. Zijlstra admitted that this may be too optimistic and thus suggested that the growth of material usage could be curtailed to prevent depletion of fossil fuels. However, they argued that the only effective way to halt this growth would be to invest surpluses in free time. If people actually desired this, Zijlstra claimed,

*they should not primarily rely on a great high authority, a powerful government that dictates: thou shalt not grow, but this should be built into*

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<sup>207</sup> Albeda, Van Esveld and Mansholt, *Stelsel ter sprake*, 79.

<sup>208</sup> De Galan, Hoefnagels, and Kuin, *Kritiek en tegenkritiek*, 57.

<sup>209</sup> See: Stichting Maatschappij en Onderneming, *Tussentijds bestek*.

<sup>210</sup> *Ibid.*, 121-123.

<sup>211</sup> *Ibid.*, 123-129.

*the essence of our decisions as producers and consumers, into wage formation and price formation, from the outset.*<sup>212</sup>

In *Kritiek en tegenkritiek* (1973), Kuin asserted that there may indeed be reasons to curtail economic growth, but that society had all the means to do so within the current system.<sup>213</sup> The primary obstacle for society to use its capacity to regulate business was viewed by Kuin to come from ‘unnecessary social divisions’ caused by the polarizing attitudes of labor unions, among other things.<sup>214</sup> Yet, SMO’s authors pointed also to another more obvious dysfunctionality of political institutions: in the international context to which especially the new environmental problems were intimately connected, political institutions were often weak or virtually absent. Gerrit Klijnsstra, chairman of Unilever’s executive board, therefore went as far as to call for environmental prohibitions and restrictions (‘not guidelines’) in the global economic arena, while Ad Oele, social democratic mayor of Delft, envisioned a kind of European environmental neo-corporatism.<sup>215</sup> Even Wagner, who had argued that the state could not simply prohibit what it deemed impermissible as part of their plea for a balance between freedom and social boundedness, was forced to admit in a discussion on environmental regulation that state regulations would at times be necessary to counter the tendency of business to damage the environment under pressures generated by market competition.<sup>216</sup>

Yet, even if these figureheads of business did not categorically object to state regulations (and in the case of Klijnsstra, even actively propagated it), the arguments developed by Kuin, Wagner, and Zijlstra ultimately promoted a preference for voluntary self-responsibilization by business. In practice, they thus served primarily to negotiate a space of autonomy for business in the context of social issues which were seen by many to demand a thorough change of policies and organizational structures within private companies. Wagner therefore considered it desirable that rules would be set by the state to ensure that the public interest

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<sup>212</sup> Ibid., 127-128. Zijlstra, as well as Van Esveld, also substantiated their claims that the economic order was able to address social issues adequately by invoking the notion that the system was ‘self-corrective’. According to Zijlstra and Van Esveld, history had shown how the system had welcomed market checks to attain social justice. See: page 129 op. cit.; Albeda, Van Esveld and Mansholt, *Stelsel ter sprake*, 78.

<sup>213</sup> De Galan, Hoefnagels, and Kuin, *Kritiek en tegenkritiek*, 57.

<sup>214</sup> Ibid., 57.

<sup>215</sup> Stichting Maatschappij en Onderneming, *Tussentijds bestek*, 35.

<sup>216</sup> Ibid., 30.

would not be harmed, but they maintained that the government should not resort to forceful prohibitions of undesired behavior all too eagerly. In Wagner's eyes, the enterprise therefore deserved a 'chance to do the right thing in an acceptable way'.<sup>217</sup> What shape this would have to take remained rather vague, however, but Wagner maintained in any case that despite the inefficiency and lags of the political system, it was nevertheless important for business and other groups in society to engage in a 'healthy conversation' with one another.<sup>218</sup> In the following years, SMO would indeed promote more specific ideas of how to operationalize this communication between business and society. This happened simultaneously in a context of economic crisis which bolstered SMO's arguments in defense of business autonomy.

### ***3.3. Securing business: The private company as a socially accountable motor of prosperity, 1975-1983***

A crucial shift in the context of SMO's promotion of voluntarist social responsibility was the advent of a crisis of inflation, stagnating growth and increasing employment levels. The leaders of some of the largest Dutch firms had already publicly voiced their concerns over how rising costs of social security and high wages threatened their competitive position in 1976.<sup>219</sup> Behind their plea lied a specific analysis of economic ills that would become more widely accepted in the early 1980s. The idea was that extensive social security payments – which only increased as unemployment levels rose –, rising incomes of employees, a public sector which was too large, as well as an overly rigid and extensive general complex of (socio-)economic and environmental regulations had burdened business with high costs and threatened their 'profitability'. This would have ultimately undermined the competitiveness of Dutch business in the globalizing economy and by consequence threatened the realization of public objectives like economic growth and full employment.<sup>220</sup> The Dutch cabinet led by Ruud Lubbers (1982-1986) consequently set up an agenda for the cutting of its expenditures,

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<sup>217</sup> Ibid., 14.

<sup>218</sup> Ibid., 16.

<sup>219</sup> Sluyterman, 'Corporate Social Responsibility', 332. See also: J.M. Bruggeman and A.J.W. Camijn, *Ondernemers verbonden. 100 jaar centrale ondernemingsorganisaties in Nederland* (Wormer 1999) 231-239.

<sup>220</sup> M.R. Prak and J.L. van Zanden, *Nederland en het poldermodel. Sociaal-economische geschiedenis van Nederland, 1000-2000*. De geschiedenis van Nederland 10 (Amsterdam 2013) 251-252.



deregulating the private sector, and privatizing public sector services.<sup>221</sup> Meanwhile, the representatives of employers and employees agreed to ‘moderate’ the growth of employees’ wage in what became known as the Wassenaar Agreement. The goal of this was to decrease labor costs for companies, while in the meantime labor contracts were made more flexible and working days were made shorter in order to stimulate employment opportunities.<sup>222</sup>

SMO played its part in legitimizing this analysis of the economic issues at hand. Whereas Kuin, Wagner, and Zijlstra had all battled more radical forms of impairment of business autonomy by arguing that free enterprise was an efficient motor of growth, this idea was now put to a similar, but different use in SMO’s publications. Instead of defending managerial autonomy against potential workers’ self-management and environmental regulations, efficiency arguments now appeared as attacks against the expansion of the welfare state, public sector, and state regulations. These arguments were most clearly articulated in three key discussions of the economic order and economic policy of the government published by SMO: *Economie aan de orde* (1980), *Doorvliegen of bijsturen?* (1981), and *Doel en middel* (1983).<sup>223</sup> These publications communicated the following story-line:

### **Story-line**

Now that economic growth is stagnating, inflation is rocketing, and unemployment levels are increasing, the distribution of the pieces of the economic pie becomes a thorny issue. In the past decades, the state aimed to influence economic interaction with the objective of pursuing the legitimate goals of economic growth and full employment. However, due to this, immobile financial chunks have entered expenditure patterns of business, which admittedly stabilized purchasing power in times of temporary downturns, but formed an obstacle for the structural adaptation of the economy in light of renewed international competition, because they suppressed profit and investment levels. Claims that the market economy as such would have failed are thus ungrounded. Instead, to make the system work again, most experts point towards the general desirability of raising profit levels, because decreasing production and

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<sup>221</sup> B. Mellink and M. Oudenampsen, *Neoliberalisme. Een Nederlandse geschiedenis* (Amsterdam 2022) 161; M.A. Hajer, *The Politics of Environmental Discourse. Ecological Modernization and the Policy Process* (Oxford/New York 1995) 183.

<sup>222</sup> Sluyterman, ‘Corporate Social Responsibility’, 332.

<sup>223</sup> N. Vogelaar, *Economie aan de orde*. SMO-Informatief 80.2 (Scheveningen 1980); P.H. Admiraal, *Doorvliegen of bijsturen?* SMO-Informatief 81.4 (Scheveningen 1981); W. Albeda et al., *Doel en middel. Beschouwingen over economische politiek*. SMO-Boek 26 (The Hague 1983).

growth would make the distribution of income an even more serious problem, while also causing unacceptable unemployment levels.

Difficult choices will have to be made. It will come down to choosing between limiting the growth of private purchasing power or the level of public goods provided by the state, because profits are so low that not much can be scraped off of them anymore. Whether we like it or not, more flexibility will have to be brought into the market system, as well as in the rules, subsidies and benefits payments of the state. Costs of labor also have to be brought back. However, the current socio-political system extremely complicates the making of necessary difficult decisions based on coherent and logical thinking. Choices are made by many actors on many levels, and these are coordinated through markets, consultation structures and the state. This coordination is definitely desirable, as we cannot trust the unbridled working of supply and demand either. But despite this coordination, economic life seems decreasingly manageable. This has to do with the fact that labor unions have become defensive of income levels, while the opposing opinions on how to solve the issue of decreasing growth levels leads to unsatisfactory political compromises.

In support of this story-line, several theoretical-analytical strategies were employed. Perhaps the most fundamental of these was the reiteration of the assumption that a sufficiently free enterprise was an efficient motor of growth and prosperity for all. The capacity of business to perform this function was however now seen to be impeded by ‘immobile chunks’ of costs imposed on it by the tax burden. This purportedly suppressed profits, investments, and innovations, which ultimately slowed down growth and would raise issues of employment and income distribution.<sup>224</sup> ‘Difficult choices’ therefore had to be made. The changes which had to occur were in fact presented as a politically-neutral and scientifically supported necessity. In this line, the social democratic economist Hans van den Doel claimed that they practiced a ‘value-free, positivist economics’ and were simply trying to educate the people on what is at stake: ‘I wish to show people the price that must be paid, and it is very high. Leftist people neglect this price. Rightist people who do not want an expansion of the collective sector are much more consistent.’<sup>225</sup>

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<sup>224</sup> Admiraal, *Doorvliegen of bijsturen?*, 13.

<sup>225</sup> Vogelaar, *Economie aan de orde*, 44, 54.

Another aspect of this problem was that labor unions were considered to demand self-undermining levels of wage increases. In an interview published by SMO, the neoliberal economist Floor Hartog criticized this attitude and went as far as to maintain that labor unions instead had the very same interests as shareholders, the latter of which was burdened with overseeing the fortunes and misfortunes of companies. They showcased their support for Milton Friedman's assertion that the acceptance of social responsibilities by business managers beyond maximizing profits for shareholders was detrimental to the foundations of freedom in society.<sup>226</sup> The interviewer Niek Vogelaar, a secretary of the national Protestant employers' association CNV, however juxtaposed Den Hartog's claims with what they saw as a more 'down-to-earth' suggestion of how to solve the economic problems, i.e., the suggestion of the Christian democrat Zijlstra.<sup>227</sup> Zijlstra argued that the existing roles of governments, markets and socio-economic consultation could remain in place if collective expenditures were sufficiently cut and if wage increases were only allowed to rise in a 'broad and gradual' fashion.<sup>228</sup>

The underlying idea was thus that the 'market economy' had not necessarily failed, as some more radical leftists claimed.<sup>229</sup> Accordingly, as Zijlstra stated, more centralized economic decision-making could not offer any solace in battling the crisis in the Netherlands: 'this is simply impossible' and such an approach would 'fit the Soviet Union, not us'.<sup>230</sup> In other words, according to business' spokespersons in SMO, the economic crisis had only laid bare a 'structural' problem of the Dutch economy. Therefore 'restructuration' would be necessary. Hans Weitenberg, an economist of the Netherlands Bureau for Economic Policy Analysis (*Centraal Planbureau*) and advisor of Ruub Lubbers, summarized what this would entail in *Doel en middel*: 'If we want this restructuration process to be successful, our economy should secure a good competitive position, considerable investments should be made, and we should

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<sup>226</sup> Ibid., 41-42.

<sup>227</sup> Ibid., 24.

<sup>228</sup> Ibid., 93.

<sup>229</sup> J. Weitenberg, 'Overleeft de markteconomie?', in: W. Albeda et al., *Doel en middel. Beschouwingen over economische politiek*. SMO-Boek 26 (The Hague 1983) 59-75, on 67-70.

<sup>230</sup> Vogelaar, *Economie aan de orde*, 86, 93. See also the assertion of the economist Piet Hein Admiraal that those who wish to centrally plan the economy but also retain a large degree of individual freedom 'overestimate the economic insights into causal relations and the political governability of economic life', in: Admiraal, *Doorvliegen of bijsturen?*, 56-57.

respond quickly to the new situation. In short, a recovery of competitive and profit positions is required, as well as a great degree of flexibility and adaptive capacity.<sup>231</sup>

The requirements of ‘flexibility’ and ‘adaptive capacity’ referred in other words to the necessity of ‘deregulation’. The crisis story-line was important in this respect because it seemed to have contributed to giving a renewed urgency to the arguments developed by SMO in defense of the autonomy of business in the early 1970s. The changes in emphasis found in SMO’s argumentative contributions to the discourse of environmental regulations between the early 1970s and early 1980s illustrate this point. In *Werk voor de toekomst* (1973), it was concluded that state policies aimed at influencing cost and price levels through focused tax levies would be desirable to stimulate the development of new cleaner products, even if some firms would object that the size of taxes impeded the maintenance of production levels. Indeed, it was posed that especially with regards to toxic substances, it would be preferable to prohibit specific production methods even if dilemmas would occur with other objectives of economic policy, unless there would be ‘truly severe’ consequences for employment levels and food supplies.<sup>232</sup>

The context of enduring economic crisis however seemed to have subtly shifted the hierarchy of priorities in this respect. As we saw above (section 1.2.), Gerrit Wagner of Shell had been one of the more prominent voices calling for a ‘chance to do the right thing in an acceptable way’ for business already in the early 1970s. Wagner would continue to defend the autonomy of business in the context of crisis by figuring as the public face of a governmental advisory commission which kickstarted the Dutch neoliberal reform agenda in the early 1980s.<sup>233</sup> Although by then, SMO still displayed its support for environmental tax levies in *De groei begrensd* (1983), Harrie Langman – a politician and former minister of the liberal conservative VVD who taken up a function as director of *Algemene Bank Nederland* (currently ABN AMRO) after their political career – sided in the same publication with the advice of the neoliberal Wagner-commission that ‘new proposals to reduce the environmental burden should be weighed against the expected negative economic effects.’<sup>234</sup> Furthermore,

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<sup>231</sup> Weitenberg, ‘Overleeft de markteconomie?’, 69.

<sup>232</sup> W.J. Beek et al., *Werk voor de toekomst* (The Hague 1973) 27-28.

<sup>233</sup> See: Mellink and Oudenampsen, *Neoliberalisme*, 172-175.

<sup>234</sup> C.W. Schouten et al., *De groei begrensd. De resultaten van de Club van Rome-discussie in Nederland*. SMO-Boek 25 (The Hague 1983) 47, 86.

SMO communicated in *De groei begrensd* (1983) that the 'green' policy instruments and regulations developed by the state since 1973 were considered to be extremely complicated by business firms.<sup>235</sup>

The crisis arguments therefore served to legitimize the deregulation of business, despite the fact that environmental issues were seen to demand significant changes in company behavior. Indeed, the calls for deregulation and the reduction of the tax burden on companies had arrived not just amidst environmental upheaval, but also in the middle of continued controversies surrounding the operations of business in controversial political regimes and its lacking overall social accountability.<sup>236</sup> This tension between deregulation and autonomy on the one hand, and socialization on the other, became visible in SMO's publications on the ethics of international economic relations and social accountability.<sup>237</sup> These works displayed continued endeavors to socialize business on a voluntary basis and inquire as to what kind of regulation would be fitting to achieve this.<sup>238</sup> At the same time, other SMO publications entailed argumentative projects to secure the autonomy of business and even activate individual companies to become politically engaged in the formation of public policy and state regulations.<sup>239</sup> The context of economic crisis bolstered these arguments for autonomy and business empowerment, but the prospect of socializing the firm was still communicated through two story-lines that were linked by a shared assumption on business' duty to answer to societal demands. The first of these related to international business and spread the following message:

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<sup>235</sup> Ibid., 81-82.

<sup>236</sup> Sluyterman, 'Corporate Social Responsibility', 333.

<sup>237</sup> See: M.G. de Bruin, R.F. van Heusden and H. Langman, *Progressief ondernemerschap*. SMO-Informatief 15 (The Hague 1977); J.D.M. Kruisinga (ed.) et al., *Onderneming en media*. SMO-Boek 4 (Scheveningen 1977); J.J.J. van Dijck, *Personeelsbeleid. Sociaal beleid. Vermaatschappelijking van de onderneming*. SMO-Informatief 20 (Scheveningen 1977); K. Fibbe et al., *Internationaal ondernemen en de rechten van de mens. Verslag van een symposium*. SMO-Informatief 79.3 (Scheveningen 1979); A.L.M. Arnolds et al., *Investeren in landen met een verwerpelijk regime. Verslag van een gedachtenwisseling over internationaal ondernemen en wereldwijde verantwoordelijkheid* SMO-Boek 6 (Scheveningen 1978); J.W. Briedé (ed.) et al., *Sociale rekenschap. Ontwikkelingen en stand van zaken van de communicatie tussen bedrijf en maatschappij*. SMO-Boek 19 (The Hague 1981); C.W. Schouten et al., *De groei begrensd. De resultaten van de Club van Rome-discussie in Nederland*. SMO-Boek 25 (The Hague 1983).

