

# Chapter 43

## A Decision Model on Corporate Social Responsibility and Business Strategies

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### **ABSTRACT**

*The role of companies in today's society has been radically transformed, especially in developed economies. The stakeholders have deposited on companies different expectations compared to some years ago. Furthermore, this transformation has led to the establishment of new internal models of corporate governance depending on the intensity of the impact of demand for social action coming from the stakeholders interacting with firms. The aim of this work is to offer a decision model on Corporate Social Responsibility (CSR) and business strategies. This model constitutes a tool that can be adopted by firms, no matter their operational sector, to establish their particular coordinates with respect to their CSR actions and social commitment. Using this tool, companies can update their particular situation taking decisions to change those aspects influencing this position and improving their social integration, if it is perceived as non-aligned with its aspirations of success, efficiency or adequateness.*

### **INTRODUCTION: CORPORATE SOCIAL RESPONSIBILITY AS A NEW FRAMEWORK FOR ACTION OF BUSINESSES**

At present, corporate social responsibility (CSR) can be understood as the active and voluntary contribution of the enterprises to the achievement of social, economic and environmental improvements in order to increase their competitive position and valuation (Villaverde, 2011). Thus, the concept of CSR expands the idea of a voluntary action in the social field, that is, companies adopt the idea that their results should be, not only financially strong (profitability), but also environmentally and socially acceptable (ethical commitment), taking special importance the development of the so-called social responsibility reports.

DOI: 10.4018/978-1-5225-1837-2.ch043

CSR must be considered a recent new framework for action of businesses due to the transformation of the state model. Therefore, today it is common to hear that we are facing the crisis of the welfare state, but it might be more appropriate to speak about a transformation of the state model in what has been called the Relational State (Druker, 1993).

Following Mendoza and Vernis (2008), the so called Relational State “seeks to achieve the greatest possible synergy between the resources, knowledge and capacities of the public sector and those of civil society and business organizations”.

To achieve these objectives, this type of state uses abilities to articulate social interrelationships and also intangible aspects involved. These aspects include: cooperative or competitive arrangements to incorporate civil society and business organizations in particular policy fields, raising society’s awareness of its own responsibility promoting social self-regulation, acting as intermediary between different social agents, providing strategic direction and other.

The Relational State takes this name due to the relational nature of its activities which become the core attribute of the process of public value creation. From this perspective, the social difficulties traditionally managed by the state become stewardship issues that need the collaboration of other types of organizations, businesses and specially the third sector, to give them a proper and satisfactory solution.

Taking the above in consideration, it is therefore quite right to say that the role of the companies in today’s society has been radically transformed, especially in developed economies. That is, the stakeholders have deposited on companies different expectations compared to some years ago. Furthermore, this transformation has led to the establishment of new internal models of corporate governance depending on the intensity of the impact of demand for social action coming from the stakeholders interacting with firms. But the rapid changes described and their irregular implementation depending on multiple socio-cultural and economic factors is resulting in business of various features being difficult to classify them in terms of their models of corporate governance.

The aim of this work is to offer a decision model on corporate social responsibility and business strategies. This model constitutes a tool that can be adopted by firms, no matter their operational sector, to establish their particular coordinates with respect to their CSR actions and social commitment and, consequently, their position in the current Relational State. Using this tool, companies can update their particular situation taking decisions to change those aspects influencing this position and improving their social integration if it is perceived as non-aligned with its aspirations of success, efficiency or adequateness.

One of the difficulties to apply this decision model is to measure and determine the companies’ CSR model and its components if there is one adopted by them. The next section summarizes the most relevant models and general areas of CSR that companies can consider to identify these components.

## **RELEVANT MODELS AND GENERAL AREAS ON CORPORATE SOCIAL RESPONSIBILITY**

Before presenting the most relevant models and general areas of corporate social responsibility, it should be noted that, in the last quarter of the twentieth century, they have referred to the relationship between financial execution and the social (Chand, 2006; Beurden and Góssling, 2008). Thus, the most studied of such liability aspects have been the information tools aimed at stakeholders (Campbell, 2007) and

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