

Corporate Social Responsibility and Sustainability

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This paper begins with a brief review of the shareholder primacy idea of corporate purpose, which is broadly accepted in the Anglo-American world despite the absence of a clear legal mandate. I then elaborate on the orthodox conception of CSR, which is assumed to require sacrifice of shareholder wealth for the sake of nonshareholder considerations. In the context of a shareholder primacy orientation, this model of CSR is necessarily problematic. I then propose a different way of thinking about CSR, one that justifies investments in nonshareholder well-being according to their potential long-run economic benefits to the corporation. Because the corporation's long-run viability depends on the well-being of its various stakeholders, a commitment to the firm's sustainability can achieve many of the goals advanced by advocates of CSR. I close with some thoughts about both the prospects for and shortcomings of a sustainability (or "strategic") model of CSR.