Ute Schmiel*

Corporate Social Responsibility: A Fake Already According to the Theory of the Firm?**

Abstract

This paper asks if we can support by argument the norm "we should hold firms responsible". From a critical rationalist perspective, answering this question has an ethical and an empirical dimension. The ethical dimension discusses whether we should hold firms socially responsible for ethical reasons. However, since demanding that we should hold firms responsible requires that we can hold them responsible, this paper focuses on this empirical dimension. Thus, this paper asks whether we can hold firms responsible for theoretical reasons. Theoretical reasons means that this paper refers to theories of the firm and in particular to their hypotheses about the behaviour of firms and firm members. The paper finds that the nexus of contracts approach (which is the economic mainstream theory of the firm) ascribes behaviour to the firm that corresponds to the firm members' behaviour. In consequence, we would not have reasons to ascribe responsibility to the firm from a social science perspective. Since the nexus of contracts approach is not adequate from a critical rationalist perspective, however, this paper develops an extended corporate actors approach. In contrast to the nexus of contacts approach, the extended corporate actors approach ascribes behaviour to the firm that differs from firm members' actions. Thus, we do have reasons to ascribe responsibility to the firm from a social science perspective.

Keywords: corporate actors approach, hypotheses about behaviour of individuals and firms, nexus of contracts approach, methodological individualism
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Introduction

Do we have reasons to interpret corporate social responsibility as a fake? We surely have if firms simulate social responsibility but in fact do not act responsibly. We can find a discussion of this so-called greenwashing in economic and ethic literature (Pope & Wæraas, 2016). However, this is not the subject of the present paper. Rather, this paper examines if corporate social responsibility is a fake because we cannot support by arguments that we should hold firms responsible. The idea is as

* Ute Schmiel, University of Duisburg-Essen, Faculty of Business Administration and Economics, Berliner Platz 6-8, 45127 Essen, E-Mail: Ute.Schmiel@uni-due.de.

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follows: This paper takes a critical rationalist view based on Albert (1985) and Gadenne (2006). From this perspective, it is necessary to discuss norms rationally and this requires supporting them by arguments (Albert, 1985). Likewise, we need to discuss the norm "we should hold firms responsible". From a critical rationalist perspective, supporting by argument has an ethical and an empirical dimension. We do not go into the ethical dimension which discusses the question: Why should we hold firms socially responsible? Instead, we focus on the empirical dimension of a rational norm discussion that asks if we *can* hold firms responsible. The reason is that this is a necessary even though not sufficient prerequisite for demanding that we should hold firms responsible. To find an answer, this paper takes a social science perspective and refers to hypotheses about the behaviour of firms and firm members. More precisely, the focal point is the relation between the behaviour that we ascribe to firms and that of the firm members. According to Vanberg (1992), firm members are all people who transfer resources and the immediate control over these to a firm, such as owners, employees, or creditors. If the behaviour that we ascribe to firms corresponds to firm members' behaviour, we do not have reasons to ascribe responsibility to the firm from a social science perspective. If, inversely, actions that we ascribe to firms differ from firm members' actions, we do have reasons to ascribe responsibility to the firm from a social science perspective. Werhane (1985) argues in a similar way but from a socially ontological perspective. In contrast, this paper refers to the theory of the firm to analyse the relation between behaviour that we ascribe to firms and firm members' behaviour.

The economic mainstream theory of the firm is the nexus of contracts approach (Avi-Yonah, 2004). This paper argues that the basic statement of the nexus of contracts approach is: behaviour that we ascribe to firms corresponds to firm members' behaviour. According to this basic statement, we do not have reasons to ascribe responsibility to the firm. So, from the perspective of the nexus of contracts approach, corporate social responsibility is an illusion (Friedman, 1970); it is a fake. Yet, is the nexus of contracts approach really an adequate theory? From a critical rationalist perspective it is not adequate. The reason is that the basic statement requires perfectly competitive markets (Mas-Colell, Whinston, & Green, 1995). However, these are neither fulfilled nor realisable (Shubik, 2007).

Thus, analysing the relation between actions that we ascribe to a firm and firm members' actions requires a theory of the firm beyond the nexus of contracts approach. Therefore, this paper takes the corporate actors approach according to Coleman (1974) and Vanberg (1992). Contrary to the basic statement of the nexus of contracts approach, Coleman and Vanberg come to the result that firms usually act differently from their firm members. Although this corporate actors approach is necessary, it is still not (yet) sufficient to explain this result. For that reason, this paper substantiates it with market hypotheses under genuine uncertainty (Buchanan & Vanberg, 1991), with hypotheses of the resource-dependence approach (Pfeffer & Salancik, 2003), the behavioural theory of the firm (Cyert &

March, 2003), and principal-agent hypotheses (Berle & Means, 1991; Jensen & Meckling, 1976). According to this extended corporate actors approach, the behaviour that we ascribe to a firm usually differs from firm members' behaviour.[1]

So, according to the (extended) corporate actors approach, firms can be held responsible and corporate social responsibility is not a fake.