<sup>238</sup> The context of economic turmoil was expected by social democratic economists like Jan Pen to produce a primacy of 'employment arguments' over the necessity of drastic environmental policies. See: Schouten et al., *De groei begrensd*, 121. In the same publication, Wiero Beek nevertheless also maintained that the attention for the environment had remained noteworthy despite the economic downturn (see page 101 op. cit.).

<sup>239</sup> Wagner had argued already in 1973 that business was more useful to the government as an advisor and partner in dialogue than as an 'object of governmental measures'. See: Stichting Maatschappij en Onderneming, *Tussentijds bestek*, 16. M.G. de Bruin, the president-director of the National Railway Company (*Nationale Spoorwegen*), similarly persuaded business firms to take an active part in societal decision-making: De Bruin, Van Heusden and Langman, *Progressief ondernemerschap*, 15.

### **Story-line**

Business firms have social responsibilities towards society captured in and outside of law. Considering the absence of state power and laws in the global economy, business especially has to take responsibilities voluntarily in this domain. Even if ethical dilemmas may occur and even if there is no general global agreement on norms, multinational corporations can act in the spirit of human rights and with attention for the demands of the local populations, for instance by formulating codes of conduct in line with guidelines provided by international political institutions like the United Nations and the European Economic Community.

The context of international business relations was a significant ground for the responsabilization of business firms on a voluntary basis in the late 1970s. There was no real threat of state regulation in the supranational sphere, and therefore also no real urgency for SMO to defend the autonomy of business there. Despite so, or perhaps because of this fact, business was ought to act responsibly on a voluntary basis in the global economy. In a talk during a symposium on international business ethics published by SMO in *Internationaal ondernemen* (1979), Marga Klompé, a former politician and minister for the KVP (Catholic People's Party), argued that as the idea that business had social responsibilities towards society was accepted in the national context, this also logically implied that it had such responsibilities to abide by the ethical expectations of the populations living abroad.<sup>240</sup> A similar reasoning eventually led Joop den Uyl, who only resigned as prime minister two years earlier, to conclude that 'as long as there are so little international legal rules and mandatory prescriptions, business leaders should act voluntarily according to this logic.'<sup>241</sup>

Business representatives, labor union secretaries and politicians all seemed to agree on the general desirability of abiding to social norms beyond law in the supranational context.<sup>242</sup>

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<sup>240</sup> K. Fibbe et al., *Internationaal ondernemen en de rechten van de mens. Verslag van een symposium*. SMO-Informatief 79.3 (Scheveningen 1979) 8.

<sup>241</sup> Ibid., 37. In the same publication, Ruud Lubbers, who was at the time the parliamentary leader of CDA (Christian Democratic Appeal), criticized the idea that capitalist enterprise should be considered a given internationally, arguing how it should operate under the same conditions of legitimacy as it does nationally, namely that it is only acceptable so long as it functions to society and so long its revenues are redistributed fairly (see page 22 op. cit.). Gerrit Wagner however reacted to this claim on page 42 op. cit.: 'When Lubbers says that enterprise is not a given, I fail to understand him.'

<sup>242</sup> A.L.M. Arnolds et al., *Investeren in landen met een verwerpelijk regime. Verslag van een gedachtenwisseling over internationaal ondernemen en wereldwijde verantwoordelijkheid* SMO-Boek 6 (Scheveningen 1978) 10; Fibbe et al., *Internationaal ondernemen*, 45.

More controversial was the question of whether there was such a thing as a politically neutral domain for the enterprise. Business representatives like Gerrit Wagner (Shell), Klaas Fibbe (NCW), A.J. van der Meer (NCW), and J.C. Ramaer (Philips) opted for a significant space of political neutrality in the supranational sphere for business.<sup>243</sup> Fibbe, in re-iterating the argument that business was an efficient motor of prosperity, in fact emphasized how business' presence in 'developing countries' also contributed to raising the standard of living in possibly controversial regimes, providing conditions for a 'human rights-worthy' existence. This situation could thus raise ethical dilemmas.<sup>244</sup> Klompé, who was at the time active for the Roman Catholic Pontifical Council for Justice and Peace, argued that business could in any case not hide behind the pretense that it was not involved in politics, because as soon as it entered in commercial relations abroad it automatically supported the local political regime. Klompé therefore concluded that 'doing business is doing politics'.<sup>245</sup>

Questions were however still raised on who's norms to abide by. Harry van den Bergh, a member of parliament for PvdA (Labor Party), for instance argued that entrepreneurs should draw up codes of conduct based on the Universal Declaration of Human Rights.<sup>246</sup> Business representatives, however, complained that there was a lack of universally accepted norms over the globe and criticized advocates of a very principled international business ethics for being selective in their critique of regimes.<sup>247</sup> Despite this, it was widely acknowledged that there was a necessity to the voluntary adherence to extralegal social norms and that multinational corporations had the capacity and potential to honor this. Wagner, for instance, argued that multinational corporations should not be passive in the absence of laws, but they also made sure to defend the image of corporations like theirs (Shell). They argued that multinationals actually led the way in setting up international codes of conduct and following the guidelines of the United Nations and European Economic Community.<sup>248</sup> Wagner's discursive strategy thus functioned to generate trust among the public of business'

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<sup>243</sup> Arnolds et al., *Investeren in landen*, 10. Ramaer argued for instance that managers could not jeopardize their responsibility for the continuity of the firm if it happened to disagree with the political regime of a country it was active in (see page 9 op. cit.).

<sup>244</sup> Fibbe et al., *Internationaal ondernemen*, 14-19.

<sup>245</sup> *Ibid.*, 8-9.

<sup>246</sup> Arnolds et al., *Investeren in landen*, 15.

<sup>247</sup> *Ibid.*, 9; Fibbe et al., *Internationaal ondernemen*, 57.

<sup>248</sup> Fibbe et al., *Internationaal ondernemen*, 44-45.

conscience, even if this positive image of multinationals was contested by Den Uyl and Anton Hordijk, a labor union secretary.<sup>249</sup>

In the context of national economic relations, the increased social responsiveness of the private company towards societal demands was also viewed as a legitimate process – in some ways even as inevitable process intertwined with the rise of the large and ‘open’ managerial companies. Hence, it was considered time for the actual communication with society to start taking shape by multiple authors of SMO’s publications.<sup>250</sup> One of these was Harrie Langman, who argued that it was not enough for business people to abide by the law to attain social legitimacy, since the law only served to prevent the ‘grossest of infractions’.<sup>251</sup> The ‘merchants’ therefore ought to listen to the ‘preachers’ of society, to check whether their norms were in line with those of their social surroundings.<sup>252</sup> This idea laid at the basis of the following story-line:

#### **Story-line**

There is an empirically observable tendency towards the ‘socialization’ of the private firm. We should view the company primarily as a producer of goods and services, but also as a co-operation between interest groups, as a contributor to the public interest, and as a place in which all these three models need to be balanced and reconciled. If, then, firms are understood as such, the different interest groups should have a right to information on the policies of business that are relevant to their interests. The questions are how this duty for accountability should look like, how it should be regulated and what should be reported on? Accountability could come in the form of communication through media channels and year reports which contain information on the social ‘effectivity’ of the firm’s primary economic

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<sup>249</sup> Ibid., 36.

<sup>250</sup> See Cees de Galan’s essay in: De Galan, Hoefnagels and Kuin, *Kritiek en tegenkritiek*. See also J.J.J. van Dijk description of ‘processes of socialization’: Van Dijk, *Personeelsbeleid*, 20-21. Furthermore, note the promotion of the idea that even if society may not be right legally in their demands of business, they may still be right ‘psychologically’ by H. Schröder in: Kruisinga et al., *Onderneming en media*, 56. See also Harrie Langman’s argument: De Bruin, Van Heusden and Langman, *Progressief ondernemerschap*, 32-33. See also L. Traas’ presumption that interest groups need to remain willing to support the cooperative relation that the enterprise entails, otherwise the enterprise will be rejected: Briedé (ed.) et al., *Sociale rekenschap*, 20-21. Traas was inspired by the ‘modern organization theory’ of the American political scientist Herbert Simon, but they also shared similarities with the idea that business was a ‘subsystem’ of a societal ‘main system’ which decided over its legitimacy also outside of the domain of the state. This idea was propagated as well by Hein Schreuder and M.G. de Bruin. See: De Bruin, Van Heusden and Langman, *Progressief ondernemerschap*, 9; Briedé (ed.) et al., *Sociale rekenschap*, 39.

<sup>251</sup> De Bruin, Van Heusden and Langman, *Progressief ondernemerschap*, 34.

<sup>252</sup> Ibid., 35-36.



function with regards to set social indicators. We should however promote, in the first instance, objectives and norms that are set voluntarily by private parties on multiple levels of coordination.

According to professor emeritus of Accountancy S. Muller, the socialization of the firm raised questions on how the opinions and views of interested parties could be known, and how it could be expressed that a company was aiming to take these into account.<sup>253</sup> In line of these questions, one channel of communication that was explored by SMO was that of the mass media. In *Onderneming en media* (1977), SMO published contributions to a seminar it organized on the topic together with the foundation of business administration *Stichting Bedrijfskunde*.<sup>254</sup> Kuin attempted to enthuse business leaders to engage with the media and communicate to society ‘the enthusiasm about daily work which makes life in the enterprise so fascinating and satisfactory to many’.<sup>255</sup> However, Kuin was also quick to set a condition for sound communication through the media from the perspective of business. They emphasized once more how the media usually painted an all too negative picture of corporations and insufficiently illuminated the innovating function of business for society, a tendency they had to do away with.<sup>256</sup> This self-victimization of top managers like Kuin was sharply criticized as being self-righteous by Marc Chavannes in a contribution to the very same seminar.<sup>257</sup> Despite so, the general conclusions drawn of the seminar by F. Martin – president of the executive board of the flour manufacturer Meneba – seemed to be that media contained too many voices which aimed to distort the facts around business. Martin exclaimed: ‘I have spoken as an ordinary entrepreneur. Not as a man who has studied the topic. Yet as a man who – like so many entrepreneurs – can sometimes get angered by the rubbish published here and there about the business world, whether it is well-intended or not.’<sup>258</sup>

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<sup>253</sup> Briedé (ed.) et al., *Sociale rekenschap*, 8.

<sup>254</sup> See: Kruisinga et al., *Onderneming en media. Dagblad ter sprake* (1975) already covered this topic, but limited itself to the relationship between business and daily newspapers. See: E. Bloembergen, E. Diemer and H.J. Roethof, *Dagblad ter sprake. Mr. E. Bloembergen, dr. E. Diemer en dr. H.J. Roethof schrijven en discussiëren over dagbladpers, maatschappij en onderneming. Discussie 2* (Scheveningen 1975, 2<sup>nd</sup> print 1976).

<sup>255</sup> Kruisinga et al., *Onderneming en media*, 12.

<sup>256</sup> *Ibid.*, 10.

<sup>257</sup> *Ibid.*, 70-71.

<sup>258</sup> *Ibid.*, 95.

More potential perhaps lied Langman's proposal that companies' year reports be used for the purpose of communicating with society more than they had been up to that point.<sup>259</sup> This idea was taken on among others by professor of Business Economics L. Traas, who attempted to formulate general areas of attention for yearly reporting on the 'social effectivity' of companies in *Sociale rekenschap* (1981).<sup>260</sup> Traas proposed that companies report on the activities they had undertaken and were currently undertaking to limit the negative and optimize the positive effects of their primary function of economic production.<sup>261</sup> They subsequently pointed towards the necessity of developing clear measures for the social effectivity of companies from the perspective of various stakeholders in the company. They referred to Hein Schreuder's attempt to formulate a number of social indicators in their dissertation as an example.<sup>262</sup> Schreuder had proposed to include both 'subjective' indicators of the experience of working conditions set by company employees themselves, as well as 'objective' indicators set by the business firm or the state, and subsequently suggested that the same be done for consumer interests and environmental concerns.<sup>263</sup>

One core problem raised in this body of texts was, as J.J.J. van Dijck put it, how to reconcile 'rational' economic choice-making with the participation of social parties that are putting broader non-economic demands on companies.<sup>264</sup> More precisely, this raised issues of the balancing and weighing of interests of the groups which put claims on direction of decision-making inside companies.<sup>265</sup> Although Van Dijck left open the answer to this question, Langman had maintained earlier that the continuity of the company should be the ultimate bottom-line.<sup>266</sup> H. Schröder, who was a secretary of the chemical department of the industrial giant AKZO (currently AkzoNobel), similarly defended the primacy of commercial interests. Schröder had discussed a case study of interaction with society by their company as it ended

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<sup>259</sup> De Bruin, Van Heusden and Langman, *Progressief ondernemerschap*, 36-37.

<sup>260</sup> Briedé (ed.) et al., *Sociale rekenschap*, 29-30.

<sup>261</sup> Ibid., 30-34.

<sup>262</sup> Ibid., 30.

<sup>263</sup> See: H. Schreuder, *Maatschappelijke verantwoordelijkheid en maatschappelijke berichtgeving van ondernemingen*. Dissertation Leiden University (Leiden 1981). Schreuder maintained that social accountability was not the same as 'social activism', which they understood as the active battling of social issues by business firms. By posing this, they aimed to answer the concerns of critics of the socialization of business, in other words, they aimed to facilitate discursive coalitioning. Indeed, according to Schreuder, their conception of social responsibility of business was perfectly compatible with retaining the classic economic function of enterprises. Yet, Schreuder argued that not all effects of business could be accounted for by financial monetary calculations.

<sup>264</sup> Van Dijck, *Personeelsbeleid*, 21.

<sup>265</sup> See, e.g.: Briedé (ed.) et al., *Sociale rekenschap*, 30.

<sup>266</sup> De Bruin, Van Heusden and Langman, *Progressief ondernemerschap*, 37.

up in a controversy surrounding its plans to develop a synthetic citric acid by using small amounts of the highly toxic phosgene substance. They concluded that direct conversation with interest groups was the most fruitful way of communication, and in doing so, provided an early justification for stakeholder dialogue. Indeed, according to Schröder, dialogue was also useful from the perspective of company continuity, as they expected that the public would more readily accept situations in which companies let their private interest prevail over other concerns, if they were well-informed about its considerations in this respect.<sup>267</sup> At the same time, however, Schröder warned that extensive communication could also generate new concerns amongst the public.<sup>268</sup>

All of this communication, however, was suggested to take place on a voluntary basis, in the first instance. Th. P. van Hoorn at least argued so, in an attempt to set up a framework for deciding whether private or public forms of regulation would be most fit with regards to social reporting, and whether the norms captured in these regulations should be formulated on the level of national government, industry and collective negotiations, or on the individual firm level.<sup>269</sup> Van Hoorn acknowledged how their attempt to judge types of regulation was based on subjective criteria that could be contested, but insisted that these were important to formulate to prevent political results that were merely based on power, coalitions, and lobbying.<sup>270</sup> They eventually concluded that despite the fact that many insecurities still surrounded the qualities and desirability of various types of private and public regulations, a selection of ‘contenders’ could be made.<sup>271</sup> Based on their preference for private and multi-level forms of regulations – because these allowed for the fastest, most flexible, and most feasible decision-making – they recommended that norms for social reporting be decided via voluntary collective bargaining agreements, and they that be elaborated in individual firm statutes. If this fails, the government could order social partners to come up with reporting rules, and in the worst case, it could come up with a framework law itself, in consultation of these partners.<sup>272</sup> Van Hoorn’s recommendations thus reflected a preference for the

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<sup>267</sup> Ibid., 38.

<sup>268</sup> Kruisinga et al., *Onderneming en media*, 61.

<sup>269</sup> Briedé (ed.) et al., *Sociale rekenschap*, 93.

<sup>270</sup> Ibid., 101-102. Van Hoorn for instance judged regulation types on the degree in which they attributed responsibilities to ‘social partners’, a clear normative position on where the ideal responsibilities for formulating rules lied.

<sup>271</sup> Ibid., 107.

<sup>272</sup> Ibid., 127-128.

voluntary taking of social responsibilities by business which had won terrain in Dutch political and public discourse.

