“Mens Sana in Sound Corporations”: A Principled Reconciliation Between Profitability and Responsibility, With a Focus on Environmental Issues

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Abstract: Corporate social responsibility (CSR) is a praised and promoted business behavior nowadays, widely understood as the entrepreneurs’ and managers’ attempts to make amends for some of the excesses that their economic activities bring about, for instance with regard to environmental negative externalities or to public ecological assets under-provision. It is of utmost importance to duly process and profess the CSR concept, one placed at a subtle interplay between business profitability and civic/social responsibility, between economic and ethical/legal realms, since the misrepresentation of economic agents’ benchmark of proper conduct might harm both social landscape and ecological environment. Still, despite its rich occurrence in scholarly literature as well as recurrence in business practices, CSR requires both further and thorough clarification, since many studies postulate that the free-market mindset is rather dismissive of CSR solicitudes. The current research paper fills such a sensitive conceptual gap by explaining why CSR regards are logically compatible with the free markets, with no reason to decree a market failure in this matter. The work takes the form of an analytical research, of an explicitly conceptual nature, based on praxeologically-deductive argumentation, documenting the fundamental compatibility of CSR with the free market order, populated by profit-driven capitalist corporations that, far from being reckless, are disciplined by the rule of law of clearly defined, defended, divestible property rights. As such, the plea adopted the methodological acquis of the Austrian School of law and economics. The main findings of the present study reveal that (a) in economic commonsense, the “profit motive” is the prima facia rule of judiciousness as the care for third-parties’ welfare can be ensured only after own well-being has been secured, while (b) ethically, “social responsibility”, as an extra-contractual duty, does build up on top of, not as trade-off with a robust property rights order.

Keywords: corporate social responsibility; ethics; economics; praxeology; environment; ecology; free market; profit; interventionism; policy

1. Introduction

The environment is considered, in both mainstream economic and ecological paradigms, to illustrate “the common good par excellence”, as its maintenance is “the public service par excellence”. The environmental economics, in its dominant version, has adopted such a work dialectic as some sort of both positive and normative “gospel”: the environment belongs to all and is binding to stay so. Local
communities, (cross)national societies, and even the human species need to take care that it shall not
be robbed nor ruined any more. Its most vicious enemies are represented either by the “animal spirit”
(coming from instincts, from emotions, from biases, or from obtuse faith) or by the “cold-blooded”
(cynically edging dispassion, instead of curbing it in a responsible, calculated way).

The state, allegedly being the ultimate agent of the public interest, is called to discipline both
the ignorant and the ignoble characters. They must be constrained to incur all the “social costs”
related to their actions (that is to internalize as many of those negative externalities committed through
harmful emissions and discharges) as well as to reduce their draws from the “social stock” of planetary
resources (knowing humans’ temptation to exaggerate when benefits are handily allottable while costs
are easily alienable). Noteworthy, today’s “popular” wisdom goes towards the idea that the required
and requested discipline and accountability come infinitely sooner from regulating the access to critical
resources rather than from their desocialization, that is privatization.

The ecological menace (it is said to have) escalated when a composite economic agent entered
the landscape: the multinational corporation. For more than a century, these legal entities populated
the global markets, becoming the predilect target of the attacks on global capitalism, one of the same
Anglo-American problematic “pedigree”. Whether they are abusive to the workforce in capitalist
“gulags” overseas (sweatshops) and to environmental resources (“customs” endorsed by accomplice
corrupt domestic authorities) or they silently benefit from cheapened money/credit (sophisticatedly and
perversely packaged) only to be expensively reimbursed (by naïve debtors), thus fueling neo-colonial
wealth leaks too, nowadays corporations are being asked for responsibility.

In contrast to the environmentally unfriendly “individual” economic agent, the corporate
“legal entity” has the sin to rely on the contested principle of “limited liability”, exhibited by
a dispersed and diluted shareholding class. This inbuilt demerit is all the more deepened by
a quasi-immunization of the (“controlling”) managerial class against the (“ownership”) one, as
shareholders become incapacitated, by amiss regulations, from penalizing managers’ laxity (a sort of
“limited agent-to-principal accountability”). Thereupon, the corporation is required to duly correct
its vacuous compass(ion) by assuming corporate social responsibility (CSR) in order to be a part of the
community, the issue becoming more acute when the community’s environmental wealth is at stake.

However, earlier judgments such as Friedman’s [1] had meticulously argued that what we refer to
as the social/environmental responsibility of a corporation was automatically part and parcel of a so-called
business responsibility: the main obligation of the corporation was to make use of its resources and
engage on free market exchange activities in order to sell its goods and services produced. In doing so,
corporations are inherently socially careful, since they multiply profits, create wealth, and hence care
for the public interests of the wider society, which benefit from such strong market actors [2]. Social
care was an intrinsic function of Smith’s invisible hand [3], so that the quest for profits was not only
perfectly ethical for entrepreneurs, but also expected from them [4]. Economic kindness was not to be(come) a specific topic of interest on free markets: the self-interest of the entrepreneur served as
ethical behavior.

Howbeit, in recent years, the view on the business responsibility of market agents has drastically
changed. Van Aartsen [5], for example, believes that it is exactly the unmarginized privilege of operations
that has led to the self-destruction of free markets: entrepreneurs came to ignore the social component
of their business responsibility. This has brought about a set of modern business standards that
specifically require corporations and entrepreneurs to behave responsibly towards the society, which
calls for a need to rethink the modus operandi of (competitive) markets [6]. In Klein’s view [7], the
equilibrium of free markets has been derailed by the large corporations that, taking Friedman’s idea of
business responsibility way too seriously, forgot about their ethical obligations and created a greedy
capitalism in which firms are considered too profit-driven to even care for whatever ethical commission.

A “mindset gap” emerges as private initiative and free markets are hardly ever associated with the
intrinsic possibility of ethical contributions as Friedman once defined them. Instead, corporations are
considered to be ineffective in performing their social duties, which is why regulations nowadays oblige
them to comply with certain imposed CSR standards and include these into the business strategies [8]. In filling this gap, we suggest a view that considers corporations and entrepreneurs rationally and reasonably mature, capable and benevolent enough to sacrifice spot profits in order to follow their social and public duties without this requirement having to be imposed upon them [9]. Our main argument is that the ultimate lust of making profits last, or be sustainable, also propels ethical responsibility [10].

The main assumption of this paper is that it is in the nature of corporate entrepreneurs/managers to behave not only economically, but also socially/environmentally conscious and correct. We infer that this extra-contractual responsibility drives the corporation towards higher and enduring profitability, which lets us demonstrate that CSR is perfectly compatible with the free-market mindset. Noteworthy, such line of defense is a (praxeo)logical argument on the theoretical possibility to reconcile profits and responsibility. It is then the task of behavioral economics or of socio-psychological studies to empirically document the degree/measure in which, in certain circumstances, given certain stimuli, corporate entrepreneurs/managers do resort to extra-contractual, purely benevolent, forward-thinking acts of responsibility. Hence, our study is deliberately conceptual, leaving applied research for later ventures.