The question if CSR is a fake already according to the theory of the firm is relevant for the following reason. Only if we can hold firms socially responsible, does it make sense to ask to what extent we should hold them socially responsible. Only then does it, for example, make sense to ask whether firms have to abstain from aggressive tax planning although national states give incentives. Or to give another example: Only then it is reasonable to ask why German criminal law denies a legal responsibility of firms although we have reasons to hold them socially responsible.

To answer the question if CSR is a fake already according to the theory of the firm, chapter 2 analyses the connection between CSR and the theory of the firm. Chapter 3 asks if CSR is a fake according to the nexus of contracts approach. Chapter 4 develops the extended corporate actors' approach and explores its consequences for CSR. Chapter 4 summarises the results.

What Is the Connection Between Corporate Social Responsibility and the Theory of the Firm?

To analyse the question if CSR is a fake already according to the theory of the firm, this paper takes a critical rationalist view based on Albert (1985) and Gadenne (2006). A critical rationalist methodology aims to discover the structure of reality. Thus, knowledge should be the "comprehension and representation of reality" (Albert, 1999, p. 10); however, critical rationalism considers human perception to be subjective and calls this first characteristic of critical rationalism critical realism. The second characteristic of critical rationalism is the so-called consistent fallibilism. Consistent fallibilism implies that science can achieve neither absolute truth of knowledge nor an absolute justification of values or norms. This supports the methodical rationalism which is the third characteristic of critical rationalism. Methodical rationalism means discussing hypotheses and values or norms critically and comparing them with other hypotheses, values and norms (Albert, 1999). The ethical dimension of the rational norm discussion asks if considerable ethical reasons exist for holding firms responsible. Crane & Matten (2016) argue that we should hold firms responsible because of at least three main reasons. Firstly, firms cause externalities, secondly, they are powerful social actors and thirdly, since stakeholders contribute to the firm, firms have to consider stakeholder interests in return. However, we do not deal with these reasons. Instead, we focus on the empirical dimen-

1 Schmiel (2016); Schmiel & Weitz (2017) use a similar approach to answer the question if firms are able to pay taxes.

sion of a rational norm discussion. This dimension results from the postulate that ought implies can (Albert, 1985). According to this critical rationalist rule, analysing whether and to what extent we should hold firms responsible only makes sense if we can hold them responsible. In other words: A necessary prerequisite of ascribing responsibility to firms is that we can do so. To find an answer as to whether we can hold firms responsible, this paper takes a social science perspective and that implies referring to hypotheses about the behaviour of firms and individuals. Ascribing responsibility to a firm depends on the relation between the behaviour that we ascribe to firms and firm members' behaviour. If the behaviour of the firm corresponds to the behaviour of its members, we do not have reasons to ascribe responsibility to the firm. In contrast, if the behaviour differs, we do have reasons to ascribe responsibility to the firm. As opposed to a social science perspective, a socially ontological view predominantly asks if firms are fictions or agents (Chassagnon, 2013; List & Pettit, 2011; Pettit, 2014), moral persons, or at least moral actors (French, 1979, 1995; Velasquez, 1983, 2003; Werhane, 1985). Nevertheless, Werhane (1985), who also takes a socially ontological view, argues in a similar way as the present paper:

> While the totality of individual actions on behalf of a corporation is sufficient for such action, except in the smallest corporations no one individual action is sufficient …, and each individual input becomes transformed as it mixes with other constituent and agent input and as corporate 'directives' are interpreted. The result is often (but not always) collective action different from the primary actions of its constituents. Thus at least in principle, it is possible that there could be corporate immoral 'action' that is the result of a series of blameless primary actions. For all of these reasons, then, corporate 'action' … cannot be redescribed in terms of the actions of constituents, even though these are nevertheless necessary and sufficient for a corporation to function. (p. 56).

Werhane (1985) concludes: "Rather, a corporation functions as a unit, dependent upon, but distinct from its constituents... And corporations, like persons, are and should be, held morally responsible for actions within their control when, all things considered, they could have acted otherwise" (p. 59). However, Werhane does not substantiate her argumentation with a theory of the behaviour of firms and individuals. Similarly, List & Pettit (2011) deny that we can readily reduce the attitudes of group agents to the individual members but they do not refer to a theory about the behaviour of firms and individuals, either. In contrast, this paper refers to such behaviour hypotheses and interprets the theory of the firm from a social science perspective.