### **3.5. Discussion and conclusion**

Looking back on SMO's efforts to promote CSR in the years between 1971 and 1983, it becomes apparent how during the first active years of SMO, the discursive strategies found in its publications were largely *protective* of the institutionally dominant discourse in Dutch society. This meant that they were simultaneously *reactive* towards the promotion of alternative organizational models in society. That is to say, they served to protect the existing economic order which was characterized by a compromise between business autonomy and a fair degree of accepted state regulations and economic coordination against new proposals to significantly breach managerial autonomy. However, the discursive strategies which promoted the idea that business should and could be responsive to societal demands also contributed to undermining the desirability of state regulations, as they generated legitimacy for the position that business deserved a fair 'chance to do the right thing in an acceptable way'. In that sense, the voluntarism which had lost much of its appeal in the postwar era was being rehabilitated by SMO to serve as a kind of regulatory 'probation' for business to prevent further encroachment upon its autonomy. The strategies employed to achieve this legitimacy must therefore be understood to have *activated* an alternative conception of correct regulatory protocols by being *aggressive* towards the rising primacy of state regulation.

This did not mean that SMO's voluntarist ideas became discursively dominant, nor that they were readily institutionalized. Although especially from the early 1970s onwards, a limited number of large established companies started publishing 'social reports' as part of their yearly financial reporting and all sorts of initiatives of voluntarist self-responsibilization arose particularly among new small 'ethical' businesses, these initiatives were only truly developed in the margins of the economy at this time.<sup>273</sup> In the meantime, especially with

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<sup>273</sup> P. van Dam and A. Striekwold, 'Small is Unsustainable? Alternative Food Movement in the Low Countries, 1969-1990', *BMGN – Low Countries Historical Review* 137.4 (2022) 137-160, on 141-147; Sluyterman, 'Corporate Social Responsibility', 331. See also, as an example of voluntarist self-responsibilization in the banking sector, the establishment of ASN Bank in 1960: J.M. Peet, E. van Nederveen Meerkerk and F. van Schendel, '*Rente zonder bijmaak*'. *Een geschiedenis van de*

regards to ‘environmental hygiene’, the Dutch government initially remained eager to set official rules and develop extensive legislature, to the dissatisfaction of business representatives.<sup>274</sup> The upcoming years would however witness a more significant alteration of the dominant political discourse, as the idea of ‘deregulation’ gained prominence in government circles as well.<sup>275</sup> This idea was very well compatible with SMO’s recommendations surrounding the ‘probational’ voluntarist socialization of business.

As we saw in this chapter, the context of economic crisis gave a renewed urgency to the arguments developed by SMO in support of business autonomy. However, as the context to these arguments changed from the ideological politicization of the private company towards the enduring economic crisis, these arguments gained a more *aggressive* character towards the dominant discourse by *activating* the alternative regulatory vision that we may summarize as ‘deregulation’. Despite this, SMO also developed arguments to generate legitimacy for – and thus *activate* – the still alternative idea that business was willing and able to take responsibilities voluntarily to achieve a sufficient degree of socialization. This idea was especially promoted with regards to the ethics of international business relations, which included the promotion of voluntary codes of conduct and guideline frameworks by SMO. Yet this effort became most tangible in the development of principles and guidelines for communication with society, most significantly those of social accountability through year reports. These concepts and tools were developed primarily in relation to a company’s own employees by SMO during these years, but it seemed only a matter of time before other domains of social performance would generate similar attention.<sup>276</sup>

In actual business practice, however, environmental reporting had never really taken off. In fact, SMO itself noticed in 1983 how information, knowledge and business transparency on environmental performance indicators was lacking, and how especially current and future

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*Algemene Spaarbank voor Nederland en van haar ontwikkeling naar een ethische bedrijfsvoering, 1960-2000* (Amsterdam 2000).

<sup>274</sup> E. Tellegen, *Groene herfst. Een halve eeuw milieu* (Amsterdam 2010) 116-123; Sluyterman, ‘Corporate Social Responsibility’, 328-239. *Milieuhygiene* was the concept under regulations were developed by the state to battle the negative effects of the pollution of water, air, soil and plants on the health of the population in the national context.

<sup>275</sup> Hajer, *The Politics of Environmental Discourse*, 183.

<sup>276</sup> The prioritization of developing accountability principles and guidelines with regards to labor relations was possibly because firm democratization and work quality were considered to be the most pressing issues at the time. This at least motivated Van Hoorn to focus on the social policies of companies. See: Briedé (ed.) et al., *Sociale rekenschap*, 94.

environmental impacts were not reported on in a clear fashion.<sup>277</sup> Furthermore, despite SMO's efforts to stimulate reporting towards employees, some major companies like Philips and Hoogovens nevertheless terminated these practices in the 1980s.<sup>278</sup> It is difficult to say whether this indicated an overall decrease in social accountability towards company employees in the Netherlands, since the early 1980s also witnessed the passing of both European and national level legislation on safety, health and well-being conditions which presupposed an agenda-setting role for the works' councils of large companies.<sup>279</sup> Furthermore, works' councils gained leverage in company decision-making as the Works' Council Act was reformed in 1979.<sup>280</sup> While Keetie Sluyterman maintained that discussions on industrial democracy took a backseat for a while during the years of economic crisis, the passing of legislation on these matters may thus have also led to some degree of closure in these debates.<sup>281</sup> However, these regulations applied strictly to the domestic political economy of the Netherlands. As the labor input of especially Dutch industrial companies became more organized on a multinational basis, their responsibilities towards employees (including those working overseas) may have been significantly 'reduced and restructured', as Sander Quak, Johan Heilbron and Romke van der Veen have argued to have been the case for Philips and ING.<sup>282</sup>

The trimming of responsibilities towards employees came as a result of a specific reading of the economic ills which lingered in the Netherlands at the time and which pointed towards the decreased profitability of Dutch business as the core issue. The dominance of this interpretation may have contributed to more or less 'securing' the autonomy of business in the minds of the Dutch populace for the time being. The crisis narrative, with its emphasis on the existence of common interests in a profitable economy for both capital and labor, possibly achieved this by facilitating the formation of discursive coalitions with labor union representatives, social democrats and left-leaning Christian democrats who had attempted to

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<sup>277</sup> Schouten et al., *De groei begrensd*, 83-84.

<sup>278</sup> Sluyterman, 'Corporate Social Responsibility', 332.

<sup>279</sup> E. Nijhof and J.E. van den Berg, *Het menselijk kapitaal. Sociaal ondernemersbeleid in Nederland. Bedrijfsleven in Nederland in de Twintigste Eeuw 4* (Amsterdam 2012) 302-303.

<sup>280</sup> K.E. Sluyterman, *Dutch Enterprise in the Twentieth Century: Business Strategies in a Small Open Economy*. Routledge international studies in business history 11 (Abingdon/New York 2005) 195; Nijhof and van den Berg, *Het menselijk kapitaal*, 193-196.

<sup>281</sup> Sluyterman, 'Corporate Social Responsibility', 332.

<sup>282</sup> S. Quak, J. Heilbron and R. van der Veen, 'Has globalization eroded firms' responsibility for their employees? A sociological analysis of transnational firms' corporate social responsibility policies concerning their employees in the Netherlands, 1980-2010', *Business and Politics* 14.3 (2012) 1-21, on 20.

defend the standards of living of workers.<sup>283</sup> In a way, then, the public embrace of this storyline may have been conditioned upon a prioritization that was implicit in Dutch public discourse at the time. This prioritization entailed that sustaining the growth of domestic economic welfare should trump the combatting of wider socio-ethical concerns, which could be reached by regulating the autonomy of business and thereby perhaps surrendering material growth to some degree. In this respect, the crisis narrative contributed to generating legitimacy for the voluntarist self-responsibilization of business as a form of regulative ‘probation’, since it more or less implied that CSR likely reflected the best balance between domestic economic welfare and a socialized economy. As the next chapter will demonstrate, the primary challenge for SMO in the following years was to persuade and facilitate the honoring of this regulative probation by individual firms.

Similar to Daniel Kinderman’s findings for the UK, then, the rise of CSR in the Netherlands in this period did not necessarily seem a response to neoliberalization.<sup>284</sup> Instead, the relationship between voluntary socialization and neoliberalization – at least from the perspective of business itself – was less antagonistic, since both followed from a common business-led project of protecting the autonomy and profitability of companies by curbing the extent of public claims on its decision-making processes and financial resources. In this respect, deregulation and CSR were two faces of the same coin. In fact, one affiliate of Dutch neoliberalization, Gerrit Wagner, could also be heard calling for voluntary socialization in this period. The Dutch case therefore also confirms the idea that social conditions of perceived political threats to business’ interests gave rise to business-led efforts to promote CSR, similar to what Rami Kaplan and Daniel Kinderman had hypothesized.<sup>285</sup> The Dutch case, however, also sheds light on the importance of the argumentative links between the concepts of free enterprise, profitability, economic growth, and societal prosperity for facilitating discursive coalitions in support of CSR’s legitimacy within a domestic political context.

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<sup>283</sup> Sluyterman, ‘Corporate Social Responsibility’, 332.

<sup>284</sup> D. Kinderman, “Free us up so we can be responsible!” The co-evolution of Corporate Social Responsibility and neo-liberalism in the UK, 1977-2010’, *Socio-Economic Review* 10.1 (2012) 29-57.

<sup>285</sup> R. Kaplan and D. Kinderman, ‘The Business-Led Globalization of CSR: Channels of Diffusion From the United States Into Venezuela and Britain, 1962-1981’, *Business & Society* 59.3 (2020) 439-488, on 450.

## 4 DEVELOPING THE TOOLS:

### TOWARDS 'CORPORATE SOCIAL RESPONSIBILITY', 1984-2004

#### 4.1. Introduction

In 1988, SMO's director Willem de Ridder stood at the horizon of the past efforts of SMO to defend the autonomy of business and simultaneously socialize it under that very condition. They looked back and observed how

*Entrepreneurs cannot escape reflecting upon their societal role. Indeed, in the past two decades, the business community has experienced the influence of politics on its actions and results in a dramatic way. Furthermore, in recent years, the impression has arisen that the government struggles to achieve its policy goals and increasingly relies for this on the business sector. Continuous efforts are therefore made to shape this relationship.<sup>286</sup>*

De Ridder subsequently attempted to see what lied ahead of business in the near future, as they wrote:

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<sup>286</sup> W.J. de Ridder, *Ondernemen in een intelligente economie. De opkomst van de eco-maatschappij*. SMO-Boek 47 (The Hague 1988) 6.



*For business, this is a double-edged sword. If empowered people give expression to societal interests in their behavior, and if enterprises respect the wishes of their customers, employees and financiers, then intensive government-business cooperation has become inevitable. As a result of this, companies play an increasingly active role in our society.<sup>287</sup>*

De Ridder in fact saw the dawning of a new era, the advent of a new ‘eco-society’ which relied upon new ‘steering mechanisms’.<sup>288</sup> Indeed, as the director of SMO, De Ridder would oversee its efforts during the upcoming decades to contribute to the construction of new steering mechanisms based on the voluntary socialization of business. This chapter discusses the argumentative contents of these efforts by addressing the following question:

*What story-lines and discursive strategies did business formulate with regards to the social regulation of economic production between 1984 and 2004, and how did these contribute to establishing voluntarist ideas as legitimate?*

Throughout the 1980s and early 1990s (1984-1992), the arguments in SMO’s brochures and books for voluntarist social responsibility became more implicit as the social-neoliberal view of proper business regulation gained discursive dominance in society. The main issues steadily came to revolve around how to actually implement these new ideas about social regulation in the practices of business management and governmental policy-making alike. In an argumentative sense, this amounted to reiterating the necessity of deregulation, facilitating the development of an active attitude among firms towards the ‘political market’, exploring the potential of stakeholder dialogue, greeting the ‘ethical market’ with mixed enthusiasm, and developing management concepts for the integration of environmental, social and politico-ethical concerns in the daily operations of business.

All these themes would continue to dominate the 1990s and early 2000s (1993-2004), but SMO departed from convincing business and society of the desirability of voluntary socialization as the neoliberalization of public regulation consolidated, and instead moved

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<sup>287</sup> Ibid.

<sup>288</sup> Ibid., 10-11.

towards the further development of management concepts such as Public Affairs, eco-efficiency, and business ethics. Furthermore, SMO aimed to provide companies with the conceptual tools to integrate the various domains of their social responsibilities with concepts like ‘integral quality and supply-chain management’, and indeed, ‘corporate social responsibility’. By 2004, it had become clear how business – through SMO’s activities – had meaningfully contributed to constructing CSR as a legitimate means for the social regulation of business. In doing so, it had advocated and defended the primacy of Profit, as opposed to People, and Planet.

## ***4.2. Activating business: The private company as a social partner, 1984-1992***

Since the autonomy of business was seemingly ‘secured’ for the time being in the early 1980s, SMO seemed significantly less bothered with promoting the idea that free enterprise was a condition for a morally sound and economically prosperous society. Indeed, fundamental and explicit discussions on the ‘economic order’ would more or less disappear from SMO’s catalog, as will be testified by the analysis in this chapter. This possibly reflected the wider political dominance of the idea that ‘free enterprise’ in a mixed economic order was desirable, or in more precise terms, that private companies should be administered by an as large as possible managerial discretion in the regulative context of an ‘enabling’ or ‘frame-setting’ state. Thus, within this ‘social-neoliberal’ view, neoliberalization did not necessarily have to imply the complete roll-back of public services or state regulations of the economy.<sup>289</sup> Even to neoliberal economists like Floor Hartog this seemed impossible in any case, as they commented that ‘one cannot simply rid oneself’ of the extent to which the public sector had grown, one could merely attempt to limit its further growth.<sup>290</sup> At any rate, the crucial

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<sup>289</sup> E. Nijhof and J.E. van den Berg, *Het menselijk kapitaal. Sociaal ondernemersbeleid in Nederland. Bedrijfsleven in Nederland in de Twintigste Eeuw 4* (Amsterdam 2012) 302-303. Nijhof and Van den Berg argued that neoliberal projects of reducing the ‘directive’ role of the state did not necessarily end up in the market becoming the primary regulative mechanism in the 1980s. Instead, the state still aimed to provide a ‘script’ for the behavior of companies in the shape of legal minima and supervised the adherence to these rules. European-level legislation increased as well during the 1980s. Moreover, companies still often relied on existing corporatist institutions such as the Social and Economic Council and the Labor Foundation for coordination between them and laborers in collective bargaining.

<sup>290</sup> N. Vogelaar, *Economie aan de orde*. SMO-Informatief 80.2 (Scheveningen 1980) 41.

assumption underlying this social-neoliberal perspective remained that business was an efficient motor of economic growth, and as such, it was best left to perform its economic function as purely as possible.

The booklet *Mensen en bossen* (1984) clearly exemplified how this assumption about business' social function had become more or less implicit in the arguments promoted in SMO's publications around this time as well.<sup>291</sup> The publication was the result of a cooperation between a group of scholars affiliated with Wageningen University (at the time *Landbouwhogeschool Wageningen*) who were all specialized in some subfield of forestry and a number of prominent figures from the Dutch wood industry.<sup>292</sup> To effectively battle deforestation in tropical woods, the booklet stated, the government had to provide a favorable national climate with regards to legislature, infrastructure, education, financial-economic conditions. Furthermore, local populations had to participate in forest management programs, while the non-profit sector had to play a part in areas where political or commercial action could not be expected to be taken shortly. Business, however, 'should do that which is its task: business.'<sup>293</sup> Accordingly, firms were considered to be right in demanding that their activities paid themselves off, and they were persuaded to 'enter markets for clean technologies at an early stage'.<sup>294</sup>

The state was primarily burdened with creating favorable preconditions for economic adaptation, which displayed to continued acceptance of public regulations, despite the earlier embrace of 'deregulation' by the business world. Indeed, in a way, it seemed more important to SMO that the rules which were set by the government came about through direct consultation of relevant companies, than that the government actually refrained from setting rules at all. This was especially evident in areas where the state had traditionally played a leading role, such as urban planning.<sup>295</sup> Business, as a social partner in the process of rule-setting, would consequently watch over the 'quality' of legislation, which meant in practice

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<sup>291</sup> See: M.M.G.R. Bol et al., *Mensen en bossen*. SMO-Informatief 84-4 (The Hague 1984). See also the statement that 'the public interest is not served with unprofitable business' in: L. van den Berg (ed.), *Stedelijke vernieuwing. De relatie overheid-bedrijfsleven en public-private partnerships*. SMO-Boek 41 (The Hague 1987) 21.

<sup>292</sup> Bol et al., *Mensen en bossen*, 5-6.

<sup>293</sup> *Ibid.*, 66.

<sup>294</sup> *Ibid.*, 66, 82-83.