This article proposes an unpopular free-market view on the popular topic of environmental CSR. This topic is still pendulating between labels like "conventional wisdom" and "controversial topic", between positivism (factual evidence) and normativism (value judgment), between empathic optimism regarding the basics of human nature and bitter pessimism about it, between principled scholarly thinking and pragmatic political activism.

Four veins are intertwined across this study, making an analytic tissue of scientific significance: firstly, from the wealth of paradigms of economic science, one is carefully chosen and duly defended; secondly, one assorted methodology is assumed; thirdly, in the same spirit, core concepts, far from being taken for granted, are intently revisited; and fourthly, effects in the public discourse and policy-making domains are exposed and explained.

All these four enunciated analytical layers (epistemic positioning, methodological adequacy, conceptual disambiguation, and mundane considerations) coexist in the way this study is structured:

- The research begins with a paradigm-choice argument, followed by a methodological testimony, both proving essential for the particular manner in which we will critically and creatively revisit and review pivotal literature references dealing with controversial conceptual CSR assertions.
- Following that, a section made up from three subsections, each holding an illustrative diagrammatic representation, is devoted to elucidating the mainspring features of the very concepts that comprise the CSR acronym, indicating aspects that mainstream treatments tend to undervalue.
- A final section emphasizes the sustainable ties between profit-pursuit and CSR, as well as the only reasonable placement of (environmental) CSR in the specter of normative judgments, where it shall neither be confused with law-obeyance, nor misused as a guise for business over-regulation.

The originality of this analysis lies not in (re)inventing the wheel of classical liberal economic and political arguments, but in exposing these in a fresh manner in the context of the gone-global concerns about incorporating the bioeconomic vision into the production-consumption behaviors of the environmentally responsible economic agents. Considering that, by its nature, “conscious life” (which is typically human) cannot go against the grain of life, nor against the grain of nature, it is obviously important to take into account the (praxeo)logically deducible data about human action, since (un)sound information/incentives/institutions do have (unintended) consequences. This should happen ahead of preaching and/or practicing sustainable individual and/or collective habits.

2. Praxeological Paradigm Choice and Pivotal Thoughts Revisited

In the extensively quoted mindset consecrated by T. Kuhn, in The Structure of Scientific Revolutions [11], the realm of each and every science is divided and disputed, on the one hand, by the “normal” domain, the expression of its broadly intellectual and narrowly instrumental status quo, and, on the other hand, by the “extraordinary” part, as contending and contesting epistemic frond.
“Normal science” embodies the routine kind of research, using rather unquestionable principles and relatively standstill methodologies, with results communicable in epistemic comfort zones. On the contrary, “extraordinary science” emerges from the epistemic fatigue of its dominant sovereign, in a rebellious resuscitation of knowledge, challenging and finally changing the ossified and sterile old.

In line with the Kuhnian dialectics of science, we concord with scholars [12] pointing to a possible/plausible challenger-paradigm in economics. Dominated by P. Samuelson’s “neoclassical synthesis” [13], the modern and contemporary economic science continues to shelter a resilient and reviving stream of thought with classical-liberal ancestry. Enrooted within the “subjective-value” and “marginal-utility” revolutions, the Austrian School (AS) satisfies the exigencies of a true paradigm, for it unbiasedly assesses and addresses: the ultimate investigable entity—the purposeful human actor (not mere “events”); the legitimate scientific issue—the human (inter)actions (not mere “aggregates”); as well as the appropriate analytical methodology—the logic of human actionality (not mere “testing”).

Scrutinized in a historical perspective, many generations of AS scholars acted as “challengers” to some “championing” schools debating and combating in the convoluted history of economics [14]: in round I, C. Menger (defending the abstract and theoretical nature of economics) vs. the anti-theoretical German Historical School; in round II, E. von Böhm-Bawerk (evincing the stadial structure of capital, time-preference, and cost-subjectivity) vs. K. Marx, J.B. Clark, and A. Marshall; in round III, L. Mises, F.A. Hayek (showing the contradictions of socialist planning and interventionist policies) vs. socialists and social-democrats; in round IV, the new waves of Austrians denouncing the methodological pan-physicalism and property-rights-free approaches in the mainstream economics.

As remote as they might seem in practicality, such paradigmatic-setup annotations do enable a fresher and fairer view of the humans’ (“incorporated” or not) relationship with the environment. Initially, we have to discern that the crux remains the relationship between individuals/persons, as rightful subjects, regarding environmental assets, as objects of private or public patrimonial nature. Then on, we need to realize that the efficiency of the solutions to these humane clashes of interests depend on the ethicality of the institutional setup that shapes social information and incentives. Finally, though foremostly, we must apprehend that every consideration we make on human/social realities presupposes a realistic account on people as purposeful agents, not as particles or variables.

Even if the Austrian School’s representatives were extensively concerned with the relationship between economic phenomena and ethical assumptions, they did not invest too much in the topic of CSR, considering it either as being a minor subset of a much larger debate in institutional economics (with a focus on property rights) or as being subject to a biased treatment of corporate governance. Even if rather absent from mainstream literature on CSR (either in broader terms [15] or streamlined to environmental issues [16]), the Austrian line of theorizing deserves being noted and quoted: e.g., when warning that whimsical managerial chasing for CSR ventures inflicts costs on enterprise owners [17] or when CSR inflated narratives seem to ignore the baseline respect for market freedom norms [18].

The topic to be tackled further on lies at the crossroads of several ranges of economic literature where the contributions of the representatives of the school of thought to which we have adhered—the Austrian School—expose enlightening views, based on the unicity and unity of the praxeological theoretical “acquis”—contrary to an eclectically incongruous mainstream. The main lines may point to efficiency, to the link between ethical assumptions and efficient appraisements, to the integration of this binomial acumen by dynamic entrepreneurs, who (also) exhibit ecologic/environmental concerns. Instead of dialoguing with the heterogenous literature devoted to (environmental) CSR matters, we opted for a review of these infrastructural pillars for any documented and educated CSR reappraisal.

2.1. On Efficiency (And the Objective Reality of Inherently Subjective Value)

One of the most ponderous consequences of value-subjectivism is that it jolts the star-concept of economics—efficiency. Economists have used the term in various ways: allocating resources to the best of competitive uses; maximizing utility with marginal benefit equaling marginal cost; exhausting gains from exchanges when supply meets demand; suit ing the available means to an established end;
reaching to a state where no betterment fits etc. Praxeologically read, there can be noted that, in a subjective-value setup, all these meanings of the efficiency are relatively kindred [19], while objectifying value denotes conflicting significations [20,21].