Critical rationalism postulates that these assumptions and hypotheses should be provisionally empirically confirmed (Albert, 1985; Gadenne, 2006). In social science, empirically confirmed macro-laws, for example on the behaviour of firms or of other aggregates of individual actors, are missing (Opp, 1992). Because of that reason which we put up for critical discussion, we have to take an individualistic approach that explains firm behaviour through individual behaviour (Hayek, 1948; Popper, 1966). An individualistic approach excludes theories like the systems theory (Ritzer, 2008). According to this individualistic approach, 'firm behaviour' does not mean that firms behave in a literal sense. Therefore, it is not correct to speak of the behaviour of the firm but of the behaviour that we ascribe to firms. Furthermore, we take the macro-micro-model (Coleman, 1994; Opp, 1992, 2011) as a basis. In the sense of this model, there are correlations between macro factors and the behaviour that we ascribe to firms. Macro factors influence the behaviour of several individuals. This behaviour of individuals then constitutes the behaviour that we ascribe to firms on the macro level. So, we have to ask how individuals behave and which individual behaviour constitutes the behaviour that we ascribe to the firm (Coleman, 1994; Opp, 1992, 2011). Therefore, we firstly analyse the nexus of contracts approach (Fama, 1980; Jensen & Meckling, 1976) as the predominant theory of the firm (Avi-Yonah, 2004). Since its assumptions contradict reality, this theory is not adequate from a critical rationalist perspective. Therefore, we next refer to the corporate actors approach. In contrast to other approaches beyond the nexus of contracts approach (Avi-Yonah, 2004; Biondi, 2007; Gindis, 2007, 2009), the corporate actors approach deals with behaviour hypotheses.

Corporate Social Responsibility and the Nexus of Contracts Approach

The nexus of contracts approach argues that firms are legal fictions (Jensen & Meckling, 1976; Fama, 1980). We can find different perspectives for analysing the nexus of contracts approach, for example a perspective of social ontology (Chassagnon, 2013; List & Pettit, 2011; Pettit, 2014), a legal perspective (Deakin, 2012; Robé, 2011), or a social science perspective (Vanberg, 1992). Whilst a perspective of social ontology and a legal perspective predominantly discuss whether firms are legal fictions and present counter arguments, a social science perspective focuses on the behaviour of the firm members. According to the macro-micro-model (Coleman, 1994; Opp, 1992, 2011), individual behaviour constitutes the behaviour of the firm. In particular, decisions of the manager and the realisation of these decisions through employees or other actors constitute the behaviour of the firm.

From a social science perspective, the nexus of contracts approach implies the following empirical hypothesis: The behaviour of the firm corresponds to the interests of the firm members. Moreover, the behaviour that we ascribe to a firm corresponds to the separate actions of individuals on markets. In other words: Managers decide in a manner and employees realise these decisions in a way that corresponds to the separate actions of the firm members on markets (Vanberg, 1992).

In the following, we see that this empirical hypothesis is fulfilled on perfectly competitive markets. The market hypothesis on perfect markets is: If certain assumptions are fulfilled (e.g. if we have a non-finite number of suppliers and demanders who can only adapt the amount and not the price, who act perfectly rational and have perfect and symmetric knowledge because of certainty or a simple form of uncertainty), then markets are in equilibrium. A relevant characteristic of the general equilibrium is that the market is Pareto-efficient. On a Pareto-efficient market, it is not possible to make an individual better off without making some other worse off. In other words: Individuals maximise their utility and at the same time the common welfare is maximised (Mas-Colell et al., 1995). However, common welfare in this context is restricted to Pareto-efficiency. Because of this automatic harmony between individual interests and the common good, institutions are not necessary (Shubik, 2007; Vanberg, 2001). As we can see, the perfectly competitive market hypothesis contains a hypothesis on the actions of individuals. The hypothesis on the behaviour of individuals is that they act perfectly rational and maximise their (financial) utility (Mas-Colell et al., 1995). Perfectly rational behaviour implies firstly that individuals act consistently. Secondly, they have perfect and objectively appropriate knowledge about the world. In particular, individuals are informed about the exhaustive set of states of the world (Mas-Colell et al., 1995; Vanberg, 2002, 2004). Because of this complete knowledge, it is possible to determine a behaviour that is perfectly rational from the perspective of all actors. To choose rationally, individuals follow a perfectly rational decision criterion like net present value (Schanz & Schanz, 2011). If individuals achieve income as firm members, they also maximise their (financial) utility. The reason is that managers or owners pursue a maximum firm profit. Moreover, on perfectly competitive markets, there is a perfectly rational profit definition and it is obvious to all actors which policy is an adequate means to maximise this profit. Profit maximisation is in the interest of all firm members because firm members can always realise their preferred option via perfect markets (Furubotn & Richter, 2005). In other words, there are no conflicts of interests in firms. Firstly, there is no conflict of interest between shareholders. If, for example, a part of the shareholders wants to accumulate profit in the firm and a part of the shareholders wants to receive a dividend for consumption, the latter group can finance their consumption by loan. They always receive a loan to the amount of their shares' market price that increases with an increase in profit. Secondly, there is no conflict of interest between shareholders and other firm members. Maximising the firm's profit does not contradict the interests of other firm members. Since individuals have perfect and symmetric knowledge, agents cannot act in an opportunistic manner on perfectly competitive markets (Furubotn & Richter, 2005). If shareholders or creditors expect moral hazard of managers or owners, they avoid contracts with them. As there are no conflicts of interests in firms (Cyert & March, 2003), it is not necessary to analyse which actors can enforce their interests. Just as little do we need to analyse how employees or other actors realise managers' decisions. The reason is that because of the perfect knowledge, each person knows the correct means to realising profit maximisation. So, the realisation of decisions on perfectly competitive markets is an algorithm (Cyert & March, 2003; Furubotn & Richter, 2005). The behaviour that we ascribe to firms corresponds to the interests of the firm members. Moreover, managers decide in a manner and employees realise these decisions in a way that corresponds to the separate actions of the firm members on markets (Furubotn & Richter, 2005; Vanberg, 1992). Thus, from the perspective of the nexus of contracts approach, there is no distinct action of the firm. Therefore, according to the nexus of contracts approach, we do not have reasons to ascribe responsibility to the firm. Thus, CSR is a fake.