<sup>295</sup> SMO for instance argued for the desirability of Public-Private Partnerships (PPP) in this area. See: Van den Berg, *Stedelijke vernieuwing*.

that it would ensure that these rules would remain ‘realistic’ in terms of cost-feasibility.<sup>296</sup>

This idea was spread by SMO in a number of publications which communicated the following story-line:

### **Story-line**

The state should pay homage to the necessity of deregulation and should more actively involve individual firms in its decision-making and policy formation to secure that economic trade-offs are clearly made visible and fairly taken into account. Yet, individual firms should also recognize the importance of their own implication in societal decision-making for creating and maintaining the conditions which secure its continuity. Although some businesses shy away from developing a ‘public affairs’, they should avoid the risk of becoming excluded in the inevitable advent of the new network-based eco-society and ‘intelligent’ economy of advanced communication technologies. Business should interact with the various markets surrounding them, including the ‘political market’, to avoid the external imposition of measures by society. The way in which a firm may influence its political environment does not differ in essence from the way it may influence its commercial environment. In doing so, firms may ‘earn’ the conditions upon which they can continue the pursuit of their economic goals by adhering to the wishes of citizens, just like they earn money by adhering to the wishes of consumers.

As can be read in the story-line above, SMO promoted a social-neoliberal perspective on proper regulation which had two interlinked facets. The first was the re-subjectivation of government officials, who were now expected to apply the principles of deregulation in processes of designing legislation, which would include the bilateral consultation of business in these processes. The second was the rationalization of this consultation between government and business firms from the perspective of commercial interest, in order to re-subjectify business managers.

The attempts to re-subjectify government officials became especially evident in the context of the environmental problems of acid rain and soil contamination. In *Schone lucht* (1986), the

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<sup>296</sup> See, for instance: W.J. Beek et al., *Schone lucht. Aanzet tot een nationaal plan*. SMO-Boek 38 (The Hague 1986) 102.

authors – among whom was Wiero Beek, the former president of Unilever Research Laboratorium and member of the neoliberal Wagner-commission – expressed their concerns over the extensive General Environmental Hygiene Act (Wet Algemene Bepalingen Milieuhygiëne) and complained that ‘despite the lip service paid to deregulation, and despite the markedly valuable but dusty advices of the Vonhoff- and Geelhoed-commissions, the practice turns out to be the opposite.’<sup>297</sup> SMO indeed continued to remind Dutch government officials of the necessity to formulate ‘manageable’ rules and norms by adequately consulting business as late as December 1992.<sup>298</sup> *Schone grond* (1992), a booklet which opted for a ‘common-sense approach’ to the massive soil decontamination projects envisioned by the Lubbers cabinets, critically pointed out how business had not formed a part of the dialogue in which guidelines for soil decontamination had been formulated under the Interim Soil Decontamination Act (1983: *Interimwet Bodemsanering*, IBS).<sup>299</sup> *Schone grond* furthermore cited quotations from a survey which formed part of a ‘stakeholder analysis’ conducted by SKIM, a commercial bureau for market and policy research hired by SMO for this cause. Anonymous representatives of business and local governments argued in these quotations that the decontamination norms that were set were ‘political’ and not ‘scientific’, and posed that ‘the Act is not efficient and the objectives are wrong. This has effects on the government-business relationship as partners in dialogue.’<sup>300</sup>

The core argument of *Schone grond* can thus be understood as a discursive strategy of presenting governmental procedures as ‘unscientific’ in the case that they are not drafted in cooperation with business; the efficacy of this argument thus exposed the apparent discursive authority of scientific knowledge in Dutch political discourse. Indeed, business was more often presented as a field in which scientific knowledge was held in much higher regard than in government circles. This became evident in the usage of the term ‘zakelijk’ (or

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<sup>297</sup> Ibid., 103. See also: B. Mellink and M. Oudenampsen, *Neoliberalisme. Een Nederlandse geschiedenis* (Amsterdam 2022) 172.

<sup>298</sup> This is when *Schone grond* was published, a booklet which was the result of a research project organized by SMO on standard-setting in soil decontamination policy. See: E. Keus, *Schone grond. Een ‘gezond verstand’-scenario voor de aanpak van bodemverontreiniging*. SMO-Informatief 92.6 (The Hague 1992) 73. SMO claimed that in accordance with its philosophy, it composed a base of support that was as broad as possible. By this, SMO must have referred to a broad base of support among the business world, and not society as such, since 14 of the 15 members of the supervisory commission of the project were recruited from Philips, Shell, Akzo, Unilever, and a range of consultancy firms active in the sector of soil decontamination, including Heidemij (see page 74 op. cit.).

<sup>299</sup> Keus, *Schone grond*, 20.

<sup>300</sup> Ibid., 21.

'businesslike') by SMO's authors. The Dutch press had welcomed the political style of the first Lubbers cabinet (1982-1986) as '*de nieuwe zakelijkheid*' ('the new business-mindedness', a term which also referred to the 'objectivity' of modernist architecture.<sup>301</sup> A similar coupling of a business and scientific mentality was visible in SMO's *Schone lucht* (1986). Wiero Beek, who had become a part-time university lecturer of 'Technological Exploration' in Delft, maintained that not one interest group could oversee the complexity of air pollution issues and thus concluded that it was in the best interest of all to take a 'strictly businesslike and factual approach' in the balancing of the enormous re-allocations of national resources that were demanded by this problem.<sup>302</sup>

The assumption that business was more scientific and realistic in developing its policies than the state also seemed to underlie the propagation of the introduction of financial stimuli in the public administration of municipalities in *Stedelijke vernieuwing* (1987).<sup>303</sup> Leo van den Berg and Leo Klaassen – respectively senior lecturer of Regional Economy and professor emeritus of Economics of Erasmus University Rotterdam – argued that municipalities would have to find ways to make their financing more dependent upon the success of urban planning, the latter of which was in turn seen to be measured by the economic successes achieved through urban planning.<sup>304</sup> In that spirit, they even stated that 'many people who work at municipal institutions will have to learn to think less purely in terms of accounting and more commercially; this is desirable anyway in the current era in which finances play such a predominant role.'<sup>305</sup>

Yet, it were not just government officials who had to adapt to the new regulatory principles. The 'political market' would figure prominently in works published by SMO between 1986 and 1996 as a concept through which business actors were persuaded to more actively engage

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<sup>301</sup> M. Oudenampsen, 'Between conflict and consensus: The Dutch depoliticized paradigm shift of the 1980s', *Comparative European Politics* 18.5 (2020) 771-792, on 782.

<sup>302</sup> Beek et al., *Schone lucht*, 102.

<sup>303</sup> Van den Berg, *Stedelijke vernieuwing*, 26-29.

<sup>304</sup> Ibid.

<sup>305</sup> Ibid., 29. Indeed, more generally speaking, SMO's director Willem de Ridder expressed the hope that politicians active in the 'political market' would start to more genuinely approach their actual 'customers' as the empowered citizens that they in fact were. This statement, as understood within the history of the discursive strategies employed by SMO to promote a social-neoliberal conception of regulation, likely meant that De Ridder urged politicians to become more receptive to dialogue with business. See: De Ridder, *Ondernemen in een intelligente economie*, 33-34.

with government officials and politicians for their own sake.<sup>306</sup> This became first and foremostly evident in *De politieke dimensie van het ondernemen* (1986). In this booklet, James H. Leyer and two senior ‘Public Affairs’ consultants connected to their consultancy firm argued that the managers of private companies could view the political system as a ‘market’ in which they could ‘earn’ the conditions of for making its money by engaging in profitable ‘trade-offs’ with the government and politicians, analogous to how they earned money by attending to the needs of consumers.<sup>307</sup> Such an approach to politics would move firms beyond their ‘adaptational’ attitude towards politics, as exemplified by the functional, but ‘not strategic’ interest advocacy of their representative associations.<sup>308</sup> The consultants also took care not to offend liberal convictions about the undesirable meddling between the ideally separate domains of economy and politics, reassuring their readers that ‘the primacy of politics is left untouched in this way, just like influencing the market through marketing is possible if consumer sovereignty is respected.’<sup>309</sup> This discursive strategy thus aimed to rationalize the proactive self-involvement of business in political processes from the perspective of business economics, i.e., by recommending such activities from a ‘strategic’ point of view.

N. van Lookeren Campagne, the former head of the department of Environmental Affairs of Shell, took this recommendation another step further. They suggest that business should become more proactive in involving itself in the intellectual processes that precede the setting of rules and the formulation of policies by the government. According to Van Lookeren Campagne, business would do well to involve itself in the early stages of knowledge formation

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<sup>306</sup> See: J.H. Leyer, E.C. Kamerbeek and A.H. Peterse, *De politieke dimensie van het ondernemen*. SMO-Informatief 86.1 (The Hague 1986); De Ridder, *Ondernemen in een intelligente economie*; W.J. de Ridder and W.P. de Ridder, *Ondernemende politiek. Een visie op Public Affairs*. SMO-Boek 96.2 (The Hague 1996).

In *Schone grond*, the image of a faltering ‘cycle of the political market’ in which the feedback loops between government and society malfunctioned was invoked, instead, to persuade the central government to more adequately consult ‘society’. According to the authors, it had apparently become impossible to evaluate results or set standards that could rest on a basis of scientific consensus, and there was apparently no room for a genuine cost/benefit analysis. It was therefore considered necessary for the sake of effective societal decision-making that business was more seriously implicated in political debates. Business presented itself to exist in coalition with local governments in this respect. See: Keus, *Schone grond*, 25-26.

<sup>307</sup> Leyer, Kamerbeek and Peterse, *De politieke dimensie*, 7-13, 65.

<sup>308</sup> *Ibid.*, 64. This did not mean, however, that the concept of Public Affairs was new to SMO or to the business world for that matter. Indeed, H. Schröder had already recommended that business develop a continuous bilateral communicative relation with interest groups and governments within their Public Affairs or ‘Corporate Communications’, and that they departed from unilaterally informing the public as was common within practices of ‘old style Public Relations’. See: J.D.M. Kruisinga (ed.) et al., *Onderneming en media*. SMO-Boek 4 (Scheveningen 1977) 62.

<sup>309</sup> Leyer, Kamerbeek and Peterse, *De politieke dimensie*, 62. See also: De Ridder, *Ondernemen in een intelligente economie*, 12.

and evaluation of environmental issues in scientific circles, as this may give them the opportunity to judge the relevance of knowledge for certain policy priorities at an early stage themselves and also give more time to develop solutions.<sup>310</sup> In fact, Van Lookeren Campagne argued that governments actually often appreciate and request for assistance by interest groups in contributing to the ‘foundations’ of policy-formation. Crucially, moreover, by engaging in processes of knowledge development business could function as a critical check of the tendency of states to avoid ‘real issues’ and to make environmental questions an object of geopolitical trade-offs or a source of public income.<sup>311</sup> Van Lookeren Campagne’s argument therefore illustrates how SMO justified the promotion of a voluntary and proactive involvement by business in political and scientific processes by presenting business as genuinely dedicated to the effective battling of environmental hazards. This strategy did not conceal, however, that business’ dedication to the environment was intricately wound up with its concerns over the ‘quality’ of state regulations and the possible effects of them on altering the cost-levels of processes within the firm.

In taking stock of the discursive strategies and story-line developed by SMO to re-subjectify the state and business firms for objective of social-neoliberal regulation, it is important to note that the arguments discussed were not aimed at promoting the voluntary socialization of business firms *as such*. These strategies are nevertheless important to highlight because they were a crucial discursive facet of the promotion of CSR. From the outset, the propagation of voluntarist self-responsibilization had namely been inextricably linked to the promotion of a more general ‘societal turn’ among business firms. As part of this societal turn, firms would claim a seat at the table of public rule-setting as a social partner outside of the traditional institutional channels of neo-corporatism. At the same time, firms would engage in open communication and consultation with society. Thus, the promotion of CSR discursively depended on the promotion of this new social-neoliberal regulatory ‘package’ by SMO, which held, in short, that where regulation was inevitable, deregulation and the implication of business in the process of rule-setting was paramount, and in issues where regulations were absent, voluntary socialization was to be preferred. This voluntary socialization, then,

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<sup>310</sup> N. van Lookeren Campagne, *Global Change*. SMO-Boek 91.3 (The Hague 1991) 71-73.

<sup>311</sup> *Ibid.*, 73-74.



continued to be promoted by SMO as the foundation spread the following story-line among its readers:

### **Story-line**

The fact that we have to confront systemic and supranational problems without resorting to prohibitions and orders devised by the state points towards the necessity of developing new forms of societal decision-making. These should rely on the voluntary commitment of all parties which have an impact on these grand issues, have certain interests in the practices that currently relate to these issues, or which play a role in the implementation of the solutions for these issues. Multi-stakeholder dialogue, as a complement to state regulations, is a worthwhile form of decision-making to pursue in order to reach a societal consensus on these matters. But there are also other suitable instruments which leave intact the economically useful dynamic of enterprise, such as tax levies to integrate collective costs in the strategic policy of business and the choices of individuals, or the education and information of consumers to reach more ethical consumption patterns. Business transparency is demanded for the latter to function properly.

The observation that lied at the basis of this story-line was that business firms had failed to take serious steps towards being transparent about how they integrated societal concerns in their daily conduct ever since SMOs had undertaken efforts to persuade them to do so. In *Ondernemen in een intelligente economie* (1988), De Ridder speculated that Dutch companies were reluctant to openly formulate principles of behavior through Codes of Conduct out of fear for being held publicly accountable for them.<sup>312</sup> However, in a way, this was exactly what CSR was about. It thus remained key for SMO to continue convincing the business world of the desirability of communication and interaction with society. De Ridder's eagerness to depoliticize the adaptation of neo-corporatist and state-centered regulatory practices to what they viewed as a new society of advanced communicative technologies and network relations could perhaps be understood in this light. In a discursive act of reconfiguring causal relationships, De Ridder firstly argued that the state was now itself looking for a new role because 'the far-stretching redistribution of income and extensive state regulations had not produced their desired effects', thereby neglecting the part played by

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<sup>312</sup> De Ridder, *Ondernemen in een intelligente economie*, 13.

SMO in promoting story-lines which implied a thorough reform of the state's regulatory apparatus in light of crisis trade-offs and the necessity 'to make difficult choices' in the recent past (see Chapter 3).<sup>313</sup>

De Ridder's depoliticization strategy however applied to business firms just as much. Inspired by the idea that business should take a 'macroscopic' view of its position within the global society developed by the French businessman and physicist Joël de Rosnay, De Ridder posed that business firms had to take care not to exclude themselves in the inevitable process of transformation towards a new 'eco-society'. This post-industrial society – one that was importantly enough not marked by zero growth but by 'balanced growth' – would give rise to a new 'steering mechanism' aimed at harmonizing society through 'the cybernetic meaning of the term "regulation"'.<sup>314</sup> A crucial feature of this new society was that it harbored the 'empowerment' of citizens as consumers, employees and investors, an aspect which testified to the 'politicization of society', according to De Ridder. There were signs that consumers were making more politically motivated choices, that employees were demanding ethical reflection in board rooms, and that shareholder meetings had become a platform of political agitation.<sup>315</sup>

Apart from such strategies aimed at presenting the development of new steering mechanisms as necessary from the perspective of inevitable social developments, SMO also continued to promote skepticism surrounding the capacities of states to govern the economy. In *Een nationale aanpak van de verzuring* (1989), C.W. Schouten referred to the inaugural lecture with which Helias A. Udo de Haes had assumed a position as professor of Environmental Sciences at Leiden University.<sup>316</sup> In their lecture, Udo de Haes argued that working with state-sanctioned prohibitions and orders (or 'physical regulation') in environmental policy would be little effective, since the uncontrollability of environmental problem lied in essence with the fact that the potential of the government to control the behavior of 'individual car drivers, farmers and firms' falls short. State prohibitions would not lead towards active

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<sup>313</sup> Ibid., 11.

<sup>314</sup> Ibid., 10-11.

<sup>315</sup> Ibid., 13-14. See also page 17-29 op. cit. for De Ridders discussion of trends and types of ethically motivated consumption, employment and investment.

<sup>316</sup> H.A. Udo de Haes, *Persoonlijk voordeel: van vijand tot bondgenoot in het milieubeheer*. Inaugural Lecture Leiden University (1987).

participation, according to Udo de Haes, while monitoring and enforcement was also becoming 'an ever greater problem' for governments. Furthermore, environmental issues crossed national borders.<sup>317</sup> This argumentation complemented the discursive strategies of the 1970s and early 1980s, in which the state was de-qualified as an agent of efficient economic decision-making and planning, and in which the economy was presented as too ungovernable for a central authority. Yet, by the late 1980s, the incapacities of the state were presented as more generally relating to the practice of governing individuals as such.