Nevertheless, even when agreeing to common sense efficiency—“adequacy of means to ends”—, the concept looks weak, as noted by M.N. Rothbard [22], more thoroughly than other critics [23,24]: (1) it is not sufficient to state which ends, but it is necessary to settle whose ends should be pursued; (2) such ends are in conflict in a world of scarce means, thus summative social judgments are inapt; (3) not even at individual level are ideas much clear, due to imperfect knowledge and bounded rationality. For a value-subjectivist (but still a value-free, Wertfrei observer), efficiency seems to be just another arbitrary benchmark with only faint pretense of rigor.

A domain in which efficiency abundantly displays its vulnerability is that of the reconciliation between societal/community environmental objectives and entity/corporate performance ones. Environmental damage is analyzed by neoclassical economics starting from this particularly fragile benchmark. As privately negotiated prices do not reflect the social costs of pollution, then even if the marginal revenue of producers equals marginal costs, the “social outcome” is still going to be suboptimal. However, inefficiency also occurs if profit opportunities are (doomed to be) left on the table, unaddressed (for “ecological reasons”), as marginal revenue will not equal marginal costs, not even à la longue. Is it possible to reconcile these two kinds of inefficiency?

As it will be further observed, a key point in rescuing the concept of efficiency is to see it in a dynamic, entrepreneurial perspective, involving “strategic” timespans and “sustainable” behaviors. However, the widespread view is that government intervention can instore or restore efficiency. Still, this does not mean that everyone agrees on the technical details of what type of arrangement is best suited to attain this meta-goal [25]. Not to mention another potential discontent related to the way of seeing and setting the business objectives: does effective management mean exclusively obsessive maximization of “spot” profits [26] or are long-sighted social/environmental performances the ones that, eventually, render the financial earnings steady [27]?

2.2. On Ethics and Efficiency (And Some Unavoidable Interpersonal Values)

Neoclassical efficiency is neither a standalone positive concept, nor proper for corrective, collective normative prescriptions. The concise praxeological case contains the following statements: (a) only through voluntary exchange are the parties able to obtain the desired results; in coercion, the coercer limits the attainment of the ends of those coerced by limiting the disposal of their means; (b) no one can measure the subjectively incurred benefits and costs related to a coercive operation; money prices, despite allegations, do not avow such information and do not hold social arithmetic; (c) idiosyncratic and impermanent, individual efficiency cannot work for interpersonal calculations; therefore, it cannot be a criterion for decreeing social welfare boosts and for devising public policies; (d) even if most scientists do not believe in a priori deducible ethical ideas, not only that efficiency fails to deliver at least a consequentialist ethics, but it is fully meaningless outside an ethical order. The order conducible to (efficient) social coordination and welfare superior to any conceivable alternative begins with postulating unbiased self-ownership and pursuing freely demonstrated preferences in human interaction [28]. Property rights and freedom of contracts become the inherently ethical grounds for rescuing “efficiency” from ambiguity as “welfare economics” from arbitrariness.

The autonomy and antecedence of the ethical judgments in relation to the economic propositions were demonstrated by the new generation of Austrian scholars, escaping Mises’s utilitarian (elegant yet deficient) caveat and rather following Rothbard’s “jus naturalis” (“grand design”) scholasticism-reminiscent footsteps [29]. Hoppe’s “a priori of argumentation” [30], the most refined neo-Austrian line of reasoning, states that since bodily and exosomatic belongings are resources for the interpersonal dialogue, even if private property can be physically trespassed, this cannot be logically justified, for the expounder commits a “performative contradiction”. As a particular praxeological innovation, property economics evolves with exposing the consequences (unintended yet necessary) of
abiding (or not) such private-property ethics [31], away from neoclassical equilibrium models (stylized, still sterile, expedients). Among the topical applications of this property economics praxeological subset (akin to the subject matter of the present analysis), the research on “planned” vs. “spontaneous” social organizations—i.e., the functioning of government [32], as well as of corporate governance [33]—, or the scrutiny onto environmental issues—seen as “property conflicts”, not as “negative externalities” and “social costs” [34,35]—could be mentioned.

2.3. On Entrepreneurship, Ethics, and Efficiency (and Societal Valuations)

Coming back full circle to the efficiency concept, while the mainstream economics literature analyzes CSR from the neoclassical perspective, based on ethical relativism and employing a static understanding of efficient outcomes, this paper contends that a better approach to incorporating CSR in economic analysis should start from adopting a dynamic perspective on efficiency. This analytical twist involves abandoning the implicit and shortsighted _homo oeconomicus_ paradigmatic assumption that operates behind neoclassical models. Instead, _homo agens_ is a much more realistic referential, as he may pursue other objectives besides the pure maximization of profits. This repositioning can be associated to the Misesian/Austrian broadening of the perspective of human action beyond quasi-mechanical optimizations. Thus, the economic picture gets enriched with a crucial character, obliterated by the neoclassics: the _entrepreneur_.

Dynamic efficiency means the capacity to foster entrepreneurial creativity in combination with social coordination [36]. It involves the entrepreneurial capacity of discovering profit opportunities doubled by that of accommodating and overcoming any social maladjustments or discoordinations. While in a static efficiency situation CSR looks like wasting the resources of the shareholders, in a dynamic world it does fulfil an important role: it allows entrepreneurs, who, as we shall see, are moral beings, to address more than the simple maximization of monetary income. CSR allows entrepreneurs to experiment in an ever-changing world. At the same time, it allows entrepreneurs to use monetary calculation in order to find out what are the costs of their voluntary actions. Thus, we could explain convincingly how economic theory is compatible with the pursuit of _free market CSR_: this one does not sacrifice efficiency but enhance it dynamically.

2.4. On Ecology, Entrepreneurship, Ethics, Efficiency (and Value-Freedom)

In the Austrian School analytic portfolio, the integration of concepts such as _efficiency, ethics, entrepreneurship_, and _environment_ gave rise to a literature markedly at odds with prevailing wisdom. It would not be the first time when the praxeological rationales and the neoclassical mindset substantively diverge. Examples include the old but “evergreen” economic calculation debate, the quarrel over the nature of money and credit and the ultimate cause of business cycles, the current environmental disquietude—to mention only the most resounding and resilient over time [37,38]. The major drawbacks that the Austrian scholars impute to the mainstream theorizing of _sustainability_—the core-concept which reunites bites of references on all of the above-mentioned themes—is that it needs further clarification on two accounts: it does not rely on a calculational and entrepreneurial economic understanding of _capital_ applicable to the maintenance and nurturing of environmental assets, visibly marred by the “tragedy of the commons”, and that it rests on an equivocal ethical conception of _rights_ and of “intergenerational fairness and equity”.