However, this paper denies that the basic statement of the nexus of contracts approach "the behaviour that we ascribe to the firm corresponds to the behaviour of the firm members" is adequate from a critical rationalist perspective (Albert, 1985; Gadenne, 2006). Such a perspective requires provisionally empirically confirmed assumptions (Gadenne, 2006). Yet, the theory of perfectly competitive markets is not adequate in a critical rationalist sense. The first breach of critical rationalist rules is that the assumptions of this theory can neither be fulfilled nor realisable. Especially the assumption of certainty or the simple form of uncertainty contradicts the genuine uncertainty that we find in reality. The simple form of uncertainty assumes that actors have an exhaustive set of the states of the world and that individuals are able to assign objective probabilities to possible states of nature. In contrast, the characteristic of genuine uncertainty is that actors do not have an exhaustive set of the states of the world. Instead, genuine uncertainty means environmental conditions can occur that actors cannot consider in their decisions because of their incomplete knowledge. The first reason for this incomplete knowledge is that individuals cannot inform themselves about all action alternatives. The second reason is that the number of possible environmental conditions and action alternatives is undetermined (Beckert, 1996; Shackle, 1972; Witt, 2009). Actors have to expect new states, not least because actors learn and influence the future by their decisions (Buchanan & Vanberg, 1991). If we accept genuine uncertainty, we cannot apply neoclassical market theory to markets under genuine uncertainty (Shubik, 2007; Vanberg, 2001).

The second breach of critical rationalist rules is the missing possibility to explain many of the issues that we observe in reality under certainty or the simple form of uncertainty. For example, we cannot explain innovations and learning of individuals, bankruptcy, the use of money, or the existence of institutions such as firms (Shubik, 2007). Coase emphasised the latter and argued that on perfectly competitive markets, the coordination instrument "market" would be sufficient. In other words, we cannot explain the existence of firms on perfectly competitive markets (Coase, 1988). For this reason, firm theories often modify neoclassical market theory by assuming a perfectly competitive market under certainty or simple uncertainty for part of the actions of individuals and combining this with an action theory under genuine uncertainty and asymmetric information of other individuals. However, these "hybrid" theories combine inconsistent assumptions (Furubotn & Richter, 2005). They combine e.g. positive transaction costs in some sectors to explain the existence of firms and zero transaction costs in all other sectors. Or they assume that decision makers have perfect information about some matters and are ignorant regarding others (Furubotn & Richter, 2005). However, we can draw any possible conclusion from contradictory assumptions (Albert, 1985). Because of that, such hybrid theories are inadequate in a critical rationalist sense. In consequence, the hypothesis that the behaviour that we ascribe to firms corresponds to the behaviour of firm members has so far not been provisionally empirically confirmed. Chapter 4 presents the corporate actors approach and asks if we can expect this hypothesis to be provisionally confirmed if we assume markets under genuine uncertainty.

Corporate Social Responsibility and the Extended Corporate Actors Approach

From a social science perspective, the empirical hypothesis of the nexus of contracts approach is that the behaviour we ascribe to firms corresponds to the firm members' behaviour. According to chapter 3, managerial decisions and decision realisation through employees or other actors correspond to the interests of the firm members. Figure 1 repeats the argumentation of chapter 3 to provide a basis for the following considerations:

Perfectly competitive markets	
(1) How do firm members act?	perfectly rational
→ managers: maximise profits	yes
→ profit definition	objectively rational
→ obvious means to achieving profit maximisation	yes
(2) firms are places of conflicts	no
→ goals/means are in firm members' interests	yes
→ divergent firm members' interests solved via perfectly competitive markets	yes
→ opportunistic acting	not possible
(3) Which actor can enforce interests?	not relevant
(4) How do employees/other actors realise managerial decisions?	algorithm
(1)-(4) behaviour that we ascribe to firms in relation to firm members' actions	Managerial decisions and decision realisation through employees or other actors correspond to the interests of the firm members.

