

Chapter 2

Corporate Social Responsibility (CSR) as a People Caring Concept

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ABSTRACT

CSR has been a widely-researched concept during the last three decades. However, there is no agreement on its definition or its dimensions; antecedents and consequences and there is no comprehensive model for its analysis. The origins of CSR lie in philanthropy and the highest level of CSR is considered to involve philanthropic actions. CSR is a people-caring concept that is incorporated in firms' strategy. Strategic CSR is based on stakeholder theory and is used to provide competitive advantages through product or brand differentiation. Although there have been many efforts to measure the effectiveness of CSR, there is no single way of assessing CSR performance. Also, effective CSR communication is a very important matter for firms and although there is a lot of research on this subject, the debate is still on regarding what to say; through which channels, and how to say it in order to avoid consumer scepticism and reap strategic benefits. Based on this analysis, emergent themes of research are identified in this chapter and areas of further research are proposed.

INTRODUCTION

In today's highly competitive environment that is characterised by rapidly changing customer needs but also by economic problems in many countries, actions of social caring can lead to a sustainable competitive advantage if firms create a brand image that is associated with philanthropic actions. That is why Corporate Social Responsibility (CSR) has been developed based on the "resource-based" view of the firm and has been shown to provide

a competitive advantage (Fahy, 2000). Defined broadly as a commitment to improve societal well-being through discretionary business practices and contributions of corporate resources (Kotler & Lee, 2005), CSR is one of the most important issues on the global corporate agenda. More than ever, companies are devoting substantial resources to various social initiatives, ranging from community outreach and environmental protection, to socially responsible business practices.

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However, although businesses have embraced CSR and researchers have analysed CSR for more than three decades, there is no agreement on the definition of CSR or on its antecedents; consequences, and dimensions and there is no comprehensive model for its analysis. This paper aims to present past research on CSR and focus on the philanthropic part of CSR in order to show how philanthropic actions have become increasingly prevalent nowadays due to the importance placed on how much companies should care about people and the environment. First, the concept of CSR is presented; then the philanthropic and strategic role of CSR is described; next the importance of CSR is explained and its antecedents and consequences are analysed, and finally its effectiveness and communication are discussed. Also, emergent themes of research are identified and some recommendations for the future of the concept and related CSR research are made.

THE CONCEPT OF CSR

CSR is a concept that has a long history although researchers even now cannot agree on one definition. The origins of CSR lie in philanthropy, the oldest social initiative among American private enterprises (Godfrey, 2009). Since governments retreated partly or completely from directly providing public services in several areas (e.g., utilities, health care, education) (Whetten et al., 2002), corporate philanthropy was needed.

CSR has emerged as a concept in 1953 with Bowen's book "Social Responsibility of the businessman". Bowen (1953, p.6) defines the social responsibilities of business at that time as "the obligations of businessmen to pursue those policies, to make those decisions or follow those lines of action which are desirable in terms of the objectives and values of society". That is why Carroll (1999, p. 270) argues that "Bowen should be called the 'Father of Corporate Social Responsibility'". From then onwards, CSR has

evolved in the 1970s with the work of Davis (1973), Carroll (1979), and Wood (1991). Researchers have been investigating CSR for over three decades (Carroll, 1979; Margolis & Walsh, 2003; McWilliams & Siegel, 2000) and therefore, there has been a proliferation of definitions of CSR in the last 40 years.

In the 1970's, Sethi (1975) suggested that CSR contained three logically distinct elements: social obligation (responsibility to obey the law); social responsibility (congruence with prevailing societal norms; values, and expectations), and social responsiveness (development of policies; programs, and capabilities that would minimize adverse consequences of societal demands). A common definition in the management literature comes from Davis (1973, p. 312), who defines CSR as "the firm's considerations of, and response to, issues beyond the narrow economic; technical, and legal requirements of the firm to accomplish social and environmental benefits along with the traditional economic gains which the firm seeks". Also, Carroll (1979; 1991) concluded that CSR is the social responsibility of business that encompasses the economic; legal; ethical, and discretionary (philanthropic) expectations that society has of organizations. This definition has become fairly widely accepted (Mohr et al., 2001; del Mar Garcia de los Salmones et al., 2005). Later, Ullmann (1985, p. 543) described CSR as "the extent to which an organization meets the needs; expectations, and demands of certain external constituencies beyond those directly linked to the company's products/markets". In the 1990s, the World Business Council offers its own definition (World Business Council, 1999, p. 3), which is that "CSR is the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large". Also, McWilliams & Siegel (2000) describe CSR as a set of actions aimed to further some social good, beyond the explicit pecuniary interests of the firm, that are not required

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