The publication subsequently put forward Udo de Haes' proposal for employing 'new policy instruments' as a complement to physical regulation, namely: 'information and education' when the interests business, citizens and the environment aligned; making the environmentally-friendly behavior personally profitable in cases where interests did not align; and finally, engaging in 'consultation and negotiation' with interest groups by the government with the aim of generating consensus and informal agreements in society.<sup>318</sup> According to Udo de Haes, the government already aimed at realizing the latter through promoting the internalization ('*verinnerlijking*') of environmental concerns among 'target groups'.<sup>319</sup> In the same spirit, Udo de Haes recommended a new form of consultation based on what was known in the United States as 'mediation' and what came down to the voluntary participation of societal groups in organized sessions of multi-stakeholder dialogue with the goal of reaching consensus.<sup>320</sup>

Although Udo de Haes likely envisioned the central government as the initiator of such societal mediation, SMO took the liberty of organizing a multi-stakeholder dialogue on the issue of acidification in 1987 under the name '*SMO-Luchtforum*'.<sup>321</sup> The organization of the dialogue was nevertheless financed by the Dutch Ministry of Housing, Spatial Planning and the Environment, as well as ANWB, Akzo, BP Raffinaderij Nederland, DSM, Esso Benelux, Hoogovens, Shell, and Sep ('*Samenwerkende elektriciteitsproductiebedrijven*').<sup>322</sup> To help

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<sup>317</sup> C.W. Schouten, *Een nationale aanpak van de verzuring. Het verloop van een forumproces*. SMO-Informatief 89.2 (The Hague 1989) 27-28. See also: Udo de Haes, *Persoonlijk voordeel*.

<sup>318</sup> Schouten, *Een nationale aanpak van de verzuring*, 28-29.

<sup>319</sup> Ibid., 28. See also Maarten Hajer's discussion of *verinnerlijking* as the 'linchpin of Dutch ecological modernization', a discourse which shared affinities with the social-neoliberal promotion of a 'responsible society': M.A. Hajer, *The Politics of Environmental Discourse. Ecological Modernization and the Policy Process* (Oxford/New York 1995) 186-190.

<sup>320</sup> Schouten, *Een nationale aanpak van de verzuring*, 29.

<sup>321</sup> Ibid., 29.

<sup>322</sup> Ibid., 5.

guard the principles of the Forum, SMO appointed an advisory committee consisting of representatives of the government, large corporations, and environmental civil society organizations (CSOs). Among its members were N. Van Lookeren Campagne of Shell, who would later activate business to involve itself in scientific processes, and Jacqueline Cramer, a representative of *Milieudefensie* (the Dutch branch of Friend of the Earth) who would later play a significant role in developing eco-modernist management concepts for business to integrate environmental standards in their production processes (see section 4.3. below).<sup>323</sup>

In the end, SMO considered the multi-stakeholder Luchtforum a success story, despite the fact that it also concluded that Luchtforum could not guarantee social action and that ‘in this voluntary cooperation, consensus over measures which could produce more far-reaching reductions could not be reached’, while also ‘no breeding ground could be found for (...) measures which explicitly aim to decrease the production volume of a sector during the forum process.’<sup>324</sup> SMO still found it worthwhile to emphasize the positive aspects of this type of societal mediation, as it was seen to put issues on a broader agenda and to complement the bilateral consultation of governments through mitigating ‘arguments that shift responsibilities towards different sectors’. Furthermore, the forum process was seen to generate acceptance of ‘verifiable and testable’ agreements between governments and industry sectors without making state regulations necessary.<sup>325</sup> However, SMO also posed that this type of multi-stakeholder dialogue could not substitute bilateral consultation between government and business, and indeed, SMO had also organized a bilateral ‘Politiek forum’ between politicians and entrepreneurs in cooperation with the Scientific Council for Government Policy (WRR) almost in parallel with Luchtforum.<sup>326</sup> Despite so, SMO’s enthusiasm for organizing broad societal debates continued, as could be seen, among others, through its initiation of the *Nationaal Economie-debat* in 1991.<sup>327</sup> SMO therefore attempted

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<sup>323</sup> Ibid., 31-32. See also: J.M. Cramer, *Naar een duurzame stad. Welzijn en welvaart voor nu en later*. SMO-Informatief 93.6 (The Hague 1993); J.M. Cramer, *Op weg naar duurzaam ondernemen. Koppeling van milieu en markt*. SMO-publikatie 99.4 (The Hague 1999).

<sup>324</sup> Ibid., 60-61.

<sup>325</sup> Ibid., 61.

<sup>326</sup> Ibid., 7.

<sup>327</sup> D. Huisman and W.J. de Ridder, *Nationaal Economie-debat. Oproep tot deelname* (The Hague 1991). ‘*Nationaal-economie debat*’ was organized inspired by the idea of ‘*forum prévisionnel*’ of Bertrand de Jouvenel (from which it takes the idea that subject for the forum must not be too specialized, must relate to the long term future, and it must not be too controversial politically), the idea of ‘look-out institutions’ of Robert Jungk (from which it derives the three phases of problem formulation, creative phase, and feasibility phase), and the White House Conference on Small Business organized by Ronald Reagan, in which a couple of thousand entrepreneurs (who held businesses with over 500 employees) were invited to formulate policy proposals (eventually 40 of 60 of their

to persuade business firms to embrace voluntary stakeholder dialogue as part of their voluntary socialization by experimenting with it, positively evaluating it, and presenting it as complementary to bilateral consultation between governments and business.

Another important discursive strategy which aimed to justify voluntary socialization amounted to what we could call a 'responsibility generalization'. This strategy strongly relied on the authority of sub-discourses like 'systems analysis' or 'macroscopy' for its discursive significance.<sup>328</sup> Systems analysis was defined as 'the research of the interlinkages between different aspects of reality and human behavior in different domains' by one of the founders of the Club of Rome, Frits Böttcher, in *De groei begrensd* (1983).<sup>329</sup> Systems analysis thus shed light on the intricate ways in which different domains of behavior were linked. This feature was useful for purposes of discursive strategy, because it served both as a source of responsabilization of business in SMO's publications, as well as a reason to argue that responsibilities ultimately lied with almost everyone. Especially this latter argument served to protect business from being singled out as the main culprit of environmental problems, and henceforth it contributed to preventing a general embrace of the idea that business should therefore be strictly regulated to prevent it from one-sidedly harming the rest of society.<sup>330</sup>

Indeed, as part of these shared responsibilities, SMO had continued to express how some form of communication and accountability between business and its interest groups was indispensable.<sup>331</sup> In part, this was because these groups were seen as 'stakeholders' of a company with legitimate claims on its decision-making processes, but for another part this

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recommendations were adopted). See page 10-15 op. cit.

See also: Keus, *Schone grond*, 43.

<sup>328</sup> See also: Beek et al., *Schone lucht*, 102; Schouten, *Een nationale aanpak van de verzuring*, 34-40.

<sup>329</sup> C.W. Schouten et al., *De groei begrensd. De resultaten van de Club van Rome-discussie in Nederland*. SMO-Boek 25 (The Hague 1983) 16-17.

<sup>330</sup> See also: Schouten, *Een nationale aanpak van de verzuring*, 27. *Mensen en bossen* (1984) displayed, furthermore, how SMO still had to protect the public reputation of the business world, and how it continued to argue that it was not the only culprit in aggravating environmental problems, just like it had done in the 1970s (see Chapter 3). As Wassink, Bol and Oldeman asserted with regards to the role of business in deforestation: 'There is at times condemnation on ideological grounds based on false and simplistic images. The capitalist as an exploiter of humans and forests is just as much a caricature as the heroic reclimant of virgin forest which is sometimes considered a prototype of virtue in tropical countries.' See: Bol, Wassink et al., *Mensen en bossen*, 24.

<sup>331</sup> See, e.g.: Bol et al., *Mensen en bossen*, 66; De Ridder, *Ondernemen in een intelligente economie*, 65. It was already recognized in *Sociale rekenschap* (1983) that accountability towards groups like consumers was also important for attaining and retaining social legitimacy for business firms. See: J.W. Briedé, *Sociale rekenschap. Ontwikkelingen en stand van zaken van de communicatie tussen bedrijf en maatschappij*. SMO-Boek 19 (The Hague 1981) 12-13.

was because it was ‘discovered’ by SMO that specifically consumers, employees, and investors could be able to play a role in stimulating responsible practices through informed purchasing and investment behavior. In *Ondernemen in een intelligente economie*, De Ridder argued that it was becoming increasingly challenging for individual firms to distinguish themselves based on product quality, while consumers had become more politically conscious, as testified by the increasing number of product boycotts. This may have moved those companies with the most visible consumer brands to develop ‘responsible’ products aimed at appealing to the identity of potential consumers as a way to compete with others.<sup>332</sup> De Ridder thus strategically highlighted what were possibly rational motives for business firms to be open about the ethical qualities of their products from a commercial perspective.

De Ridder’s discovery of the ‘political’ or ‘ethical’ market was by no means a historical novelty, but neither was it necessarily new to SMO as well.<sup>333</sup> As we saw above, the potential of ethical consumer choice was reiterated once more in *Ondernemen in een intelligente economie*, and it would appear time and again in works published by SMO in the upcoming years as well.<sup>334</sup> By the late 1980s, however, this enthusiasm went beyond the consumer and was generalized towards various ‘ethical markets’, specifically towards the moral rationalities of employees in the labor market and that of personal and institutional investors in the markets for finance.<sup>335</sup> To make the ethical market work, then, the main

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<sup>332</sup> De Ridder, *Ondernemen in een intelligente economie*, 17-18.

<sup>333</sup> In fact, the discovery of ‘market politics’ is sometimes traced back to the 1930s, but especially to the postwar era as contemporaries envisioned a so-called ‘Consumers Republic’ as a new ideal of moral citizenship. For the Dutch context, Peter van Dam referred to this phenomenon as the emergence of the ‘citizen-consumer’. See: L. Cohen, *A Consumers’ Republic: The Politics of Mass Consumption in Postwar America* (New York 2003); S. Kroen, ‘A Political History of the Consumer’, *The Historical Journal* 47.3 (2004) 709-736; P. van Dam, ‘In Search of the Citizen-Consumer. Fair Trade Activism in the Netherlands since the 1960s’, *BMGN – Low Countries Historical Review* 132.3 (2017) 139-166. In one of its first publications on the environmental problematic raised by the Club of Rome, *Werk voor de toekomst* (1973), SMO had already discussed the potential of having consumers take into account ethical concerns in their purchasing behavior. In *De groei begrensd* (1983), furthermore, SMO’s secretary C.W. Schouten had observed how there was a growing ‘eco-consumerism’ in society, despite the central government’s skepticism towards its significance. Ethical consumerism was considered to be a factor of importance as well in influencing what overseas commercial relations multinational corporations would engage in, as visible in *Investeren in landen met een verwerpelijke regime* (1978). See: W.J. Beek et al., *Werk voor de toekomst* (The Hague 1973) 36; Schouten et al., *De groei begrensd*, 43-44; A.L.M. Arnolds et al., *Investeren in landen met een verwerpelijke regime. Verslag van een gedachtenwisseling over internationaal ondernemen en wereldwijde verantwoordelijkheid* SMO-Boek 6 (Scheveningen 1978) 15.

<sup>334</sup> De Ridder, *Ondernemen in een intelligente economie*, 17-18; J.M. Pomp, C. den Hollander, E.J.J.M. Kimman, *Kopen in ontwikkelingslanden. Onvermijdelijk, wenselijk, vernieuwend*. SMO-Boek 91.2 (The Hague 1991) 25-26.

<sup>335</sup> De Ridder, *Ondernemen in een intelligente economie*, 19-29. The late 1980s may have simply elaborated this promotion of the ethical market as it gave rise to a context of more thoroughly marketized and financialized business relations, as testified by the increasing prominence of shareholder capitalism in the 1980s. See: Matten, D., and J. Moon, “‘Implicit’ and ‘Explicit’ CSR: A Conceptual Framework for a Comparative Understanding of Corporate Social Responsibility”, *The*

objective would be to educate citizens in their roles as consumers, employees, and investors of the impact of their choices, and to provide them with a reliable stream of information about the conduct of companies.<sup>336</sup> By the late 1980s, ‘education and information’ would in fact come to be defined as a ‘new policy instrument’ within the social-neoliberal regulatory package promoted by people like Helias Udo de Haes.<sup>337</sup>

SMO, however, ended up communicating ambiguous views on the effectivity and efficiency of ethically or politically motivated market practices as it actually began to explore their potential in more detailed case studies.<sup>338</sup> It was clear, as SMO had concluded in *Nederlandse investeringen in ontwikkelingslanden* (1986), that business carried a great and untapped potential to contribute to public objectives of global development aid because of the large volume and meaning of Dutch business activities in ‘developing countries’.<sup>339</sup> Apart from justifying public-private cooperation by reproducing the assumption that profitable business is an indispensable feature of ‘sustainable development’, this conclusion eventually also led to questions being raised in *Kopen in ontwikkelingslanden* (1991) on whether firms could contribute to solutions of problems in developing countries through their purchasing policy and whether consumers could play any significant part in pressuring firms to do so.<sup>340</sup>

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*Academy of Management Review* 33.2 (2008) 404-424, on 415-416; K.E. Sluyterman, ‘Corporate Social Responsibility of Dutch Entrepreneurs in the Twentieth Century’, *Enterprise and Society* 13.2 (2012) 313-349, on 334.

<sup>336</sup> SMO’s Werkgroep Toekomst had already pointed this out as it argued for the education of consumers on the effects of their spending by the mass media and consumer organizations, and opted for an independent institution which oversaw a ‘disclosure requirement’ for businesses, so that consumers would possess the information necessary to determine whether their choices would be responsible. See: Beek et al., *Werk voor de toekomst*, 36. This argument returned once more in: Pomp, Den Hollander and Kimman, *Kopen in ontwikkelingslanden* (1991) 25-26.

<sup>337</sup> Schouten, *Een nationale aanpak van de verzuring*, 28.

<sup>338</sup> See: Pomp, Den Hollander and Kimman, *Kopen in ontwikkelingslanden*.

In *De groei begrensd*, Schouten had already maintained that the majority of consumer value patterns were characterized by ‘a low environmental consciousness’, and that such collective concerns only decreased in economically less fortunate times. Schouten eventually concluded that consumer behavior was determined mostly by the ‘direct consequences’ of purchasing, and that education therefore could not be a sufficient condition for the desired behavioral change. See: Schouten et al., *De groei begrensd*, 43-44.

<sup>339</sup> O.J. Carmaux and D. Huisman, *Nederlandse investeringen in ontwikkelingslanden*. SMO-Informatie 86.2 (The Hague 1986).

<sup>340</sup> As Willem de Ridder stated in the preface to *Kopen in ontwikkelingslanden*: ‘Purchase and sale in developing countries goes hand in hand with abuses of power which negatively affect employees, traders, and producers. Furthermore, the environment oftentimes has to suffer from emerging economic activities. Yet, a reasonable international distribution of welfare demands that the production of goods with added value takes place more in the Third World than is currently the case. In so far as our trade policy contributes to determining the volume of this production, it becomes an ethical issue to open up our consumer markets in such a way that different aspects of the emerging Southern economies will be taken into account.’ See: Pomp, Den Hollander and Kimman, *Kopen in ontwikkelingslanden*, 5.

With regards to the Max Havelaar fair trade labelling practices in the coffee trading sector, the author and economist J.M. Pomp concluded that it was effective in raising the income levels of coffee farmers, but that it was likely undesirable in general because it would lead to ‘overproduction that can only be battled against great administrative costs.’<sup>341</sup> They warned against similar macro-economic effects with regards to the consumer campaigns ‘*Stof tot Nadenken*’ and ‘*De Schone Kleren Kampagne*’. Pomp added, furthermore, that trade-offs with domestic employment opportunities would have to be made if the costs of checking the labor norms of their international commercial relations by firms ended up being greater than the willingness of domestic consumers to pay extra for fair clothes.<sup>342</sup>

Pomp proposed, instead, to offer direct financial aid towards farmer cooperatives and claimed that the governments of developing countries had to invest in infrastructure and stimulate trade.<sup>343</sup> In the end, the publication would recommend public-private projects aimed at stimulating the domestic consumption of Third World products.<sup>344</sup> In a somewhat unexpected and contradictive manner, however, *Investeren in ontwikkelingslanden* still hailed the ‘pioneers of consumer action’, similar to how De Ridder had acknowledged that ethical markets displayed ‘weak signals’, but nevertheless embraced their potential as a ‘court jester’.<sup>345</sup> This somewhat paradoxical stance towards the ‘ethical markets’ perhaps reflected how the normative enthusiasm for voluntary socialization in SMO was powerful enough to overcome scientific refutations and intellectual insecurities. At any rate, SMO would continue to promote CSR-ideas during the 1990s and early 2000s as it attempted to provide companies with the correct conceptual tools.

### ***4.3. Socializing business: The private company for people, planet and profit, 1993-2004***

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<sup>341</sup> Pomp, Den Hollander and Kimman, *Kopen in ontwikkelingslanden*, 42-43.

<sup>342</sup> *Ibid.*, 55-57.

<sup>343</sup> *Ibid.*, 43-45, 57-58.

