

CORPORATE SOCIAL RESPONSIBILITY: A NEW VARIABLE TO BE TAKEN INTO ACCOUNT FOR BUSINESS STRATEGIES

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ABSTRACT

Corporate Social Responsibility is a highly topical question. Organizations' social awareness is becoming one of their most important intangible assets. In this paper, firstly we will make a short description of historical moments by using a diachronic approach so that we can analyze those contributions that are more useful and relevant to this field in order to reach the concept of social responsibility.

Then, we will analyze the present situation, revealing that the business increase of social capital must be the result of their activities within the standards of cultural, moral, social and economic values. We will also emphasize the importance of establishing and implementing some codes and standards as a guidance when applying CSR.

I. INTRODUCTION

The necessary adaptation of business to the surrounding setting (seen from all dimensions, whether close or distant, and from all scopes such as economic, social, cultural, or environmental) suggests the need of seeing firms as sets of explicit and implied contracts whose aim is to create value for all their stakeholders and in which social benefits can be so valued as economic ones.

Phenomena such as the economic globalization, the fragmentation of demand and the constant appearance of new technologies for information, communication and transport, have allowed organizations to obtain capital, labor and materials more cheaply than in their countries.

Paradoxically enough, this material development of organizations, and their global growth, has had an adverse effect on those agents that influence or are influenced by firms. Thus, nowadays business activities are being justified if the social and environmental effects are mostly positive.

In this way, as opposed to the limited economicism, that establishes that the business main aim is to maximize profits only limited by legal provisions (Melé,1999), stands the socioeconomic business model, which considers that business should take into account a variety of objectives, apart from just profits, such as social values (De la Cuesta et al., 2002), since it is believed that economic objectives are achieved directly or indirectly when social and/or environmental objectives are achieved.

So, managers' awareness that their organizations are social institutions, from the point of view of composition and as members of the social system (AECA, 2004), together with their confirmation that business survival in such a diverse and complex environment implies considering other elements apart from the economic ones, has contributed to the development of the concept of Corporate Social Responsibility (CSR).

II. APPROACH TO THE CONCEPT OF CORPORATE SOCIAL RESPONSIBILITY.

The development of CSR, as understood today, might have started in the fifties, although some researchers, such as Boatright (1993), say its origin may date back from the twenties and establish principles of charity and of administration as its precursors.

As we say, in the fifties, after American firms increased their size and power significantly, the concept of CSR appeared in the United States. In the sixties and seventies, when America faced serious social problems such as poverty, unemployment, racial relationships, town deterioration or pollution, the need for a social responsibility to be assumed by business firms was still being discussed. In that moment, CSR turned out to become a combined request from different sectors in the society which asked for a change in American business. Similarly, issues within CSR were being specified during the seventies. To be precise, in 1971 the Committee for Economic Development proposed a series of social priorities that firms should meet and that were limited to issues referring to the economic growth and efficiency, education, employment and training, civil rights and equal opportunities, urban development, pollution, conservationism and ecology, art and culture and health care. In the eighties, the discussion centered on a practical analysis oriented at its application in the organizational processes. A progressive integration of CSR in the business ethics followed from all above mentioned.

Thus, CSR could be understood as a preliminary step in the systematization of the business ethics as a discipline (De la Cuesta, 2002), and the appearance of a growing concern for integrating the different elements that were arising in this period and that were materialized in three dimensions(Lozano, 2002):

- The ethical dimension, which dealt with the moral implications of the company's actions and of their executives'
- The consequential dimension, which centered on the impact the organization actions have on the agents composing the business association.
- The political dimension, which focused on the corporate processes in order to determine the main directions for corporate strategies and decisions.

In the last few years concepts such as corporate citizenship and sustainable development have been incorporated in the CSR discourse, on one hand due to the increasing requirements companies must face, which include not only those strictly economical and legal, but also the citizen's ones, and on the other hand, due to the concern about the serious environmental problems our planet has to bear.

Thus, since there have been different approaches to the analysis and the concept of CSR through the years and depending on the authors, the establishment of a unanimous definition becomes a complex task.

However, we can state three main issues which may direct the definition of the concept of Corporate Social Responsibility and which have been discussed for long. The first one is referred to the firm's commitment to act correctly so that its actions may accompany the development of society. The second issue is referred to meeting the stakeholders' needs. The third one is oriented to move a step deliberately forward from what is established by law. In this context, CSR is usually defined as "the voluntary business assumption of responsibilities further than those simply economical or legal (McGuire, 1963 as stated by Boatright, 1993).

On another hand, Prakash Sethi (1975: 95 et seq.) considers CSR a relative concept, since it has different meanings according to time and the cultural context considered. As a result, the only matching criterion that allows us to include certain aspects as proper of the social responsibility, through time and in different cultures, is the legitimacy of the corporate actions, which represent, then, the measure used to say whether companies meet societal expectations.

In this sense, it should be taken into account that nowadays society expects from big companies something else than just observing their legal and economical responsibilities to such extent that CSR can be defined as that action that make corporate behavior standards suitable for the prevailing social rules, values and activity expectations (Prakash Sethi, 1975) . Thus, the business executives concern should be directed to meet the different, sometimes opposing, needs from all those involved in the business activities.

All things considered, we believe CSR is the business commitment to include the sustainable development as one of its aims, because its aims cannot be only economical, just trying to generate profits. Firms are not neutral organizations apart from society. Moreover, by meeting citizens' needs, firms can encourage the social development and the society quality of life, the same as they can have an influence on the society model to live in (Lozano, 1999).