Economically, it must be pointed out that the very concept of capital to be found in the literature dedicated to sustainable development remains an inadequate metaphor [39]. The concept is indistinctively macroeconomic in nature, as portrayed by neoclassics, trying to capture within it all features of the physical environment that are considered to sustain humanity’s wellbeing [40]. However, there is no method of grasping and, much more importantly, of valuing such a compound of heterogeneous resource, most of which do not even have a market and a price [41]. Praxeologically, it should be easy to understand that any attempt whatsoever to directly appraise economic scarcity from a known physical quantity is improper. Consequently, there can be no coherent basis for a public policy
that attempts to conserve the value of such an aggregate stock of resources since any value assigned to it would be purely arbitral. Ergo, the process of determining how sustainable or unsustainable is the current rate of exploitation of "mankind" natural resources remains a totally subjective issue outside a market pricing context.

As we cannot meaningfully operate with "society's capital stock", taken as a class that comprises all available resources, the only realist approach that policymakers are left with is to allow allocation decisions to be undertaken at the economically appropriate marginal level. In other words, the only economically rational way to allocate capital goods and natural resources entails leaving the decision at the “microeconomic” level and the privatization of all natural resources. This means that any attempt to achieve sustainable development can be much more meaningfully undertaken via entrepreneurially coordinated markets, generative of genuine price-information. If policymakers cannot directly assume control over the entire capital stock of the society (a situation tantamount to socializing the means of production with its known dead-ends), the only alternative left open is to create the appropriate conditions that stimulate savings and the judicious allocation of resources, ultimately by a generalization of the regime of private property. Eco-CSR, even in purely private form, or with state nudges [42] at most, is just a secondary device.

3. The Peculiarities of the Embraced Methodological Framework

When researchers embrace a school of thought, they are implicitly opting for a particular research methodology. The position one takes on the logical status of economic propositions, i.e., how one comes to know and validate them, is such a fundamental question that it can lead only to two possible outcomes. Either one dismisses out of hand the methodological approach he does not agree with because he considers it a mere dead-end when it comes to discovering the causes behind a certain phenomenon. Or, one opts to exert tolerance and gives the alternative methodological approach a chance. Now, tolerance should not be interpreted as accepting any enormity; after all, scientific progress has always flourished in an environment where anyone can freely challenge all alternative explanations so as to separate the wheat from the chaff of erroneous ideas. By appealing to tolerance, we only ask for a show of patience with other ways of researching economic phenomena, because certain insights regarding the nature of CSR and its compatibility with economic profit and property rights cannot be glanced without employing a qualitative analysis. Since this paper does not intend to go into an in-depth analysis of the epistemological foundations of economic science, we will limit ourselves in this section only to sketching what a qualitative analysis established onto purely logical deduction presupposes.

Firstly, we want to point out that this approach represents a venerable tradition [43] that builds on works of economists such as J.B. Say, N. Senior, and J.E. Cairnes. More recently, the a priori deductive method has received its most complete formulation in the works of L. Mises, who also coined the concept of praxeology. The praxeological method has been continued by Mises’s American students (M.N. Rothbard, H.H. Hoppe). Therefore, this type of qualitative analysis historically precedes the positivist approach. Additionally, its proponents consider it fundamental in relation to the positivist approach and better suited for studying human action. For instance, could the researcher that adheres to the positivist approach construct a model if he did not already operate with the a priori category of “causality”? Or could anyone empirically prove or disprove a theory if he did have a prior grasp of the “constancy” principle? How could anyone falsify or confirm either the category of causality or the constancy principle if he did not already operate with these notions? To argue that either one of these two concepts stems from experience would be self-defeating for there is no possibility of making any sense of facts without innate possession of these two concepts. This is how the human mind functions, and therefore this type of knowledge must be considered “a priori” to any action. Still, how can one come to know this?

The only possible route to discovering such a priori knowledge is through introspection and deductive reasoning. One must ponder what is implicit in each instance of human action. By this stage,
it might appear to the reader that in light of the logical deductive approach, economics looks to be closer to logic or mathematics than to physics or the other natural sciences. However, economics is not pure mental gymnastics. To take just one extreme example, we admit that we could deduce the logical implications of a hypothetical situation in which human action was undertaken by individuals that could use teleportation to span any geographical distance instantly. A world populated by such instantly present people would drastically change the mechanism of international price formation, and international trade theory would have to be rethought. However, to avoid producing sterile knowledge, the \textit{a priori} method must complement its deductive endeavor with the help of a small number of general assumptions regarding reality. We could consider that these assumptions represent the link of the deductive endeavor with reality. In this sense, we may even call them “empirical”. However, these assumptions are so self-evident that no one could deny them. Some of these incontestable assumptions are “people differ in preferences and endowments”, “actions take time”, “work has disutility”, and so on.

Synthetically put, knowing the meaning of action (what is \textit{a priori} implicit in any action), adding to it some obvious assumptions, and then employing pure logic, we can easily flesh out what any exercise in “economic reasoning” involves: (1) one starts by drawing out the categories of action and grasping the meaning of a change in them: for instance, preferences, values, means, ends, costs, success, failure, psychic profit, time preference, etc. (2) Then we can move to attribute concrete meaning to such categories and analyzing situations where definite people are seen as actors (entrepreneurs, managers, ordinary employees, other stakeholders). (3) With all these elements in place, the scholar can then proceed to logically deduce the results that necessarily follow from performing a specific type of action within that context, or how a given change in the stated situation affects a specific actor [44]. If the process of deduction has not been affected by any flaw of reasoning, and all assumptions were realistic, the conclusions of such an exercise must be accepted as correct and we can attain a causal-realist explanation of economic phenomena. While the conventional empiricist would have no qualms about the simplifying nature of the models he devises and would boast the complexity of their econometrical apparatus or the number of historical data points, the deductive (qualitative) approach engages only in clear and hard reasoning.

In the following sections, we will put to work the deductive approach. We will try to define the terms of our discussion by decomposing each part of the “corporate social responsibility” construct. After this, we proceed with our deductive analysis and see how compatible the categories of psychic revenue, monetary profit, and time preference (different planning horizons) are with CSR concerns. We will show that a more nuanced definition of the terms and deeper reflection concerning profit will reveal that CSR is not necessary at odds with the interest of the entrepreneur/business owner. While this would probably be an impossible feat for a formal model to test out, we consider that a realist interpretation of the categories of human action and good old fashioned deductive reasoning can be used to great effect for arguing that CSR and entrepreneurial profit are more compatible than it might be suggested by the \textit{homo economicus} type of behavior which characterizes the individuals who make the formal models work. Symmetrically, we will add onto the economic discussion some ethical canvass. Besides that, economically, CSR makes sense solely in a free-market profit-oriented calculational setup, it relies on a private-property-rights ethical order, where it should not be seen as a social compensation for trespassing other people’s rights, but as an gesture “on top” of the basic care for others’ personal and proprietary integrity.