<sup>344</sup> *Ibid.*, 80-82.

<sup>345</sup> *Ibid.*, 81; De Ridder, *Ondernemen in een intelligente economie*, 13-14.



As the 1980s progressed, SMO's publications had gained a markedly less 'argumentative' character, becoming more intellectually specialized and conceptually technical. While this may well have been the consequence of the fact that the social-neoliberal regulatory 'package' had become discursively dominant in government circles, it had nevertheless remained necessary for SMO to discipline and convince government officials of the fact that deregulation was necessary and that firms were a useful social partner for formulating feasible and flexible regulations. At the same time, business managers kept being reminded by SMO of the fact that bilateral consultation with the state, multi-stakeholder dialogue, and transparency towards consumers and society, were key to the freedom and survival of their firms. In important ways, these messages resounded throughout the 1990s.

Yet, two important contextual circumstances nevertheless subtly changed the tone and focus of SMO's publications in the 1990s. The first of these was the fact that, as it seemed, social-neoliberalization had definitively conquered the minds of government policy-makers. The 'Purple' cabinet coalitions led by Wim Kok (1994-2002) were devoted like never before to improving the 'quality of legislation', deregulation and market competition in the public sector.<sup>346</sup> Just like in the early 1980s, arguments about the necessity of such policies were reinvigorated due to concerns over the lacking competitiveness of the Dutch economy in light of the encroaching European internal market and the globalization of free trade.<sup>347</sup> Indeed, Willem de Ridder – who would remain SMO's director during the upcoming decade – noticed with regards to the societal debate on sustainability in the preface to *Naar een duurzame stad* (1993): 'There is even far-reaching societal consensus on the nature of measures to be taken'.<sup>348</sup> De Ridder may have strategically overstated the existence of societal agreement on this matter, but they nevertheless had a valid point considering that even the Dutch Labor Party had embraced principles of deregulation as they envisioned an 'activating welfare-state'.<sup>349</sup> This may have shifted the tone and focus of SMO's publications, as they became less

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<sup>346</sup> Mellink en Oudenampsen, *Neoliberalisme*, 219-223. See also SMO's own discussion of how most political parties attempted to develop systems of regulation building upon the 'empowered society', while GroenLinks leaned more towards creating a stronger state in efforts to give rise to 'modern governance': H. Duijvestijn, S.N. Hogewind and W.J. de Ridder, *Sturen of bestuurd worden. Verkiezingen 2002*. SMO-publikatie 2002.2 (The Hague 2002).

<sup>347</sup> Mellink en Oudenampsen, *Neoliberalisme*, 209-210.

<sup>348</sup> *Ibid.*, 212-216.

<sup>349</sup> In fact, later on in the same publication, the author Jacqueline Cramer would state that 'we have not yet reached the point of consensus in the Netherlands on the measures to be taken.' See: Cramer, *Naar een duurzame stad*, 20.

critical towards the state and more oriented towards private companies and their leading managers.

De Ridder, however, also acknowledged in the same preface how the sustainability transitions of companies were ‘not going fast enough’ to many people.<sup>350</sup> This was the second contextual factor of importance: the voluntary socialization of business firms had not sufficiently taken off during the 1980s, despite SMO’s efforts to promote it. The problem was considered to lie in the lack of useful management concepts, and as a consequence, SMO steadily moved towards the elaboration of management concepts like Public Affairs, integral quality and supply-chain management, eco-efficiency, business ethics, and CSR-reporting. Indeed, it was during the course of the 1990s that the Dutch equivalent of ‘corporate social responsibility’ (*maatschappelijk verantwoord ondernemen*) emerged in public discourse and SMO’s texts, likely as an expression of efforts to facilitate the managerial integration of various social issue themes for which voluntary socialization had been proposed as a solution in the past decades.<sup>351</sup> SMO, furthermore, attempted to provide business with practical pathways to implement innovations that related to specific fields or areas of application. In *Maatschappelijk ondernemen* (1996), the focus lied on social issues that were typical to ‘big cities’, the ecological problems of large industrial sites were addressed in *Industriële ecosystemen* (1999), and *De overtreffende trap van ondernemen* (2002) highlighted ‘good practices’ surrounding CSR in Third World countries.<sup>352</sup>

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<sup>350</sup> Cramer, *Naar een duurzame stad*, 5. See also the following observation made in *Afvalmanagement en afvalpolitiek*: ‘The Dutch approach seems fairly successful. Citizens and industry are cooperating voluntarily, as shown by the various established covenants. But do the results sufficiently meet the objectives of sustainable development? These often leave much to be desired.’ See: J.H.A.M. Grijpink (ed.), J.A.J. Luijten and C.W. Schouten, *Afvalmanagement en afvalpolitiek. Hoe krijgen we de afvalberg binnen de perken?* (Managers Ontmoeting Overheid Bedrijfsleven 7, 1992/1993). SMO-Informatief 93.2 (The Hague 1993) 21.

<sup>351</sup> Sluyterman, ‘Corporate Social Responsibility’, 335. See also: J. Wempe and M. Kaptein, *Ondernemen met het oog op de toekomst. Integratie van economische, sociale en ecologische verantwoordelijkheden*. SMO-publikatie 2000.3 (The Hague 2000). ‘Sustainable business’ or ‘duurzaam ondernemen’ was often considered a synonym of CSR. See also the establishment of journals, consultancy firms, and foundations aimed at CSR-management during the 1990s in the Netherlands: F. van der Molen, ‘Geschiedenis van MVO in Nederland’, <https://www.duurzaam-ondernemen.nl/info/geschiedenis-van-mvo-in-nederland/> (Accessed 12 September 2023).

<sup>352</sup> B. Boudhan, I. Vonk and F. Nelissen, *Maatschappelijk ondernemen. Dienen en verdienen* (The Hague 1996); P.J.A. van de Laak et al., *Industriële ecosystemen. Naar duurzame ketens en duurzame bedrijventerrein*. SMO-publikatie 99.10 (The Hague 1999); M. Mahangi, J.R. Vergeer and M.Ph. Hillen, *De overtreffende trap van ondernemen. Good practices voor MVO in derdewereldlanden*. SMO-publikatie 2002.10 (The Hague 2002).

The efforts of SMO to promote and develop management tools for CSR that emanated from a social-neoliberal perspective on regulation became apparent through the communication of the following story-line throughout the works it published in the 1990s and early 2000s:

### **Story-line**

It is necessary to address the various complex problems which undermine our capacities to ensure a global sustainable development. This demands tremendous technological and behavioral changes that have already taken place in meaningful degrees, but which have to be accelerated in order to secure a timely transition without having to endure too many societal shocks. To achieve this, the state has the task of developing effective and efficient regulatory instruments that are based on a sound conception of what drives individual behavior. Sustainable development will eventually demand a mixture of direct, financial, and social regulation. The government should generally refrain from developing activities itself and instead aim at stimulating market mechanisms with which unnecessary regulations may be avoided as well. This is also why employees and consumers become important actors for solving environmental issues, as their opinions could thoroughly influence the behavior of government institutions and business firms.

The first salient feature of the story-line above was the explicit commitment to global ‘sustainable development’ that it showcased.<sup>353</sup> In *Naar een duurzame stad* (1993), Jacqueline Cramer – who would become Minister of Housing, Spatial Planning and the Environment for the Labour Party (PvdA) more than a decade later – emphasized how the quest for sustainable development depended on ‘intergenerational’ solidarity, but also on ‘global’ cooperation and justice with regards to wealth distribution, poverty, and peace.<sup>354</sup> Furthermore, crucially, this quest demanded not just technological transformations, but also economic, social, institutional and cultural ones. Cramer borrowed their definition from the

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<sup>353</sup> For publications in which sustainable development was presented as the guiding principle of its analysis and recommendations, see: Cramer, *Naar een duurzame stad*; Grijpink (ed.), Luijten, Schouten, *Afvalmanagement en afvalpolitiek*; R.C. Basart and T. Knoester, *Integrale kwaliteitszorg. Verantwoord omgaan met produkt, milieu, arbeid en kapitaal* (Managers Ontmoeting Overheid Bedrijfsleven 8, 1993). SMO-Informatief 94.3 (The Hague 1994); Cramer, *Op weg naar duurzaam ondernemen*; P.J.A. van de Laak et al., *Industriële ecosystemen*; Wempe and Kaptein, *Ondernemen met het oog op de toekomst*; G.J.A. Hummels, S. Boleij and K.M van Steensel, *Duurzaam beleggen. Meerwaarde of meer waarde*. SMO-publikatie 2001.5 (The Hague 2001).

<sup>354</sup> Cramer, *Naar een duurzame stad*, 9-10. According to Cramer, the Netherlands, as the ‘culturally and morally advanced’ country that it was, in fact had a duty to play a role in this global issue (see page 13 op. cit.).

influential report of the Brundtland-commission of the United Nations (1987), and acknowledged how ‘sustainable development’ was a normative project that sought to redefine norms and values with regards to the relationship between humans and nature. A ‘return-to-nature’ would, however, not be desirable nor necessary. The main question for society was how combine the management of natural resources with becoming a ‘partner’ to nature.<sup>355</sup>

This question, and indeed ‘sustainable development’ as such, reflected a main presupposition of what Maarten Hajer called ‘ecological modernization’: it was possible to create a ‘win-win’ cost-reduction interplay between economic growth and environmental care.<sup>356</sup> The promotion of ecological modernization in fact had a longer history in SMO’s publications. In *Werk voor de toekomst* (1973), ‘selective growth’ was put forward as a new economic orientation that was reconcilable with maintaining a clean environment.<sup>357</sup> In the 1980s, SMO continued to promote the idea that selective economic growth could be accompanied with a cleaner environment, provided that everyone cooperated and the process was managed well.<sup>358</sup> As the 1990s dawned, it became clear to SMO that these eco-modernist assumptions had to be translated into applicable management concepts. By the late 1990s, SMO had taken aboard a concept coined by the World Business Council on Sustainable Development in 1992: eco-efficiency.<sup>359</sup>

An ‘eco-efficient’ enterprise would be aimed at delivering goods and services to meet human needs and improve the quality of life, while progressively reducing the environmental burden and resource intensity of product chains.<sup>360</sup> According to Cramer, eco-efficiency would allow for a more supply-chain encompassing, pro-active, and strategic environmental policy, something they considered necessary to turn the steps taken by companies in their environmental policies into ‘leaps’.<sup>361</sup> In *Op weg naar duurzaam ondernemen* (1999), Cramer promoted their own concept for implementing the principles of eco-efficiency, the so

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<sup>355</sup> Ibid., 9-12.

<sup>356</sup> Hajer, *The Politics of Environmental Discourse*, 26.

<sup>357</sup> See: Beek et al., *Werk voor de toekomst*, 10-11.

<sup>358</sup> Schouten et al., *De groei begrensd*, 36.

<sup>359</sup> Cramer, *Op weg naar duurzaam ondernemen*, 7.

<sup>360</sup> Ibid., 7-8.

<sup>361</sup> Ibid., 8. Cramer was not an unfamiliar face to SMO. They had already participated in SMO’s ‘Luchtforum’ in 1987 as we saw earlier. After obtaining their doctorate with a dissertation on the social mission-orientation of ecologists in 1985, Cramer had more or less devoted the rest of their academic career to studying problems surrounding the implementation of environmental technologies and management in business firms. See Cramer’s biography in: Cramer, *Naar een duurzame stad*, 75.

called STRETCH-method.<sup>362</sup> Eco-efficiency and STRETCH were thus discursive strategies which served to justify the voluntary socialization of companies in respect to environmental issues, because they acknowledged that ‘the quest for a sound environmental policy can be best undertaken by business itself, on the work floor’, as De Ridder stated in the preface to the same publication, and because they facilitated the managerial implementation of eco-modernism.<sup>363</sup>

Moreover, the eco-modernist underpinnings of eco-efficiency fit neatly within SMO’s project of promoting new social-neoliberal regulatory instruments. Indeed, deregulation and eco-efficiency shared the assumption that a profitable business economy that was unburdened by excessive state regulations was a necessary condition for sustaining economic growth. In turn, the managers of firms were considered to be able to judge best the degree in which the company’s production processes could be attuned towards societal expectations without endangering the financial results of the company. Since eco-efficiency held that a clean environment and economic growth were reconcilable and even complementary to one another, a sufficiently free – and thus profitable – enterprise would in fact be better able to realize the required green innovations without provoking all kinds of economic problems and societal ‘shocks’ along the way.<sup>364</sup> Thus, this illustrates once more how the societal embrace of economic growth under this specific logic formed a key discursive condition for the successful justification of a deregulated business and its voluntary socialization through *verinnerlijking* (internalization).

It was precisely the lack of this internalization of public objectives by business managers, company employees, and consumers, which was presented as the main obstacle to sustainable development.<sup>365</sup> The fact that this internalization was not being realized enough in society was blamed on the absence of a sound understanding of human motivation. In

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<sup>362</sup> Cramer, *Op weg naar duurzaam ondernemen*, 19-20.

<sup>363</sup> Ibid., 5. Cramer argued that while the slowing down of growth was probably the best solution to sustainability challenges, it was ‘likely unfeasible’ as a societal project (see page 15-16 op. cit.).

<sup>364</sup> Hajer similarly observed that ‘the eco-modernist ideas about the deficiency of the legal regulatory approach [of the 1970s] and the advocacy of ideas about internalizing environmental care had a strong affinity with the neo-liberal goal of deregulation.’ See: Hajer, *The Politics of Environmental Discourse*, 183. See also: Cramer, *Naar een duurzame stad*, 14-16.

<sup>365</sup> As Cramer noted with regards to managers in *Naar een duurzame stad*: ‘Experience shows that the willingness of enterprises to change their company’s strategy due to environmental considerations is, firstly and foremostly, determined by the attitude of the company’s top managers’. See: Cramer, *Naar een duurzame stad*, 26.

*Afvalmanagement en afvalpolitiek* (1993) and *Integrale kwaliteitszorg* (1994), the social psychology of John Rijsman and the evolutionary psychology of Piet Vroon were taken as sources of inspiration to correct common views on human nature which underpinned the regulative instruments of the Dutch state.<sup>366</sup> Rijsman had presented human motivation as stemming mainly from a psychological desire to maximize their social status relative to others, while Vroon in turn posed that human brains evolved to include reptilian, mammal, and intelligent behavioral impulses.<sup>367</sup> For the authors, this legitimized the idea that instruments had to exhibit straightforward mechanisms of reward and punishment, answer to human desires for social acknowledgement, and appeal to the intelligence of humans. Although the science of Rijsman and Vroon could have potentially justified an array of conclusions with regards to ‘effective’ regulatory instruments, the stunted process of adaptation in firms was subsequently legitimized as a logical consequence of the human brain structure. Only after long devoted efforts could a modest degree of internalization be expected to occur; social change would therefore follow from a slow process of societal ‘learning’.<sup>368</sup>

This did not mean that SMO departed from efforts at internalization or voluntary self-responsibilization, on the contrary, the conclusions above bolstered the ‘probational’ legitimation of CSR as a way to achieve fundamental societal transformations without all too great economic and political shocks.<sup>369</sup> In citing a framework for determining ‘effective and efficient’ regulatory instruments developed by the scientific council WRR, *Afvalmanagement en afvalpolitiek* therefore explicitly showcased its support for ‘less forceful’ types of regulation. It preferred ‘social regulation’ and ‘financial regulation, which

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<sup>366</sup> Grijpink (ed.), Luijten, Schouten, *Afvalmanagement en afvalpolitiek*, 22-26; Basart and Knoester, *Integrale kwaliteitszorg*, 17-19.

<sup>367</sup> Interestingly, Rijsman’s theory had already appeared earlier in *Doel en middel* (1983) as a theoretical-analytical strategy to legitimize the tightening of the belt on the collective sector and to cut state expenses in light of the economic crisis. They had argued that the desire of humans for relative social status lead to ‘unproductive’ economic behavior in economically prosperous times, where people would become more skilled in ‘appropriating pieces of the pie, instead of baking the pie’. Although this logic could legitimate various conclusions about what kind of economic measures would be fit, it contributed at the time to legitimizing the idea that the economic crisis displayed how the Dutch population spend more money than they actually earned through their work. See: J.B. Rijsman, ‘Heeft de economie een ziel?’, in: W. Albeda et al., *Doel en middel. Beschouwingen over economische politiek*. SMO-Boek 26 (The Hague 1983) 89-102. See also: T. van Zijl and S. Langeweg (ed.), *SMO 45 jaar* (The Hague 2013) 107.

<sup>368</sup> Grijpink (ed.), Luijten, Schouten, *Afvalmanagement en afvalpolitiek*, 22; Basart and Knoester, *Integrale kwaliteitszorg*, 19.