III. BUSINESS RESPONSIBILITY NOWADAYS

The increasing interest for the corporate social dimension has had a significant impact on the very organizations, on the community where they are established and on the world societies. In this context, business managers concern has just started to be directed to meet the different, sometimes opposing, needs from all those involved in the business activities.

A corporate socially responsible behavior should be reflected both in the socioeconomic field and also in the environmental one. It is assumed, then, that CSR is oriented to three aspects (GRI, 2002):

- The economic aspect, which includes the efficient and effective management of business activities.
- The social aspect, since organizations are said to respect the letter and the spirit of law, social customs and cultural heritage and to get involved in the political and cultural life(De la Cuesta, 2002).

- The environmental aspect, which means accepting and adopting those measures that allow environment-friendly business activities whether the environment is the origin or the recipient of the necessary resources for those activities.

All these variables, in a sense of social responsibility, must be incorporated by the company when designing its strategies, which would place it in a position to manage them. A favorable evolution of them will redound to its long term viability and hence to economic profits. In this context, a series of business practices such as establishing the main aim at maximizing profits, considering almost only the shareholders' interests or complying with compulsory rules but not with the voluntary ones are being put into question.

All above mentioned has implied that the executives had to readjust corporate objectives and the resources to achieve their objectives, taking into account that business activities should not be reduced to their economic function, but should respond and meet all agents' interests in the business association in a reasonable and fair way as well as promote the sustainable development of societies.

That is why we believe that CSR makes a company be considered in a different way, since CSR allows valuing the company activities from economic, social and environmental points of view. That means revealing that business management must balance all business agents' interests and not only those of shareholders. In order to do that, executives must manage corporate activities so that equity and profitability of all agents concerned, together with corporate sustainability, can be guaranteed.

That is to say that it is advisable for the social responsibility performance not to be based on changing business economic aims, but on establishing processes that could manage value creation reasonably and comprehensively for shareholders and also for all agents concerned.

It is, thus, a question of generating share capital based on concepts such as confidence and loyalty or respect to cultures. Thus, making Fukuyama's definition (1998: 44 et seq.) on share capital suitable for the company, corporate share capital can be understood as its capacity to act, in the social environment, in order to achieve some objectives that are common to both.

Then, it is not a question of making companies invest in CSR to increase their share capital, since the latter is not the result of a reasonable decision, but of a performance within standard cultural, moral, social and economic values.

Here we wish to emphasize the present importance of codes and standards centered in CSR. Codes and standards may serve as a map for the companies to follow to achieve a higher degree of transparency and responsibility (Leipziger, 2003). Establishing them may be important, but implementing them is more important. Only one of these actions exclusively may be detrimental to companies since it may raise stakeholders' expectations on business performance. Thus, we think that nowadays the implementation of CSR is directed by applying codes and standards (the number of codes of conduct, guidelines, management systems, standards and directives is calculated at about 500; however, the most used are less than twenty; Doane, 2004),

whose establishment and implementation may help organizations to achieve their objectives in the short term (to manage crises), in the medium term (to prevent it) or in the long term (to increase the value of all agents concerned, including shareholders, to promote confidence and to increase business profits (Leipziger, 2003).

That is why at present a so called socially responsible behavior is centered in the following actions (Leipziger, 2003):

- a) Defining standards whose observance is the minimum of a socially responsible behavior.
- b) Establishing performance protocols on social responsibility.
- c) Considering new fields or variables to be included when dealing with CSR.
- d) Certifying and verifying criteria defined by other institutions.
- e) Elaborating codes and standards, whether in a unilateral way where the company is the only responsible for the code, whether bilaterally where the code and/or the standard is established by two parties, or in a multilateral way, where the code or the standard is supported by an agreement among all agents concerned.
- f) Paying attention to issues such as corporate management, prevention of corruption, environment and so on.
- g) Assessing whether needs and expectations of agents concerned are met in a global way or in sectors or regional contexts, creating then specific performance codes.

In the same way, accessible reports on all these actions should be produced for anyone who requests them and in their preparation and processing CSR criteria should be also applied. So the information in these reports should have the following features (Doane, 2004):

- Commitment to dialogue with all agents concerned.
- Impartial processing and presentation of those data related to all areas, activities and agents in the organization.
- Periodical presentation in a regular way.
- Extending to all organization scopes
- Ability to be audited externally so that those reports can be ratified.

In short, considering all above mentioned variables, together with providing reports with these features, must promote the constant improvement of business social responsibility performance in such a way that social responsible activities can be planned in their social, economic and environmental dimensions, can be assessed and reported to all agents concerned in the organization. Providing stakeholders with complete, rigorous, appropriate, true information that can be confirmed increases credibility in and of the organization, apart from increasing transparency.

IV. FINAL CONSIDERATIONS

Determining a unanimous definition of CSR is a complex task. However, the authors' discussion about social responsibility usually revolves around three important matters: willfulness when accepting the corporate socially responsible behavior, meeting stakeholders' demands and the advisability of moving a step forward from what is established by law. On another hand, while their social awareness is becoming

one of the most important business intangible assets every time it is being considered a more and more essential factor for its performance, maintenance and survival. So, a socially responsible performance must include economic, social and environmental issues.

Finally, codes and standards as regards CSR are suitable guidelines for those organizations that include CSR voluntarily in their performance, since they allow firms to establish minimum socially responsible behaviors, to consider social and environmental variables, hardly considered until that moment and to encourage stakeholders' participation in the decision making process.

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