Figure 1. Behaviour that we ascribe to firms on perfectly competitive markets.

As figure 1 shows, the reason for this correspondence is that on perfectly competitive markets, firm members act perfectly rational (1) and firms are no places of conflicts (2). Because of the latter, the enforcement of interests is not problematic (3). Finally, the realisation of decisions on perfectly competitive markets has the character of an algorithm (4). However, we do not have reasons to assume perfectly competitive markets because neoclassical market theory is not adequate in a critical rationalist sense. So, the empirical hypothesis of the nexus of contracts approach is not reasonable under conditions of genuine uncertainty. Thus, we need an alternative theory of the firm that should provide an individualistic approach on the one hand and that deals with the behaviour of firms on the other hand. We therefore choose the corporate actors approach. In the following, the paper takes the main results of figure 1 as a starting point and develops the extended corporate actors approach on markets under genuine uncertainty against this background.

We do not need to define corporate actors exhaustively but mention the following typical characteristics. The main features of corporate actors are firstly a large number of company owners, secondly an executive board, and thirdly managers who need not be company owners. Corporate actors' legal forms can be a public limited company, a limited company, or a partnership in which only corporations are liable to unlimited extent. What is the relation between the behaviour that we ascribe to a firm and the behaviour of firm members according to the corporate actors approach? This paper takes the considerations of Coleman (1974) and Vanberg (1992) as a basis.

Coleman points out that individuals who transfer resources to a corporate actor lose the total control over them in case of major corporate decisions. They give up parts of their rights to the collective owners and this means to the corporate actor (Coleman, 1974). Coleman (1974) describes this as follows:

> If a person invests money in a corporation, he can sell his fraction of the capital assets at any time; or, if he can gain the assent of enough of his fellow investors, he can in fact unseat the corporation's directors. But in the day-to-day operations of the corporation, the person as an investor has no control over the use of his capital. And in major corporate decisions, concerning new ventures, changes in management or directorships, declaration of dividends, and nearly any other use of the capital resources of which the corporation consists, he has no effective control unless he owns a sufficient fraction of the capital for his votes to make a difference. (p. 41).

Owners can avoid such a situation only if operations of the corporation or major corporate decisions require unanimous owner decisions. However, the principle of unanimity makes it difficult to act and also contradicts the division of labour that is at the same time an advantage of firms. Vanberg refers to Coleman's ideas and emphasises the difference in kind between separate actions of people on markets and actions of people in organizations. The reason is firstly that individuals who submit resources to an organization deny themselves the separate control over these resources and submit them to an organizational decision making process (Vanberg, 1992). Secondly, the organizational decision making process requires rules regarding the question who is allowed to decide for the group and regarding the question how the results of the group-product are to be distributed. Because of these organizational constraints, Vanberg points out that the members of a corporate actor pursue their own interests just like market participants. However, they act under constraints that differ from the constraints on markets. Such constraints are, for example, the rules of the decision-making process. These different rules cause the differences in kind between market settings and organizational settings (Vanberg, 1992). These rules and further social mechanisms "bring about the intra-organizational coordination of individual choices and actions that make us think of organizations as corporate actors" (Vanberg, 1992, p. 239).

These considerations of Coleman and Vanberg are necessary but they are not sufficient to answer the question whether the behaviour of the firm corresponds to the behaviour of the firm members. Firstly, the differences in kind between markets and firms require concepts of the functioning of markets beyond perfectly competitive markets. Thus, we need a market theory under genuine uncertainty. In other words: since on perfectly competitive markets, managers act in the interests of the firm members and even in the interests of separately acting individuals, we have to answer why this is not the case on markets under genuine uncertainty. Secondly, the explanation that there are social mechanisms "that bring about the intra-organizational coordination of individual choices and actions that make us think of organizations as corporate actors" is vague. We have to analyse this relationship between individual behaviour and the behaviour that we ascribe to firms in more detail. Furthermore, it is not necessary that the behaviour that we ascribe to the firm corresponds to the separate behaviour of individuals on markets. Instead, it would be sufficient if it corresponded to interests of the jointly acting firm members. So, the relevant question is: can we expect that managers decide in a manner and employees realise these decisions in a way that correspond to the interests of the jointly acting firm members?