4. A Praxeological Dissection of “Corporate Social Responsibility”

4.1. Corporation. A Legal Impersonal or a Pluri-Personal Persona?

When referring to the syntagma “corporate social responsibility”, the word \textit{corporate} (related to \textit{corporation}) is the least discussed, seeming the most clear-cut, however not without controversies with respect to whether it was, historically, and is, theoretically, a state creation or a free market product [45,46]. Usually, a corporation is taken to be covered by the juridical/legal definition of the
firm. In other words, it is an entity with a distinct legal persona from that of its owners, which can contract rights and obligations in its name, usually involving limited liability when it comes to the property of the capitalist-entrepreneur(s) who created it. In this sense, it is, technically, a contractual agreement between owners through which they establish the rules according to which the newly created entity is going to function. An economic explanation of the phenomena would bring into discussion issues such as transaction costs, principal-agent relations or incomplete contracts [47], as well as separation of property and control or bureaucratization of management, the latter at the intercourse of the corporation with the public regulations [48]—for a diagrammatic representation of the corporation’s inner and outer array of societal relations, intersecting state, and market domains, see Figure 1. Additionally, for our immediate purpose, a sociological explanation of the corporation is needed, distinguishing between internal and external stakeholders. Hence, the sociological question is the following: is a corporation an entity in itself, a willing being that acts according to its own logic, or is it the mere sum of its parts, especially the people working there, or is it something much more than this and still different from a conscientious being? The first option may be called the collective nominalist version, the second is the collective realist approach, while the third one is the expression of the collective epiphenomenalist opinion on the corporation [49].

![Figure 1. The internal and external nexus of social relations of the corporation.](image-url)

In our view, the last-mentioned approach offers the best framework for understanding the corporation from a sociological perspective. It is obvious that only individuals act and that there is no distinct general will that can be attributed to a collective. Thus, a corporation—like a state or a society—does not have a mind of its own. At the same time, it is obvious that when an employee strives for the good of the company or when the management and owners identify themselves with the company’s values and mission statement, or when the company culture is something that commands...
the loyalty of a firm’s employees, clients, and providers, the corporation is a real thing, intangible, but still more than the mere sum of material infrastructure and contractual agreements. This “extra” encompasses the significance that acting individuals inherently attach to their undertakings. At the same time, it is the synergy that results from the nexus of relations (formal and informal) that are formed inside the company and between the corporation and its internal stakeholders. Thus, a corporation is not a mere juridical convention, but, in a profound sense, an organic tissue that is made up of individuals, material resources and, most importantly, a set of values/ideas. All these elements make a corporation become a miniature society within the society. Then, any discussion on CSR must take into account that a corporation is a profit-guided entity with internal norms of its own. It goes without saying that the profit motive tends to eliminate costly behavior, but this does not mean that corporate business can be reduced to the maximization of profit “no matter what”. Prior to conforming to regulations or benefitting from privileges, corporations need to immerse in the nexus of social relations, where public opinion, assisted by rough emotions or educated reasons, ought to be masterfully metabolized into monetary profits [50].

Prior to delving into more detailed consideration on the (direct or reverse) relation between corporate profit-making behavior and CSR concern, at least two commonplace aspects can be noted:

- On the one hand, it is obvious that the profit cannot be maximized while dispensing with just rules. It might be profitable for an IT company to maximize its revenue by offering, as a side business, assassination services or putting hits on hackers. Although quite a large demand for such services would exist, such activities are provided on the fringe, by a certain type of outlaw individuals, and common entrepreneurs do not even consider tackling such “market opportunities”. 
- On the other hand, it is not necessarily the most profitable business decision to practice legal but immoral activities. The reason for this is twofold. Firstly, it could be more expensive to find individuals willing to work for a morally dubious company, or it could be that customers are not willing to buy from companies with tarnished reputations. The second reason deals with the moral compass of the suppliers, employees, managers, and stockholders. Reputation is a fine “fine-tuner”.

4.2. Sociality. The Human Being as a Social Animal Rationis Capax

We begin from the fact that man has always been a social animal, which implies that he is perfectly adapted to living among other individuals. Society is not a caprice, but a tool for survival. No norms—legal, moral, or customs—are of any use for an individual living outside society. However, the solitary individual is the exception, an oddity rarely encountered in real life. There is no necessary conflict between individual interest and moral choice, as the last is some precondition for the first—i.e., for allowing a human being to achieve the desire to live alongside his peers. Indeed, it is in human nature to live within society and to follow rules that stem from such a need [51,52]. Cohabitation requires norms since resources are scarce and rules help to limit conflicts spurring from this and also prepare the stage for their “efficient”—that is, calculatedly coordinated—interpersonal mastering.

However, not only state-imposed laws/legislation qualify as norms. Indeed, it is doubtful if any piece of legislation could ever have been enacted if men did not already cooperate and respect certain reasonable boundaries. When we say that humans are by nature social animals, we mean that homo sapiens understands, through the use of reason, beyond animal instinct, that social life is preferable to cloistered living. This is because people do find companionship more rewarding than solitude and specialization (the division of labor) more productive than autarchy. It may be that our ancestors lived together because of their herd instincts, but the relevance of the above discussion becomes apparent when we understand that the fully-evolved human chooses to live in complexly designed social groups as he finds that society and incurring the costs of belonging to it is preferable to the solitary alternative.

If we accept that man is, by nature, a social animal, then understanding why he would willingly embrace the spontaneously emerged soft norms necessary for communal living (customs and morals) becomes relatively straightforward. Hard norms—laws enacted and enforced by political
authorities—become possible only later and are conditioned by pre-existing customs and morals. The relationship between soft and hard norms is visible even in our day and age if we ponder how rarely we actually need to call upon the state to enforce its enacted legislation and how frequently we ourselves identify amiable (re)solutions. This is so, not because it would be too time-consuming to involve the state in adjudicating a conflict, but because we have no need for such enforcement. Indeed, murder, thefts, lying represent the exceptions, even when being caught or suffering any consequences is unlikely.

Alternatively, to put things into a social perspective, capitalism would not function if all men were thieves or unscrupulous utility maximisers. Human cooperation would also not be possible in a Malthusian universe (in a “Mad Max” type of scenario or in a “lifeboat situation” with a limited supply of drinking water). Fortunately, we do not live in such a world. Not only are social living and conformity to social expectations costs that individuals willingly incur, but one’s moral decisions and acts of empathy when it comes to social concerns are not irrational, nor causes for necessary utility loss. It is more likely that such behaviors are hard-wired in our brain and compatible with the very human nature. In Figure 2 we propose a diagrammatic representation of the investigation on facets of man’s sociality.