<sup>369</sup> See also: Cramer, *Naar een duurzame stad*, 18-22. Cramer described the ‘life cycle of a culture’ to illustrate how the sustainability transition moved through phases, ultimately communicating that there was a progression in Dutch society.

were respectively based on moral persuasion and financial stimuli, over ‘direct regulation’, which was considered to be based on ‘coercion’.<sup>370</sup> Despite claiming to be based on a more precise understanding of human motivation, the regulatory instruments proposed by SMO ultimately returned to promoting the social-neoliberal regulatory ‘package’ of education, information, and financial instruments.

Despite this, a salient new ‘recommendation’ arose in SMO’s publications during the early 1990s, one which generated tensions with the neoliberal objective of stimulating economic competition. This concerned SMO’s proposals for companies to cooperate based on ‘integral supply-chain management’ and industry covenants, and it formed part of the following story-line:

#### **Story-line**

Business can play its part here as well by cooperating within their supply-chain, engaging in dialogue with civil society, and being transparent towards consumers, employees, and investors. To achieve sustainable business practices, companies will have to cooperate across their supply-chains and sectors to reach voluntary agreements on norms, certification, and labelling. In this way, they may become more transparent and facilitate the judgment of customers and consumers of the ‘total quality’ of the end-products of a supply-chain. Managers should therefore develop management systems to operationalize this, where it could be useful to integrate the various aspects that demand active management into one integral quality policy as far as possible. For this to happen, the enterprise must look beyond financial costs to satisfy the demands of their consumers, employees, and the environment, in order to retain its social legitimacy and survive in the long run.

In *Afvalmanagement en afvalpolitiek* (1993) and *Naar een duurzame stad* (1993), the authors argued for the voluntary instigation of ‘ketenschappen’ by firms, while *Integrale kwaliteitszorg* additionally called upon companies to cooperate with their competitors in setting shared environmental and social standards on voluntary covenants.<sup>371</sup> The goal of such supply-chain management and industry covenants would be to advance and accelerate

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<sup>370</sup> Grijpink (ed.), Luijten, Schouten, *Afvalmanagement en afvalpolitiek*, 21-23.

<sup>371</sup> Ibid., 26-31; Cramer, *Naar een duurzame stad*, 36; Basart and Knoester, *Integrale kwaliteitszorg*, 31-32.

the implementation of environmental management practices through the development of certification frameworks and open information systems. Cramer would later maintain that eco-efficient production processes necessarily encompassed ‘supply-chain management’, as they forced companies to go beyond an internal focus.<sup>372</sup> Supply-chain cooperation was furthermore considered beneficial to Dutch companies, since it could increase the competitiveness of the Dutch economy internationally, as it provided a means to distinguish one’s product in ‘saturated’ markets.<sup>373</sup> The possible danger that this could undermine competition dynamics within markets was recognized, but answered with the argument that shared norms and transparency would actually create a more genuinely *fair* competition, while it would also communicate clearly to newcomers what were considered the conditions for such fair competition.<sup>374</sup>

One perceived advantage of ‘integral supply-chain management’ concerned the possibilities it brought for standardizing ethical norms through the usage and elaboration of frameworks such as those provided by the International Standard Organization (ISO). Through certification and labelling practices based on these guidelines, companies could communicate their adherence to widely accepted norms to potential consumers, employees and investors, and use their improved reputations to their competitive advantage.<sup>375</sup> This was inextricably wound up with the increased enthusiasm in SMO’s publications for the role that consumers were expected to play in offering companies a competitive advantage, giving rise to concepts like ‘Total Quality Management’ and re-defining Public Affairs.<sup>376</sup> Yet, the publication *Duurzaam beleggen* (2001) also expressed skepticism over the importance of ethical consumerism for creating competitive advantages and giving out a ‘license to operate’.<sup>377</sup> They posed, instead, that ‘sustainable investment’ was more likely to lead towards the collection and sharing of information on a company’s sustainability performance, although they observed that the relationship between financial results and sustainability information was not clear-cut as well.<sup>378</sup> Furthermore, these authors argued that pressures from NGOs

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<sup>372</sup> Cramer, *Op weg naar duurzaam ondernemen*, 8-9.

<sup>373</sup> Basart and Knoester, *Integrale kwaliteitszorg*, 32, 78

<sup>374</sup> *Ibid.*, 63, 78.

<sup>375</sup> Wempe and Kaptein, *Ondernemen met het oog op de toekomst*, 58-59. See also: De Ridder and De Ridder, *Ondernemende politiek*, 100.

<sup>376</sup> E.g.: Basart and Knoester, *Integrale kwaliteitszorg*: 80. Wempe and Kaptein, *Ondernemen met het oog op de toekomst*, 58-59; De Ridder and De Ridder, *Ondernemende politiek*, 100.

<sup>377</sup> Hummels, Boleij and Van Steensel, *Duurzaam beleggen*, 31-32.

<sup>378</sup> *Ibid.*, 56-58.



were more likely to function as an accountability mechanism than voluntary market coordination in the form of covenants.<sup>379</sup>

The pressures exerted NGOs indeed bore a certain potential for dialogue. This was not without its problems, however, as the relationship between business and especially activist NGOs had remained tense as a result of series of public allegations, boycotts, and conflicts which at times even turned violent.<sup>380</sup> Thus, for multi-stakeholder agreements to arise, business and CSOs still had to develop mutual trust and a willingness to engage in dialogue. SMO had attempted to facilitate a degree of reconciliation between firms and churches already in 1985 in *Kerken spreken over arbeid* (1985). J.E. van Veen, a representative of the Dutch Reformed Church, expressed how churches wished to overcome mutual mistrust and become a 'partner' to business, because it was of utmost importance that 'ethical deliberation' in society would increase.<sup>381</sup> P.H.A. Klep, a secretary of the Christian employers' association NCW, maintained that whereas employers often take inspiration from clerical statements, they nevertheless feel disregarded by the Church. Klep complained that through their focus on interests of the lower classes, Churches were putting employers in the dock. They maintained, however, that 'investment, taking risks and management is also human labor', and asked whether there was such a thing as 'redemption for the rich'.<sup>382</sup>

Around the mid-1990s, attention for the strained relationship between business and civil society organizations resurged once more. The Brent Spar conflict between Shell and Greenpeace surely contributed to this, but SMO more generally recognized the 'challenges' that NGOs were posing to business image and reputation.<sup>383</sup> Whereas business had to

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<sup>379</sup> Ibid., 30. Johan Wempe and Muel Kaptein had furthermore curbed their enthusiasm for the practices of certification and labelling. They argued that the proliferation of labels they observed at their time of writing was confusing to consumers and that yearly CSR-reports were more desirable as they left the ultimate judgment of a company's social performance with the reader, and not with the institution which defined the norms for labels and certificates. This would best secure a sound judgement of a company's social legitimacy. See: Wempe and Kaptein, *Ondernemen met het oog op de toekomst*, 58-59.

<sup>380</sup> Sluyterman, 'Corporate Social Responsibility', 333.

<sup>381</sup> J.E. van Veen, 'De kerk als bemoeiel of partner in de samenleving', in: Th. A.G. van Eupen, J.E. van Veen, L.A.G. Mesman, P.H.A. Klep, and C.H. Koetsier, *Kerken spreken over arbeid. Op zoek naar een rechtvaardige samenleving*. SMO-Boek 34 (The Hague 1985) 21-36, on 24.

<sup>382</sup> P.H.A. Klep, 'Kerkelijk spreken en het NCW', in: Th. A.G. van Eupen, J.E. van Veen, L.A.G. Mesman, P.H.A. Klep, and C.H. Koetsier, *Kerken spreken over arbeid. Op zoek naar een rechtvaardige samenleving*. SMO-Boek 34 (The Hague 1985) 48-59, on 53, 57.

<sup>383</sup> Sluyterman, 'Corporate Social Responsibility', 336-337; Boudhan, Vonk and Nelissen, *Maatschappelijk ondernemen*, 11-12, 21; H.J. Tieleman (ed.) et al., *Conflicten tussen actiegroepen en ondernemingen. Democratisering van het moreel gezag*. SMO-publikatie 96.8 (The Hague 1996) 5.

become convinced of the goodwill of civil organizations in such heated contexts, this certainly also counted the other way around. Cramer defended business and maintained that 'practice proves that entrepreneurs are very well conscious of their social responsibilities. They often wish to sit around the table with parties from society, at least if it is possible to make arrangements with these parties.'<sup>384</sup> In *Conflicten tussen actiegroepen en ondernemingen* (1996), H.J. van Luijk of the European Institute for Business Ethics furthermore proposed that the best results for both parties would be achieved if they were willing to soberly negotiate with one another.<sup>385</sup> *Conflicten tussen actiegroepen en ondernemingen* accordingly raised questions on how business firms could develop sufficient 'social antennas' in a rapidly changing society, and how they could explicate the implicit balancing of interests in its policies.<sup>386</sup>

It had in fact not been covered up as a secret in SMO's publications that business firms would face dilemmas in weighing the different stakeholder interests and deciding upon priorities. The problem had been raised multiple times over the course of SMO's history.<sup>387</sup> By the late 1990s, SMO's publications began to draw inspiration from John Elkington's famous 'triple bottom-line' (1998) conceptualization of business' social responsibilities: People, Planet, Profit.<sup>388</sup> Yet, Elkington's concept suggested a lack of hierarchy between the three dimensions which proved to be practically inoperable for business managers. What was the ultimate bottom-line? To some of SMO's authors, the answer to this question was rather straightforward. It was unthinkable to them that a company would jeopardize its own existence to uphold external moral expectations. Thus, just as Harrie Langman had asserted in 1976, Johan Wempe and Muel Kaptein argued in *Ondernemen met het oog op de toekomst* (2000) that the continuity of the firm should justify the violation of the interests of

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<sup>384</sup> Cramer, *Naar een duurzame stad*, 73.

<sup>385</sup> Tieleman (ed.) et al., *Conflicten tussen actiegroepen en ondernemingen*, 119.

<sup>386</sup> *Ibid.*, 129.

<sup>387</sup> Concerns about this were for instance raised as early as 1973, when the professor of Physical Geography A.P.A. Vink feared that in Gerrit Wagner's approach to the environmental problems (i.e., through voluntary changes of business behavior) short-term use and profit margins would prevail in the critical moments. See: Stichting Maatschappij en Onderneming, *Tussentijds bestek. Vraagstukken rond milieu en economische groei. Verslag van een serie lezingen en discussies in het Koninklijk Paleis te Amsterdam op 27-28 april en 18-19 mei 1973* (The Hague 1973) 33. See also, for instance: Tieleman (ed.) et al., *Conflicten tussen actiegroepen en ondernemingen*, 79-82.

<sup>388</sup> See: Wempe and Kaptein, *Ondernemen met het oog op de toekomst*.

certain stakeholders, because only then could a company continue to contribute to the economic, ecological and social goals of society.<sup>389</sup>

Wempe and Kaptein's reasoning was markedly paradoxical: adhering to the demands of stakeholders was considered a key condition for a company's long term survival, yet it was simultaneously considered possible that these interests had to be violated in the short term for the sake of a company's survival as well.<sup>390</sup> Moreover, despite the fact that SMO for instance attempted to provide firms with an extensive ethical framework for deciding upon ethical dilemmas in warzones, the prioritization of firm continuity provided no specific direction as to determine when the continuity of a company would be considered sufficiently at risk for its management to neglect the moral expectations from society.<sup>391</sup> As it seems, then, SMO eventually left the judgment of such specific considerations to business managers.

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<sup>389</sup> M.G. de Bruin, R.F. van Heusden and H. Langman, *Progressief ondernemerschap*. SMO-Informatief 15 (The Hague 1977) 37; Wempe and Kaptein, *Ondernemen met het oog op de toekomst*, 24.

<sup>390</sup> As Wempe and Kaptein argued: 'CSR may eventually lead to increased productivity, to obtaining competitive advantages, and in the long run, to retaining a *license to operate*.' See: Wempe and Kaptein, *Ondernemen met het oog op de toekomst*, 13.

<sup>391</sup> See: E.M. Wortel, *Business Ethics in Conflict Areas. The Congo Case*. SMO-publikatie 2004.1 (The Hague 2004).

#### **4.4. Discussion and conclusion**

As we saw in this chapter, the efforts by SMO to develop discursive strategies in support of voluntary socialization were extensive. Importantly, however, they were markedly less argumentative than in the period 1971-1983. Instead, SMO's 'strategies' became more conceptually technical and specialized, communicating a somewhat repetitive message about the necessity and desirability of the social-neoliberal regulatory package, and developing more specific and elaborated management concepts. Although this social-neoliberal perspective had more or less won discursive dominance by the early 1980s, it still seemed necessary for SMO to remind government and business actors of what this implied of them on the level of daily practice, particularly between 1984 and 1992. The focus shifted, however, on business actors during the 1990s, when SMO's publications struck a markedly less critical tone towards the state and government officials.

With regards to the disciplining of government officials, however, the discursive strategies employed by SMO can be said to have held a middle-ground between being *protective* of the dominant discourse and being *activating* of alternative ideas. This is because, on the one hand, the dominant discourse overlapped with SMO's ideological project of promoting bilateral consultation and ecological modernization. For instance, the idea that governmental measures had to include societal actors as a basis for their consensus was readily applied by the liberal-conservative Minister of Housing, Spatial Planning and the Environment in Pieter Winsemius (VVD) under Lubbers' first cabinet (1982-1986), and would also characterize the regulatory outlook of the first and second National Environmental Policy Plans (1989 and 1993).<sup>392</sup> Winsemius had worked as a senior consultant at the Amsterdam branch of McKinsey & Company where they were known for their 'positive management', something which translated itself in their eagerness to demonstrate that a clean environment and a growing economy were not mutually exclusive through as a public administrator.<sup>393</sup> On the other hand, the objective of deregulation had not yet sunk into the minds of government

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<sup>392</sup> See: P. Hofman, 'Public participation in environmental policy in the Netherlands', *TDRI quarterly review* 13.1 (1998) 1-8, on 2-4. SMO's publication *Een nationale aanpak van de verzuring* (1989) similarly recognized how the first *Nationaal Milieubeleidsplan* (National Environmental Policy Plan) of 1989 formulated government policy based on bilateral consultation. See: Schouten, *Een nationale aanpak van de verzuring*, 60.

<sup>393</sup> Hajer, *The Politics of Environmental Discourse*, 186-187.

officials as much as was propagated by SMO, even if this objective of neoliberalism had indisputably become dominant in the political discourse of the 1980s.

A similar conclusion can be drawn for SMO's discursive strategies aimed at persuading business firms to become politically active, as well as to make headway in their dialogical and transparent interaction with society. Despite the fact that these objectives had achieved a prominent presence in public and political discourse, the 'alternative' concept of the 'political market' still had to bring about a political activity of business firms on a more micro-institutional level. Similarly, the re-definition of existing management concepts like 'quality management' and 'business ethics, as well as the development of new concepts like 'eco-efficiency', 'integral supply-chain management', and 'CSR', had to counter the lagging voluntary socialization of the business world. These strategies also confronted the absence of satisfactory social results, as this was seen as intertwined with the lagging voluntary socialization, assuming that business actors had not sufficiently internalized public objectives yet. By promoting the education and information of citizens to this end, SMO justified and elaborated the desire of the Lubbers government to achieve the *verinnerlijking* of a collective environmental rationality in the mentalities of Dutch citizens.<sup>394</sup>

Insufficient results, however, may have also followed from what Hajer observed with regards to the issues of acid rain and 'acidification'. Hajer argued that the institutionalization of 'ecological modernization', despite being widely embraced as a vague and apocalyptic discourse, encountered hurdles on the 'micro-technical' level of discourse where many political disagreements between social parties came to the fore.<sup>395</sup> It becomes quite salient, then, that eco-modernism continued to dominate political discourse over the course of the 1980s and found expression also in the later ideal of 'sustainable development' and the third NEPP off 1997.<sup>396</sup> SMO in fact contributed to maintaining the legitimacy of this eco-modernism, as it argued that the continuity of firms should remain a condition of sustainability objectives.<sup>397</sup> SMO for instance did so by presenting governmental norms to

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<sup>394</sup> Ibid., 186-190.

<sup>395</sup> Ibid., 252.

<sup>396</sup> Ibid., 182-195; E. Tellegen, *Groene herfst. Een halve eeuw milieu* (Amsterdam 2010) 198-205; N. Nelissen, 'Environmental Policy Instrumentation in the Netherlands: Comments on Three Decades of Development', *Greener Management International* 6.2 (1998) 30-45, on 40.

<sup>397</sup> Hajer also noticed this prioritization as characteristic of the discourse of 'ecological modernization'. See: Hajer, *The Politics of Environmental Discourse*, 242.

curb soil pollution as ‘unscientific’ if they neglected this logic, or by presenting social change as a slow process of societal learning which demanded time and patience. These discursive strategies were therefore *protective* of the dominant discourse.