Let us deal with these points one by one. Because of our perspective of methodological individualism, we have to ask firstly how to explain the behaviour of individuals under genuine uncertainty. While individuals on perfectly competitive markets can act perfectly rational and use perfectly rational decision criteria, under genuine uncertainty, individuals cannot act in this manner. The reason is that under genuine uncertainty, individuals do not have perfect knowledge about the world. Furthermore, as no individual has perfect knowledge, we have no reason to characterise certain decision criteria or certain decisions as perfectly rational. Rather, we hypothesise that individuals act subjectively rationally under genuine uncertainty. Subjectively rational behaviour means that individuals pursue their own interests and act consistently regarding their goals. Since they only have incomplete knowledge about the world, they can only evaluate goals and means from the perspective of their subjective knowledge. In this sense, they use decision criteria that are subjectively rational from their perspective (Beckert, 1996; Opp, 1992; Vanberg, 2002). As we saw in chapter 3, one reason for incomplete knowledge is the large number of possible action options. Incomplete knowledge also occurs because the quantity of possible action options is not fixed at the time when the decision is made (Witt, 2009). For this reason, although individuals can act consistently, they can only act in accordance with their subjective knowledge.

Perfectly rational behaviour of individuals is connected to perfectly competitive markets. Since we assume a connection between individual behaviour and markets also under genuine uncertainty, we have to analyse how markets function under genuine uncertainty. In contrast to the neoclassical market theory, the coordination mechanism of markets is as follows: A market order allows actors to pursue their own interests inasmuch as they comply with the market rules (Vanberg, 2007). The underlying empirical hypothesis is that self-interested actors also take the interests of others into account because only then they can expect other actors to agree to a transaction (Buchanan & Vanberg, 1991; Vanberg, 2007). Adam Smith (1966) already described this mechanism when he wrote:

> Give me that which I want, and you shall have this which you want is the meaning of every such offer; and it is in this manner that we obtain from one another the far greater part of those good offices which we stand in need of. It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest. (p. 17).

According to this empirical hypothesis, other actors do not contract if they cannot enforce their relevant interests. In other words, denying their consent is the actors' means to enforcing their interests. Obviously, such a coordination mechanism requires rules. So, in contrast to perfectly competitive markets where institutions do not matter, markets under genuine uncertainty are institutional arrangements (Aspers, 2007; Vanberg 2001, 2005). However, it is not reasonable to assume that rules ensure that actors always consider important or legitimate interests of others. One reason is the presence of external effects. These imply transactions that affect the economic position of actors who are not contract partners (Furubotn & Richter, 2005). Therefore, these actors cannot enforce their demands by opting out. Another reason can be that actors may not possess enough resources to see their interests through. Since they cannot deny their agreement to a transaction, they depend on self-interested actors to respect their interests (Pfeffer & Salancik, 2003).

How can we expect firm members to behave on markets under genuine uncertainty? Why is it reasonable to say that under genuine uncertainty, behaviour that we ascribe to a firm differs from the interests of the firm members? While on perfectly competitive markets, actors can solve their divergent interests via these markets so that we can expect no conflicts of interests, we have a different situation under genuine uncertainty. Since perfectly competitive markets are not defined under genuine uncertainty, actors cannot solve their divergent interests via such markets. Therefore, we have to expect conflicts of interests between the firm members. First of all, we have to expect conflicts of interests between the owners as well as between owners and other firm members. While on perfectly competitive markets, profit maximisation in terms of a perfectly rational profit definition is in the interest of all firm members and there are also perfectly rational means to achieving this goal, the situation under genuine uncertainty is quite different. Because of the incomplete knowledge, we cannot characterise a certain decision criterion as perfectly rational and, in consequence, a certain means as perfectly rational to achieving this goal. Instead, under genuine uncertainty, firm members use different decision criteria which are subjectively rational from their perspective. Furthermore, they evaluate means to achieving goals differently because of their subjective knowledge (Furubotn & Richter, 2005). Therefore, it is not clear for managers how to decide; neither if they try to consider the owners' interests nor in the case that they respect the interests of all firm members. Moreover, whilst on perfectly competitive markets, opportunistic behaviour is not possible, under genuine uncertainty, owners have opportunities to act in an opportunistic manner against other firm members' interests (Jensen & Meckling, 1976).

Besides conflicts of interests between the owners and between owners and other firm members, we also have to consider divergent interests between managers and owners and managers and other firm members. As well as on perfectly competitive markets, we have to expect that managers act self-interestedly also under genuine uncertainty. In contrast to perfectly competitive markets where profit maximisation is also in the interest of managers and where manager cannot act in an opportunistic manner, under genuine uncertainty, we do not know their interests precisely because they also act subjectively rational. Furthermore, under genuine uncertainty, managers have an information advance that they could also use in an opportunistic manner (Berle & Means, 2009; Jensen & Meckling, 1976). The reason is that unlike on perfectly competitive markets, we cannot avoid opportunistic behaviour under genuine uncertainty. To sum up, on perfectly competitive markets there are no conflicts of interests in firms. In contrast, under genuine uncertainty, firms are places of conflicts. Because of this, the question arises which actors can enforce their interests (Cyert & March, 2003; Pfeffer, 2011; Pfeffer & Salancik, 2003; Schmiel & Weitz, 2017).