![Figure 2. A perspective over the scientific research angles of social interaction](image-url)

4.3. Responsibility. Normative Layers—Justice, Morality, Legality

Reaching to the range of “responsibility” concerns, we propose a tripartite meta-normative division of human action commandments within a social context [53,54]. The trinomial dichotomy—just–unjust (non-aggressive–aggressive), moral–immoral (virtuous–vicious), legal–illegal (legalized–outlawed)—is diagrammatically summarized in Figure 3.
• We start from the fact that some actions have been universally considered and can also be argumentatively demonstrated to be evil in themselves (lat. *malum in se*)—examples such as murder, incest, or stealing readily come to mind. Against such indisputably unjust acts, humans, *qua* rational beings, benefit from negative rights (“you shall not steal”, “you shall not kill”). This distinction between *just* and *unjust* actions can be reduced to the idea that the ownership of one’s body (“self-ownership”) and justly acquired property (starting from “homesteading”) should be invaluable and represent the necessary but not sufficient requirement for leaving within a society. Another form of expressing this dichotomy of just–unjust is by invoking the so-called “silver rule”: “Do not do unto others as you would not wish done unto you”.

• The second distinction—*moral* vs. *immoral*—is the complementary layer that must be added on top of the just–unjust distinction. For instance, some actions might be just, in that they do not harm the physical integrity of another’s property, yet they are not seen as moral. For example, in the pornographic industry, although it is not illegal to use one’s body to provide this kind of services for paying customers, the moral value of this activity remains extremely doubtful. The same goes for CSR sensitive issues such as animal experimentation or animal welfare in the context of contemporary agribusiness practices. Voluntary boycott might seem a fairer and more proportionate manner to penalize immorality than violence. This second layer finds its expression in the so-called “golden rule”: “Do unto others as you would them do unto you”.

• The last distinction—*legal* vs. *illegal*—refers to the rules imposed as a result of mere convention, by the state, and comprises the so-called *malum de dicto* category of norms. What is interesting about state-decrees is that they can impose rules that go against the grain of what is considered...
just or and moral: i.e., the “Nuremberg laws” were legal but still unjust, as they discriminated against and affected the integrity of the German population of Jewish descent. Additionally, a measure can be legal but not necessarily moral: i.e., coercively taxing the rich and giving to the poor. Furthermore, an act can be illegal and immoral but still just: i.e., drug consumption is a victimless crime; it is wrong to use force to stop such behavior, while it could become perfectly understandable if people refuse to have anything to do with immoral individuals.

5. A Free-Market Case for CSR, Applicable to Ecological Concerns

Resuming the argument made up to this point, we can formulate the following considerations: the corporation may be a “profit making machine”, but profits spur out a quite subtle social context; the social context entails huge benefits for each and every participant as well as non-negligible costs; the price to be paid for the perseverance of sociality is to preserve an order of mutual responsibility. In the remaining part of this study we explain how (conceptually, prior to empirical evidence, which exceeds the scope of the present analysis) the entrepreneurial “economic” logic that ultimately powers the functioning of an enterprise/corporation (assuming some fair congruence of interests between managers and shareholders) reconciles profit motives with ecologic societal concerns (see Figure 4). Additionally, we explain that when environment-injurious acts are observed, there is no need to ask for the CSR goodwill of the offender, but to enforce the law; yet, not every piece of legislation does justice to a cause (or is truly “ethical”), but only the ones unbiasedly defending the integrity of human persons and their properties; only after these are secured, CSR becomes a meaningful concern (see Figure 5).

![Figure 4](image-url)

**Figure 4.** Free-market economic ties between profit motive and corporate social responsibility (CSR) provision.
5.1. An Economic Clarification for Environmental CSR: on Corporate Profit-Making with Social Characteristics

At this point, we are going to argue that corporate social responsibility and the creation and running of for-profit organizations are not two distinct objectives that are at odds with one another. There is no necessary trade-off between profit-making and socially responsible practices. A more realistic view of the two phenomena allows us to see them as complementary goals that must be simultaneously pursued by the individuals who create a company and by those hired to manage it. Additionally, while profit-making must temporally precede CSR practices, it does not follow from this that the profit motive must also supersede socially responsible decisions. The precondition of truly socially responsible actions is for an entrepreneur to make sure that he is not wasting resources. This information can be gained only via monetary calculation [55,56]. When some entrepreneur manages to obtain a financial profit, it means that the factors of production that he employed and combined in his enterprise resulted in a final product that has more (subjective) value in the eye of the consumer than the alternative uses in which the same resources could have been employed. Only those activities that firstly pass the test of not wasting society’s scarce resources could subsequently be judged as socially responsible or irresponsible in a genuine sense.

Therefore, any meaningful talk about CSR must refer to for-profit organizations, to corporations, as business ventures engaged in production that aims to satisfy the needs of paying customers. CSR objectives also require that no resource is to be wasted, as only this can ensure that all stakeholders gain and that the business venture can be sustained.

Nevertheless, these two ideas represent only the starting point for a discussion regarding CSR. Moving beyond these preconditions, most authors analyze CSR as a purely normative matter. They
first take a position on the issue of whether a company’s activity should only focus on counting pennies and on the survival-of-the-fittest business structure, or if it should also take into account a broader range of interests. Then, after pleading the stockholder or stakeholder approach, the discussion moves on, in a “value-laden” fashion, to focus on the most appropriate solutions and to strike the right balance between various opposing interests [57,58]. Anyhow, the problem with this kind of approach is that it mainly fixates on the ethical aspects of the discussion and thus leaves economics with only a limited role. This outcome comes as no surprise if we consider the spotlight that mainstream economics puts on equilibrium analysis and the narrow interpretation of efficiency. However, a more realistic understanding of the profit motive and of CSR will allow us to show that the scope of economics should not be relegated to such a marginal role. By making explicit three ties between economic profit and CSR, we argue that the economic science has more to say about how a corporation pursues the profit goals and is also socially responsible.

Of course, such a discussion does not remove the need for looking at CSR from a normative angle—briefly tackled afterwards too—, yet economics does not have to cede the ground to an ethical discussion right away. Economics still has some nuances to add for it can show that a complete grasp of the profit purpose reveals it to be compatible with CSR objectives.

Relation #1: Strategic use of CSR transforms socially responsible behavior into a means for higher future profit

This first characteristic, whose implications we must draw out, is also the most intuitive. Strategic CSR means that companies engage in CSR practices only to add to their bottom line [59,60]. Some critics might even deem such an approach as cynical, since it views CSR as nothing but another way of making a profit, thus rendering it a mere marketing ploy, not a disinterested preoccupation on the part of the company’s owners and management for the welfare of third parties. Some examples might clarify the point. For instance, a corporation might refrain from using the cheapest kind of energy (and opt for expensive renewables), or might proceed to plant trees in a highly deforested region (situation for which it is not guilty), anticipating that its “cheapness” and “inaction” will bring bad press, then losses of goodwill capital and, finally, of monetary profit. If consumers are not interested in the less expensive option “no matter the ecological consequences”, it means that they are willing to buy more from the responsible enterprise. Hence, it “pays” to become responsible and thus to employ CSR “strategically”.