SMO would, furthermore, invoke the potential of the ‘ethical markets’ time and again, despite the fact that is repeatedly expressed mixed enthusiasm towards its practical results. This ultimately meant that, at times, SMO could be found to emphasize the responsibilities of consumers, employees and investors more than those of business managers themselves. In doing so, it contributed to legitimizing the more neoliberal aspects of CSR, in which the demand-side of the ethical market is viewed as a primary driver of responsible business, and in fact as the primary locus of responsibility for mitigating the negative effects of economic production processes. This was initially an *activating* discursive strategy which turned into being *protective* by the late 1990s, because even if the effectivity of practices like certification, labelling, and voluntary covenants on social and environmental standards was disputed, these activities rapidly increased in the Dutch economy over the course of the 1990s.<sup>398</sup>

In retrospect, it can be concluded that from 1984 onwards, SMO contributed to legitimizing CSR more or less precisely as it was institutionalized in the Netherlands by 2004. The arguments that SMO promoted in support of CSR all found expression in the catalytic advisory report *De winst van waarden* (2000) of the Social and Economic Council of the Netherlands.<sup>399</sup> The report argued for voluntary social dialogue between each company and its own stakeholders, as well as voluntary CSR-reporting, supported by government guidelines and information centers.<sup>400</sup> The advice of the Council was embraced by the Dutch government in all its facets, as is declared that its role would be limited to ‘bringing parties together, developing and disseminating know-how and above all, promoting transparency so that stakeholders can form a clear opinion of corporate social responsibility’.<sup>401</sup> The role of

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<sup>398</sup> Erik Schrijvers for instance wrote of an ‘explosion’ of initiatives in the area of CSR. See: E.K. Schrijvers, *Lessen uit corporate governance en maatschappelijk verantwoord ondernemen*. Wetenschappelijke Raad voor het Regeringsbeleid (The Hague 2004) 34.

<sup>399</sup> SER (Sociaal-Economische Raad), *De winst van waarden. Advies over maatschappelijk ondernemen* (The Hague 2000). See also: SER, *Corporate Social Responsibility*.

<sup>400</sup> Cramer, ‘The Netherlands’, 90-92; Sluyterman, ‘Corporate Social Responsibility’, 338. See also: SER (Sociaal-Economische Raad), *Corporate Social Responsibility. A Dutch Approach* (Assen 2001) 99-113.

<sup>401</sup> SER, *Corporate Social Responsibility*, 99. Although both SER and the government also recognized that there would be situations in which standard-setting legislature and fiscal schemes would be ‘useful

the state was thus limited to being ‘directive’ where regulations were inescapable, and ‘facilitative’ where they were absent, displaying commonalities with SMO’s social-neoliberal ‘package’. The public-private research project *Nationaal Initiatief Duurzaam Ondernemen* (NIDO) of 2001 was the first step by the Dutch government to honor this role.<sup>402</sup> After some administrative lags, the envisioned information center would finally be established in 2004 as ‘MVO Nederland’. Just like NIDO, MVO Nederland embodied the more purely voluntarist stance of the government and its conviction that there was a business case for CSR.<sup>403</sup> Wempe, who had argued for the primacy of firm continuity in responsibility dilemmas, became its first director.<sup>404</sup>

This did not mean that SER’s report expressed a wide societal consensus. Rob van Tulder and Alex van der Zwart, for example, argued in *Reputaties op het spel* (2003) that the ‘reputation mechanism’ only worked for some specific large and brand-carrying companies, while SER’s advice that codes of conduct that were set voluntarily by individual companies would be enough to ensure a socially responsible business conduct norms was challenged as well. Van Tulder and Van der Zwart instead proposed more neo-corporatist forms of norm-setting, in which rules would be set through negotiations between citizens, government and business.<sup>405</sup> The more radically alternative models of organizing economic decision-making which formed the background to the establishment of SMO in 1968, however, seemed to have disappeared from the discursive field of possibilities by the early 2000s.

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or necessary’, they remained markedly vague about when this would be the case and emphatically posed that voluntarism was to be preferred (see page 91-92, 102 op. cit.). The distinctive feature of the Dutch consensus, thus, lied in its general appreciation of voluntarism, whereas even within the contemporary CSR discourse, there were ‘technical’ debates on whether the transparency aspects of CSR should not be regulated through general legislative standards instead. See, e.g. the positions of Rob van Tulder and Alex van der Zwart: Van Tulder and Van der Zwart, *Reputaties op het spel*; W. van Meteren, ‘Regie nodig bij verantwoord ondernemen’, *Trouw* (21 January 2003), <https://advance-lexis-com.proxy.library.uu.nl/api/document?collection=news&id=urn:contentItem:48KT-W410-0150-Y455-00000-00&context=1516831> (Accessed 12 September 2023).

<sup>402</sup> See: J.M. Cramer, *Learning about Corporate Social Responsibility. The Dutch Experience*. (Amsterdam 2003).

<sup>403</sup> M. Janssen Groesbeek, ‘De maatschappij is “business” voor bedrijven’, *Het Financieele Dagblad* (22 November 2004). <https://advance-lexis-com.proxy.library.uu.nl/api/document?collection=news&id=urn:contentItem:4DVD-YVJ0-00MN-14CN-00000-00&context=1516831> (Accessed 12 September 2023).

<sup>404</sup> ‘Wempe “doet” KMVO’, *Het Financieele Dagblad* (27 February 2004), <https://advance-lexis-com.proxy.library.uu.nl/api/document?collection=news&id=urn:contentItem:4BT5-YW30-00MN-149F-00000-00&context=1516831> (Accessed 12 September 2023).

<sup>405</sup> Van Meteren, W., ‘Regie nodig bij verantwoord ondernemen’, *Trouw* (21 January 2003), <https://advance-lexis-com.proxy.library.uu.nl/api/document?collection=news&id=urn:contentItem:48KT-W410-0150-Y455-00000-00&context=1516831> (Accessed 12 September 2023).

## CONCLUSION:

### A CHANCE AT DOING THE RIGHT THING

When Gerrit Wagner, the president-director of Shell's Dutch half, demanded a 'chance to do the right thing in an acceptable way' for business, they had, perhaps unwittingly, captured something significant.<sup>406</sup> Their phrasing summarized the core of the message that SMO – as a mouthpiece of the Dutch business community – would spread in its publications over the period 1971-2004. This message entailed that business could be trusted to take social responsibilities voluntarily and that it at least deserved a fair chance to demonstrate this to society. SMO thus negotiated a space of autonomy for business firms in light of continuing controversies surrounding the conduct of companies, a space which was justified as 'probational'. This thesis attempted to analyze the arguments and story-lines produced by SMO in support of this message by approaching them as contextualized discursive strategies. The following question guided this research:

*How can we explain the ideational role played by business in the legitimation of CSR as a means of social regulation in the Netherlands between 1971 and 2004?*

The ideational role played by business in legitimizing CSR between 1971 and 2004 can be understood as a contribution to what seems to a perennial problem in business responsibility discourse as it developed in the Netherlands since 1875 (see Chapter 2). The main question of this discourse was how to resolve the tension that existed between freedom of enterprise and the ethical norms set by society for the organization of economic production. This tension had given rise to the voluntarist self-responsibilization of early 'social entrepreneurs'

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<sup>406</sup> Stichting Maatschappij en Onderneming, *Tussentijds bestek. Vraagstukken rond milieu en economische groei. Verslag van een serie lezingen en discussies in het Koninklijk Paleis te Amsterdam op 27-28 april en 18-19 mei 1973* (The Hague 1973) 14.



in the late nineteenth and early twentieth century. As the 'social question' endured, and as the Great Depression left its marks during the Interbellum, societal support for state regulation and voluntary industry cooperation gained ground. Business was attributed with 'public' responsibilities for the social security of workers and economic welfare. This eventually resulted in a liberal neo-corporatist consensus of business' social responsibilities in the Netherlands, which depended on the idea that business carried social responsibilities for attending to the public interest, and that there was some form of private economic interest in public regulation and social coordination as well. Business was expected to uphold the objectives of full employment and economic 'growth within the national framework' in the decades after World War II. As large industrial firms and multinational corporations came to rule the economy, however, they became more strongly criticized by various social movements for their undemocratic structures, their roles in unequal international socio-economic relations, for sustaining controversial regimes, and for aggravating environmental issues.

This formed the backdrop to SMO's establishment in 1968 (see Chapter 3). As the definition of its business' social responsibilities progressively broadened out, SMO began to spread the idea that companies could only uphold their primary economic function if collective expenditures were cut and if firms retained a space of autonomy. The discursive strategies employed by SMO between 1971-1975 aimed at generating story-lines which protected the dominant economic order by presenting an autonomous business world as a key condition for a free and prosperous society. At the same time, SMO attempted to generate trust of business' good intentions to serve the public interest, arguing for a chance to do the right thing without being stringently regulated. Between 1975 and 1983, SMO continued to passionately defend the autonomy of business, but was now strongly aided in this endeavor as a context of economic turmoil arose in the Netherlands. This context possibly formed a condition for the wide societal embrace of the story-line that a deregulated and profitable business economy was necessary to secure economic growth for all. While boundaries were being set on the state, SMO promoted social accountability, discovered the potential of year reports, and gave early justifications of stakeholder dialogue.

The early history of SMO's discursive strategies displays, all in all, how CSR was not so much a legitimation of deregulation, but how these two ideas expressed a common project of

business defense. This nuances our current understanding of the relationship between neoliberalization and the rise of CSR, but also confirms the idea that perceived political threats formed a condition for the active propagation of CSR by business firms.

Throughout the 1980s and early 1990s (1984-1992), the arguments in SMO's brochures and books became more implicit as the social-neoliberal regulatory 'package' gained discursive dominance in society. This 'package' held, in short, that where regulation was inevitable, deregulation and the implication of business in the process of rule-setting was paramount, and in issues where regulations were absent, voluntary socialization was to be preferred. This bolstered the justification of CSR by SMO as a form of regulatory 'probation'. The dominance of the social-neoliberal perspective, however, also meant that the discursive strategies SMO employed to generate story-lines supportive of this perspective retained a middle ground between being protective of the dominant discourse, and being activating of alternative ideas. This is because SMO still had to develop efforts to remind government and business actors of what the social-neoliberal 'steering mechanisms' implied of them on the level of daily practice, particularly between 1984 and 1992. The focus shifted, however, on business actors during the 1990s, when SMO's publications struck a markedly less critical tone towards the state and government officials, and became aimed on developing management concepts to facilitate the implementation of voluntary socialization. Voluntary branch cooperation, multi-stakeholder dialogue, and the 'ethical market' were all put forward to justify CSR, notwithstanding their disputed and insecure status. Solutions to solving the problem of 'balancing interests', however, remained paradoxical.

By CSR's institutionalization in 2004, it became clear that SMO had contributed to legitimizing CSR more or less precisely as it was institutionalized in the Netherlands. SMO contributed to laying the argumentative foundations for CSR between 1971 and 1983, and subsequently played a noteworthy ideational role in developing more 'technical' CSR concepts as the idea came to be mainstreamed in the late 1990s. This thesis has thereby demonstrated how the ideational role of business evolved as a pro-CSR global environment arose for the Dutch case: this role remained contributive to legitimizing CSR through the promotion of more technical elaborations of the concept. Furthermore, the detailed analysis of discursive strategies of Dutch business presented in this thesis sheds light on the importance of the argumentative links between the concepts of free enterprise, profitability,

economic growth, and societal prosperity for facilitating discursive coalitions in support of CSR's legitimacy within a domestic political context. Indeed, the analysis points to the existence of an implicit prioritization of sustaining the growth of domestic economic welfare over the combatting of wider socio-ethical concerns among the Dutch public in the period of study.

Moreover, the results of this thesis suggest that both moral and 'business case' arguments for CSR can be traced to the early 1970s. By the late 1990s, however, more serious questions were raised on the evidence for the link between profits, competitive advantages, and firm continuity on the one hand, and voluntary socialization on the other. Somewhat ironically, despite all these intellectual insecurities, scientific knowledge can be said to have held great political authority with regards to making statements on the proper regulation of the economy in SMO's publications. This was especially the case for the discipline of (business) economics, but also, especially as the 1980s progressed, for disciplines like environmental sciences, business administration, (social) psychology, organizational sociology, and business ethics. Due to this, the discursive strategies developed by SMO were definitely 'refined' in respect to their theoretical qualities. In addition to this, this thesis demonstrates how there was an apparent discursive coupling of this authoritative scientific knowledge and the 'objective' attitude of business in Dutch discourse. It would definitely be interesting for future research to trace the history of this coupling through a similar theoretical and methodological approach as taken for this thesis.

This thesis, however, also exhibits important limitations which would be useful to address in future research as well. Firstly, the analysis presented in this thesis has ultimately only focused on exploring the argumentative strategies employed by representatives of 'business', highlighting the most significant story-lines and the most important strategies which made CSR 'sound right'. It would, however, be interesting to take a wider societal perspective and include the discursive strategies of other societal groups in relation to legitimizing views on the social regulation of the economy, similar to what Nora Lohmeyer has done for the German case.<sup>407</sup> This would make possible a comparison of the argumentative contributions

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<sup>407</sup> N. Lohmeyer and G. Jackson, 'Vocabularies of Motive for Corporate Social Responsibility: The Emergence of the Business Case in Germany, 1970–2014', *Business Ethics Quarterly* (2023) 1-40;

of different groups, and thus facilitate a more genuine evaluation of business' contributions to legitimizing CSR.

Secondly, this thesis has not traced the origins of ideas back to the institutional grounds in which they were probably constructed, but merely signaled their appearance in publications linked to SMO. Considering that many voices to which SMO offered a platform came from the business world and academia, these sites – and their interactions – would be interesting to investigate for the origins of certain argumentative chains. In that light it would also be interesting to investigate Rami Kaplan and Daniel Kinderman's hypothesis which holds that close links to the American economy facilitated the diffusion of CSR within a national context.<sup>408</sup> While this thesis cannot answer whether this was the case for the Netherlands, it suggests that it was possible that Dutch business drew from a longer-standing domestic tradition of voluntarist thought and practice which went back at least as far in the Netherlands as it did in the US. Only future research could shed more light on these fascinating questions.

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N. Lohmeyer and G. Jackson, 'The Business Case as New Vocabulary of Motive: Discourse Coalitions Around CSR in Germany, 1970-2014', *Academy of Management Annual Proceedings* 2018.1 (2018) 1-6; N. Lohmeyer, *Instrumentalisierte Verantwortung? Entstehung und Motive des 'Business Case for CSR' im Deutschen Diskurs unternehmerischer Verantwortung* (Bielefeld 2017).

<sup>408</sup> R. Kaplan and D. Kinderman, 'The Business-Led Globalization of CSR: Channels of Diffusion From the United States Into Venezuela and Britain, 1962-1981', *Business & Society* 59.3 (2020) 439-488, on 450.

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## APPENDIX 1

### COMPANIES PRESENT AT THE INAUGURAL MEETING OF *STICHTING MAATSCHAPPIJ EN ONDERNEMING (SMO)* ON 10 SEPTEMBER 1968\*

1. Albert Heijn
2. Algemene Bank Nederland
3. Algemene Kunstzijde Unie
4. Amsterdam-Rotterdam Bank
5. Bruynzeel
6. Douwe Egberts Koninklijke  
Tabaksfabriek-Koffiebranderijen-  
Theehandel
7. Federatie van Katholieke en  
Protestantse-Christelijke  
Werkgeversverbonden
8. Hatéma
9. Heineken's Bierbrouwerij  
Maatschappij
10. J.P. Wyers' Industrie- en  
Handelsonderneming
11. Koninklijke Nederlandsche  
Hoogovens en Staalfabrieken
12. Koninklijke Nederlandse  
Vliegtuigenfabriek Fokker
13. Koninklijke Papierfabrieken van  
Gelder Zonen
14. Koninklijke Zout Organon
15. Nationale Nederlanden
16. Nederlandsche Kabelfabrieken
17. Philips Gloeilampenfabrieken
18. Phs. Van Ommeren
19. Rijn-Schelde Machinefabriek en  
Scheepswerven
20. Shell Nederland
21. Steenfabrieken V.H. Terwindt &  
Arntz
22. Steenkolen-Handelsvereniging
23. Thomassen & Drijver-Verblifa
24. Unilever
25. Van Doorne's Automobielfabrieken
26. Verbond van Nederlandse  
Ondernemingen
27. Vereenigde Nederlandsche  
Scheepvaartmaatschappij
28. Verenigde Machinefabrieken
29. Vroom & Dreesmann-Nederland  
Coöperatieve Handelsonderneming
30. Wilton-Fijenoord-Bronswerk
31. Wm. H. Müller & Co.

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\* Source: T. van Zijl and S. Langeweg (ed.), *SMO 45 jaar* (The Hague 2013) 14-15.