This result leads us to the analysis of the mechanism that coordinates the enforcement of interests. We ask if there is a mechanism that ensures that firms do what the jointly acting firm members want. This requires firstly only firm members but not outsiders to be able to influence the managers' policy. Secondly, firm members need to have (relatively) equal power to enforce their interests. These prerequisites are systematically fulfilled on perfectly competitive markets because, as chapter 3 shows, all actors have perfectly rational alternatives: If individuals do not agree with the managers' policy, they can opt out and choose an alternative beyond the firm. Furthermore, if the majority of the firm members do not agree with the management policy, they can change the managers. Finally, if particular actors demand conditions that are not acceptable from the perspective of the management, managers can contract with alternative actors. In contrast, since actors under genuine uncertainty do not have perfectly rational alternatives, we expect that firm members differ regarding their power. To find out what makes them powerful, we take the core hypothesis of the resource-dependence approach as a basis. According to this, the ability to enforce interests depends on the perceived resource power. Since we suppose that the resource-dependence relationship between actors is usually unbalanced, we cannot assume a mechanism that provides correspondence between managerial decisions and the joint interests of the firm members. The resource-dependence approach takes the power-dependence theory of Emerson as a basis. This theory interprets power not as an attribute but rather as a relationship between actors (Emerson, 1962). The results of many studies support the resource-dependence approach (Nienhüser, 2008).

According to the resource-dependence approach, resource power and resource-dependence are relevant factors to enforce interests. This implies that resource power and dependence influence managerial decisions. Resource power means that there are actors who possess resources that are critical for the focal firm. The resource-dependence approach assumes that besides physical resources, resources like know-how or reputation are conceivable (Pfeffer & Salancik, 2003). Furthermore, this approach highlights that the relation of power and dependence is not an objective relation. Instead, it is a relation that depends on the mutual perception of the actors. Resource powerful actors perceive themselves as powerful and others as dependent. Conversely, dependent actors perceive themselves as dependent and others as powerful. From the perspective of this theory, managers consider the interests of actors whom they assume as powerful. These can be firm members but also outside stakeholders, for example the state, NGOs, consumers, or suppliers. Therefore, we may assume that managers act in the interests of the jointly acting firm members if they perceive this group as resource powerful but we have no reason to believe that this is commonly so. Furthermore, since the perceived resource dependency is relevant, it is not reasonable to assume that managers who act in the interests of the resource dependent stakeholder automatically also act in the interests of the firm members. Firstly, managers and firm members probably perceive power differently (Davis & Cobb, 2010; Nienhüser, 2008; Pfeffer & Salancik, 2003). Secondly, the power-dependence theory emphasises the relationship of power. According to that, actors try to reduce their own dependence and to extend the dependence of others (Davis & Cobb, 2010; Emerson, 1962; Nienhüser, 2008; Pfeffer & Salancik, 2003). It is not likely that firm members always share the estimation of managers regarding both prevailing power-dependencies and the adequate policy to reduce dependence or to extend power. Therefore, it is not reasonable that a mechanism enforces managers to decide in the interests of the jointly acting firm members. Rather, we assume that managerial decisions usually deviate from the interests of the jointly acting firm members.

Our last point deals with the realisation of managerial decisions. While on perfectly competitive markets, each person knows the correct means to realising profit maximisation because of their perfect knowledge, the situation is quite different under genuine uncertainty. In fact, it is not clear under genuine uncertainty how to realise decisions. Thus, employees and other actors have to interpret managerial decisions. Furthermore, they have to choose means to implementing these decisions. So, in contrast to perfectly competitive markets, this is not an algorithm. Therefore, the results of the implementation of managerial decisions may not correspond to the managerial decisions from either the managers' perspective or the perspective of other firm members (Cyert & March, 2003). Figure 2 summarises these results.

	Perfectly competitive markets	Markets under genuine uncertainty
(1) How do firm members act?	perfectly rational	subjectively rational
→ managers: maximise profits	yes	not possible
→ profit definition	objectively rational	various subjectively rational goals
→ obvious means to achieving profit maximisation	yes	various subjectively rational means
(2) firms are places of conflicts	no	yes
→ goals/means are in firm members' interests	yes	not expectable because of various subjectively rational goals/means
→ divergent firm members' interests solved via perfectly competitive markets	yes	not expectable (no perfectly competitive markets)
→ opportunistic acting	not possible	possible
(3) Which actor can enforce interests?	not relevant	actors with resource power
(4) How do employees/other actors realise managerial decisions?	algorithm	interpretation by employees/other actors; deviation regarding the interpretation of firm members likely
(1)-(4) behaviour that we ascribe to firms in relation to firm members' actions	Managerial decisions and decision realisation through employees or other actors correspond to the interests of the firm members.	Managers decide in the interests of resource-powerful firm members/outsiders and employees/other actors interpret these decisions from their perspective

Figure 2. Behaviour that we ascribe to firms in relation to firm members' actions on perfectly competitive markets and markets under genuine uncertainty.