The intentions of the entrepreneurs and managers have no bearing on the final outcome, as long as they have to take into consideration the values of consumers in order to prosper. We concede to the critics of strategic CSR that it is a morally debatable outcome, as long as those reaping the profit had other intentions at heart than the “pure” welfare of other members of society. However, this does tell us something about the functionality of the profit-seeking institutional establishment. The “profit and loss” system requires business decision-makers to take into account the compatibility of the corporate entity they own/manage with the values held by its customers. The workability of this system becomes evident precisely because entrepreneurs do not have to be altruistic so that CSR objectives can be pursued [61,62]. Strategic CSR tells us that markets discipline entrepreneurs and incentivize them to pay attention to both the economically and morally proper results [63]. Therefore, precisely because of the profit motive, CSR practices would be pursued even by those that are not morally inclined to adhere to such practices.

Relation #2: Even the sacrifice of financial profit, in favor of CSR targets, still delivers psychological dividends

The main drawback of the strategic CSR argument is that it allows for CSR objectives to be pursued only as long as consumers put a value on such practices. Nevertheless, what if consumers do not care for anything but paying the lowest possible price for the goods/services they purchase? Some possible retorts to such an observation could begin by distinguishing between the extreme position—according to which no consumer takes into account anything except for the money price he pays—and the more realist possibility—that most consumers do not really care if a company engages in CSR practices.
If absolutely no one cares for a particular practice, then it is not a real problem, and pursuing such “imaginary CSR goals” would amount to a waste of resources. Turning to the less extreme position, we can easily dismiss it with the same strategic CSR rationale, because it means that a company stands to make money if it addresses the needs of this niche of customers. While both these responses would be enough to argue that companies are always incentivized to take into account those CSR practices that are relevant for the paying customer, we consider that the case for the compatibility between the profit-motive and CSR can be further strengthened by taking a closer look to the notion of profit. This economic concept should not be viewed exclusively as a purely monetary expression, but also, in a broader sense, as a psychological state of satisfaction.

Monetary profit is the result of monetary calculation, i.e., subtracting costs from revenues. The prices of factors of production are the result of the entrepreneurial bidding and the willingness of all factor owners to sell the resources they possess for an agreed-upon price. The freely formed prices create a structure that is the result of a social process, an outcome to which all individuals contribute [64]. As a result of this, profits and the price system already incorporate a social dimension, regardless of the motives that drive entrepreneurs. Yet, economic science can say even more than this on the social feature of profit: there are entrepreneurs (or, technically, corporate managers, mandated by shareholders’ social ethos) that “sacrifice” present profit not because they cunningly want to see it increased later on, “strategically”, but because they add to their intimate psychological revenue. Despite CSR adding to costs, from a financial accounting perspective, it is worth the sacrifice. Psychic profit is a valid motive, being (in a sense) more than the narrow concept of monetary profit.

In a nutshell, monetary profit is only an instrument that tells the entrepreneur if the action he has undertaken—not for his direct satisfaction but for the satisfaction of his clients—has been successful or if it only ended up wasting more resources. Monetary calculation is no more than a tool that cannot capture the entire specter of human choices. For our pleading, it suffices to pinpoint that such emotional gain is to be demarcated from the money profit, being a driving force on its own.

Relation #3: The point is to sustainably consolidate profit-making for the sustainability of CSR endeavors, too

Monetary profit may not be the ultimate end in the life of an entrepreneur. It is only a basic requirement that allows higher goals to be pursued. Although squeezing the highest possible profit is not necessary, aiming for some profit, while also considering moral objectives, is needed if one wants to sustain the undertakings he gets engaged in. Except for morally biased characters who view business life as some chain of “big shots” or proclaim “after me, the flood”, sound business persons do not plan for some sudden “stopping-point” of their affairs. They design them to “keep walking” beyond the horizon of their own life, since their businesses are to be bequeathed or shares of them successively sold for profit (if not for other higher reasons). Thus, they devise “ecosystems” that inherently aim for “sustainability”, even if not mentioning it textually. In order to prevail, they rather need as balanced as possible “economic relations” among both internal and external stakeholders—i.e., with respect to the prevention of the immediate environmental hazards, as well as the prolongation of the disposition of critical natural resources.

In a free market institutional framework, based on voluntarily assumed moral values and material valuations, contrary to popular belief, social information (and money prices calculation) and incentives (as efforts–results link) can better deliver sustainability objectives than public policies. Regulations, taxation and spending, monetary loosening and tightening, all distort time-preference schedules of economic agents because they represent, despite their “legal” and “democratic” character, unconsoled redistributionist measures, growing the level of social uncertainty. Loosing the character of immutability and predictability, such laws make the future haphazard, thus pushing the social time-preference (for present gratification) up and fueling short-termism and consumerism against more roundabout, sustainable activities. In this logic, the “sustainable” cross-feeding between profit accumulation and CSR allocations ends up undermined by tackling imaginary “market failures”—i.e., of ecological genre. Ironically, the paramount enemy of sustainability is the (public) confiscation of private responsibility.
5.2. An Ethical Disambiguation of Environmental CSR: On Top Of, and Not Trading-Off, the Respect for Property

Essentially, when speaking about legitimacy and/or legality, we speak about orderly resolution of conflicts. “Environmental conflicts” are a particular class of conflicts. They can (they must) be equated with pollution. In the mainstream economic literature, pollution is pictured as a negative externality. The external costs of a factory are represented by its noxious emissions in the air/water/soil, which are not borne by the plant’s owner but by other people who happen to breathe the polluted air. The current legal framework establishes that polluters should respect certain thresholds of emissions (being subject to fines if found in excess of them) and/or should pay a certain amount of money (taxes on revenues or profits and/or “forced” CSR) for the external/social costs they do not bear. In each one of these cases, the collected money enters the public budget which is afterwards allocated on various environment cleaning policies or is invested in facilities, both of which may (or may not) end up in improving the quality of life of those directly affected by that particular paying-polluter’s activities.

When talking about a norm, we understand that breaking it leads to consequences against the perpetrator. In other words, rule infringement leads to penalizing those found responsible. Now, the relevant question is: “Responsible to whom?”. Should a polluter be responsible to the party whose property was affected, or is he responsible to society in general and therefore should be held accountable for his infringement by the state? The answer is not an easy one. We appreciate that a polluter should be held responsible for any measure that has affected the integrity of the property of another and that it is the responsibility of the plaintiff to demonstrate in front of an impartial third party (a court of justice, rather than a bureaucratic body) that he suffered damages as a direct consequence of the actions of the perpetrator. The same plaintiff should be able to obtain material reparations from the tortfeasor while having the option of dropping the charges or of settling the dispute by mediation. Even if marginal now, this modus operandi was mainstream at the beginning of environmental law [65,66].