Figure 2 shows that in contrast to perfectly competitive markets, under genuine uncertainty, firm members act subjectively rational (1) and firms are places of conflicts (2). Because of the latter, it is relevant to know which actors can enforce their interests. This paper follows the resource-dependence approach. Its core hypothesis is that managers consider the interests of actors with resource power (3). Finally, under genuine uncertainty, employees and other actors have to interpret managerial decisions (4). Therefore, actions that we ascribe to firms probably do not correspond to the interests of firm members. Rather, according to this extended corporate actors approach, the behaviour that we ascribe to a firm and firm members' behaviour are usually distinct (Schmiel, 2016). So, we do have reasons to hold firms responsible and corporate social responsibility is not a fake.

Results

The present paper asks if corporate social responsibility is a fake because we cannot support by arguments that we should hold firms responsible. From a critical rationalist view, answering this question has an ethical and an empirical dimension. While the ethical dimension discusses whether we should hold firms socially responsible for ethical reasons, the empirical dimension analyses whether we can hold them responsible for theoretical reasons. Similar to Werhane (1985), this paper examines the relation between the behaviour that we ascribe to firms and that of the firm members. If the behaviour that we ascribe to firms corresponds to firm members' behaviour, we do not have reasons to ascribe responsibility to the firm. If, on the other hand, behaviour that we ascribe to firms and firm members' behaviour are distinct, we do have reasons to ascribe responsibility to the firm. Unlike Werhane (1985), who takes a socially ontological perspective, this paper refers to hypotheses on the behaviour of firms and individuals. Critical rationalism postulates these hypotheses to be provisionally confirmed. Since empirically confirmed macro-laws are missing, the paper takes an individualistic approach that explains firm behaviour through individual behaviour. In particular, the paper refers to the macro-micro model. Therefore, firm behaviour does not mean that firms behave in a literal sense. Rather, the behaviour of individuals constitutes the behaviour that we ascribe to firms on the macro level.

To answer the questions how individuals behave and which individual behaviour constitutes the behaviour that we ascribe to the firm, we firstly analyse the nexus of contracts approach. According to the basic statement of the nexus of contracts approach, behaviour that we ascribe to firms corresponds to firm members' behaviour. This results firstly from perfectly rational individual actions on perfectly competitive markets, and secondly from the fact that on perfectly competitive markets, firms are no places of conflicts. Because of the latter, thirdly, the enforcement of interests is not problematic and fourthly, the realisation of decisions has the character of an algorithm. Thus, it is not reasonable to ascribe responsibility to the firm. Instead, corporate social responsibility is a fake already according to the theory of the firm. However, since the basic statement of the nexus of contracts approach requires perfectly competitive markets and since this market theory is not (provisionally) empirically confirmed, the basic statement is not adequate from a critical rationalist perspective. Therefore, we refer to the corporate actors approach. Contrary to the basic statement of the nexus of contracts approach, the corporate actors approach argues that firms usually act differently from their firm members. Since this approach is necessary but not sufficient to explain that difference, the paper develops an extended corporate actors approach. In contrast to perfectly competitive markets, under genuine uncertainty, individuals firstly can only act subjectively rationally. Secondly, firms are places of conflicts. Because of the latter, it is thirdly relevant to ask which actors can enforce their interests. Fourthly, under genuine uncertainty, employees and other actors have to interpret managerial decisions. Therefore, actions that we ascribe to firms probably do not correspond to the interests of firm members. According to this extended corporate actors approach, the behaviour that we ascribe to a firm usually differs from firm members' behaviour. In consequence, we do have reasons to hold firms responsible and corporate social responsibility is not a fake.

These results depend firstly on the assumption that different firm behaviour (more precisely: behaviour that we ascribe to firms) argues for different firm responsibility. Werhane already argues in this manner from a socially ontological perspective. Werhane (1985) concludes that "there could be corporate immoral 'action' that is the result of a series of blameless primary actions" (p. 56). In consequence, she comes to the result that firms should be "held morally responsible for actions within their control when, all things considered, they could have acted otherwise" (Werhane, 1985, p. 59). However, she does not substantiate why this deviation is possible from a social science perspective. Yet, the present paper does take a social science perspective and the extended corporate actors approach supports Werhane's ideas. Secondly, the reasons to ascribe responsibility to firms depend on the hypotheses of the corporate actors approach being provisionally confirmed. Thirdly, the reasons to ascribe responsibility to firms depend on the paper's critical rationalist view. Obviously, we have to apply critical rationalism to these results and that implies discussing the presented hypotheses, arguments, and assumptions critically.

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