The previous discussion becomes infinitely more intricate once the public property regime must also be taken into account, as it swings in the common wisdom between “everybody’s stuff” and “yet nobody’s”. Even in its temporary capacity as caretaker of public property, it is the duty of the state to bring to court any individual that has polluted a piece of property that is under its administration. However, the issue becomes this: how can the court establish the damages if the issue of who owns what is not yet settled, since the polluter and the polluted are, in a sense, co-owners of the public property? Going beyond this ownership problem, there is the additional complication of putting a monetary value on the damages incurred in polluting activities: for example, should a court impose the same damage for an ordinary piece of land as on a lot that the plaintiff can prove that it has been in his family for generations and for which he holds special sentimental value? The “tragedy of the commons” seems inescapable in the current setup in which the vast majority of ecological assets are public.

When compared to the now dominant system of regulations promulgated by the state, the tort system would impose “more direct” penalties on polluters and would raise the level of vigilance. The main flaw of state-imposed regulations is that despite sophisticated cost–benefit analyses [67,68] the arbitrary is pervasive. In contrast to the present status-quo, a tort-system based on the inviolability of property would mean that firms will pay precisely for their pollution (legally) and might better signal their (moral) extra-care for the environment. Companies would evaluate both legal liability and social responsibility more accurately. Enacting “pollution thresholds” by decree not only sets some “geometrical” standard (penalizing pollution too harshly or too softly), but it does this in an anti-competitive manner, i.e., to the benefit of large firms, who can afford either to obey or to tame such artificial laws [69]. As for “pollution markets” (“cap-and-trade” schemes), they do not add much to the right way [70]. The current eco-mindset seems to dilute legal wrong-doing and to dampen CSR goodwill, too [71–75].

Three ethical/moral “criteria” can be identified prior to any legislative initiative and imposition, based on which the consistent and coherent place/space for CSR behavior can be illuminated as well.
Criterion #1: Non-aggression (“avoid invading anybody’s person or property”)

In the free market, non-aggression is not only some robust principle, but the only one ethically legitimate and legally enforceable in a universal manner, without creating victors and victims. “Aggression” is the initiation of the use or threat of physical violence against the person or property. Conversely, “contracting” is the offshoot of property rights, meaning the rights to give away and exchange ownership titles inter-personally. In a non-aggressive order (of the kind that a free market embodies), people should respect their explicitly sealed deals (contracts) and, implicitly, third parties’ and their belongings’ (physical) integrity. Noteworthy—only the physical integrity can be secured, since the immaterial value of things is the result of the interplay of myriads of volatile subjective valuations. A question naturally arises: has a business corporation (i.e., its shareholders) “extra-contractual” duties to customers, suppliers, creditors, workers—or to the “environment”—, other than those specified in contracts—or implicit in the normal conduct to the rightful owners of ecological assets etc.? The honest and logical answer would be “no”, and no law should change this.

Criterion #2: Non-harm (“avoid making anybody worse off”)

When speaking of non-harm, the things get to be a little bit more complicated simply because we can identify situations in which even the strict pursuit of non-aggression still induces harm to others. For instance, employing a legitimately purchased resource (i.e., of environmental provenience), given the prevailing scarcity, subtracts from the social stock available to other “under-marginal bidders” (surely, we exclude from such casuistry the “negative externalities” we have already repositioned in the logic of aggressive infringements on third parties’ personal and patrimonial integrity). In a Paretian sense, any voluntary act concurs to the general welfare enhancement: this happens by virtue of “demonstrated preferences”—the contracting parties expect mutual gains from exchanging resources; third parties value more the abstention from overbidding for the transacted resources. However, if we pulverize the praxeological principle of “demonstrated preference” in favor of a psychological criterion of “harm” entailed by any unfulfilled action, this risks to accredit the impractical idea that every unsuccessful agent is entitled to compensations for counterfactual losses.

Criterion #3: Benevolence (“avoid failing to help anybody in need”)

The cannon of benevolence has the property of becoming manifest after the non-aggression is already strictly served and leaving to the benefactor the freedom to exert his philanthropy onto those he perceives to be in need according to own information available (which is not perfect) and according to own perception of urgency (which is not infallible). Benevolence is what comes after one respects the integrity of other persons. It may take the form of compensating the harm induced onto fellows by own non-invasive activities (or by others’ deeds). It relies on an inherently limited ability to enact generosity—the upper limit being own resources available, since no one can be in fact generous with other people’s assets, as the “welfare state” pretends. Additionally, it remains, nevertheless, subject to economic calculi, beyond purely emotional and empathic considerations identifiable on a variety of horizons—“strategic”, “sacrificial”, “sustainable”. Thence, benevolence (i.e., including altruistic compensation) is the sole ethical sphere in which environmental CSR is worthwhile and from where it can develop, short of poor normative narratives, into a rationally sustainable concern.

6. Conclusions

At least two ideas can be noted from this study that brought to the fore some conceptual (economic and ethical) clarifications about CSR, with a focus on the environment-oriented discourse.

Firstly, we centered our argument around the idea that the profit motive and the ethical concerns that CSR is supposed to address are compatible. To view profit and CSR as being at odds with one another is not a simplification that economic theory must operate with, but an over-simplistic approach regarding business entrepreneurship. When it comes to CSR issues, two preconditions must be met:
(a) a corporation must keep its economic activity within the confines of the law, which, within a free-market-oriented economy/society, would amount to abiding by the non-aggression principle and (b) the activity conducted under the aegis of a corporation must not waste society’s scarce resources, meaning that it must be operated on a for-profit basis. If the aforesaid preconditions are met, then entrepreneurs/shareholders and managers can begin pondering how to organize corporate activity so that it may be as responsible as they and their consumers deem appropriate. Beyond the legal (no infringement of property rights) and economic (no waste of resources) preconditions, a corporation can be run to optimize both psychologic dividends and benevolence. These (unmeasurable/incommensurable) benefits do not come at the expense of the monetary profit but only on top of it; yet entrepreneurs are permanently aware of the impact of these decisions on their bottom line and can thus set how much responsibility for others they can assume and sustain.

Secondly, we consider that this insight could represent the starting point for future research. For instance, throughout the text, when tackling both the economic (profit) and legal (property rights) problems, we have analyzed the CSR primarily as an entrepreneurial (shareholder) phenomenon rather than as some management (stakeholder) aspect. Some may assume that the “environmental carelessness” and “CSR undersupply” are byproducts of some twisted “principal-agent” issue, where the managers (as agents) somehow overpraise the profit-motive in order to gain the short-term grace of the shareholders (the principals), ignoring the eco-systemic (cultural, ecological) commandments from their surrounding communities. By doing this, they put corporate businesses on unsustainable routes, at the long-run expense (and eventually loss) of everybody. However, in a free-market order, there is no such thing as spontaneous “managerial discretion” or “omnipotence”, this being, arguably, the unintended artificial result of the legal disempowerment of the corporate owners in checking/controlling their managing agents. Therefore, in addressing the “environmental carelessness” and “CSR undersupply” allegations, the research hypotheses might not invariably be those invoking “market-failure” situations (as the dominant discourse holds), but be rehashed as entrepreneurially distortive “interventionism-wrecks”, with responsibilities mimicked or muddied.

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