

# Corporate Social Responsibility



# Agenda

- Corporate Social Responsibility

# Corporate Social Responsibility

- Concepts, key issues, context
- Key CSR drivers
- Implications for enterprise
- Implications for development

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# Main Concepts of CSR

## **CSR** (Carrol, 1979)

Firms have responsibilities to societies including economic, legal, ethical and discretionary (or philanthropic).

- See also DeGeorge (1999) on the “Myth of the Amoral Firm”

**Social Contract** (Donaldson, 1982; Donaldson and Dunfee, 1999) – There is a tacit social contract between the firm and society; the contract bestows certain rights in exchange for certain responsibilities.

**Stakeholder Theory** (Freeman, 1984) – A stakeholder is “any group or individual who can affect or is affected by the achievement of an organisation’s purpose.” Argues that it is in the company’s strategic interest to respect the interests of all its stakeholders.

# Main Concepts of CSR

**CSR = political economy**

The rights and responsibilities assigned to private industry.



# Key Issues in CSR

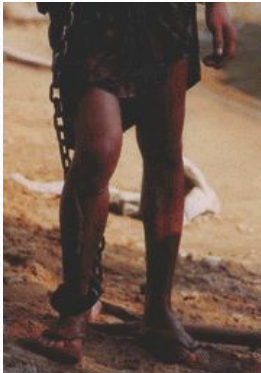


Photo: Damien Lewis

- **Labour rights:**
  - child labour
  - forced labour
  - right to organise
  - safety and health
- **Environmental conditions**
  - water & air emissions
  - climate change
- **Human rights**
  - cooperation with paramilitary forces
  - complicity in extra-judicial killings
- **Poverty Alleviation**
  - job creation
  - public revenues
  - skills and technology

# Context Globally

- Liberalisation of markets – reduction of the regulatory approach
- Emergence of global giants, consolidation of market share
- Development of the ‘embedded firm’ and the global value chain
  - Development of supplier networks in developing countries



# Key drivers of CSR

## Around the world

- NGO Activism
- Responsible investment
- Litigation
- Gov & IGO initiatives

## Developing Countries

- Foreign customers
- Domestic consumers
- FDI
- Government & IGO



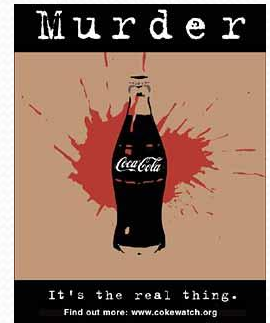
# Key Drivers: NGO Activism



- Facilitators: IT (esp Internet), media, low cost travel

- Boycotts, brand damage, influence legislation, domino effect

- e.g. Shell in Nigeria, Exxon in Cameroon, Sinopec in Sudan, Apparel Industry (Nike, Gap), GMO, Wood Products, etc.



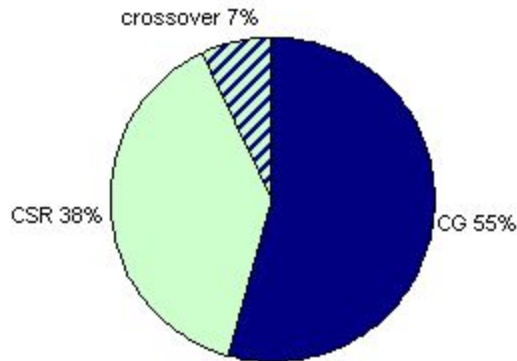
## Domino Effect in the US Wood Products Industry: 7 out of top 10 shift policy on old growth within 18 months

Date of Policy Shift	Company	Industry Rank
Aug - 1999	Home Depot	1
Nov - 1999	Home Base	6
Nov - 1999	Wickes	9
Jan - 2000	Menards	3
Aug - 2000	Lowes	2
Aug - 2000	84 Lumber	4
Dec - 2000	Payless Cashways	5

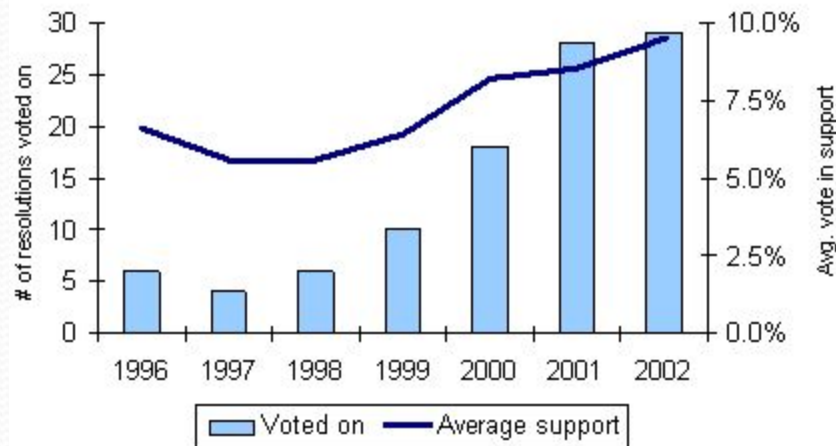


# Key Drivers: Responsible Investment

■ The 673 shareholder resolutions, 2000-2003, by category  
100 Largest US Companies by Market Capitalisation



Shareholder proposals on global labour standards trend higher



Source: compiled from IRRC, 2002

- Roots of: South Africa Apartheid Divestment
- Significant size: US SRI = 2.3 trillion \$ in 2005 or 10% of all professionally managed investments
- Shareholder activism: shareholder resolutions; voting process
- Influence corporate reporting and disclosure requirements
- New rules on CSR reporting





# Principles for Responsible Investment



APRIL  
27  
THURSDAY

NYSE Group

# Principles for Responsible Investment

[www.unpri.org](http://www.unpri.org)



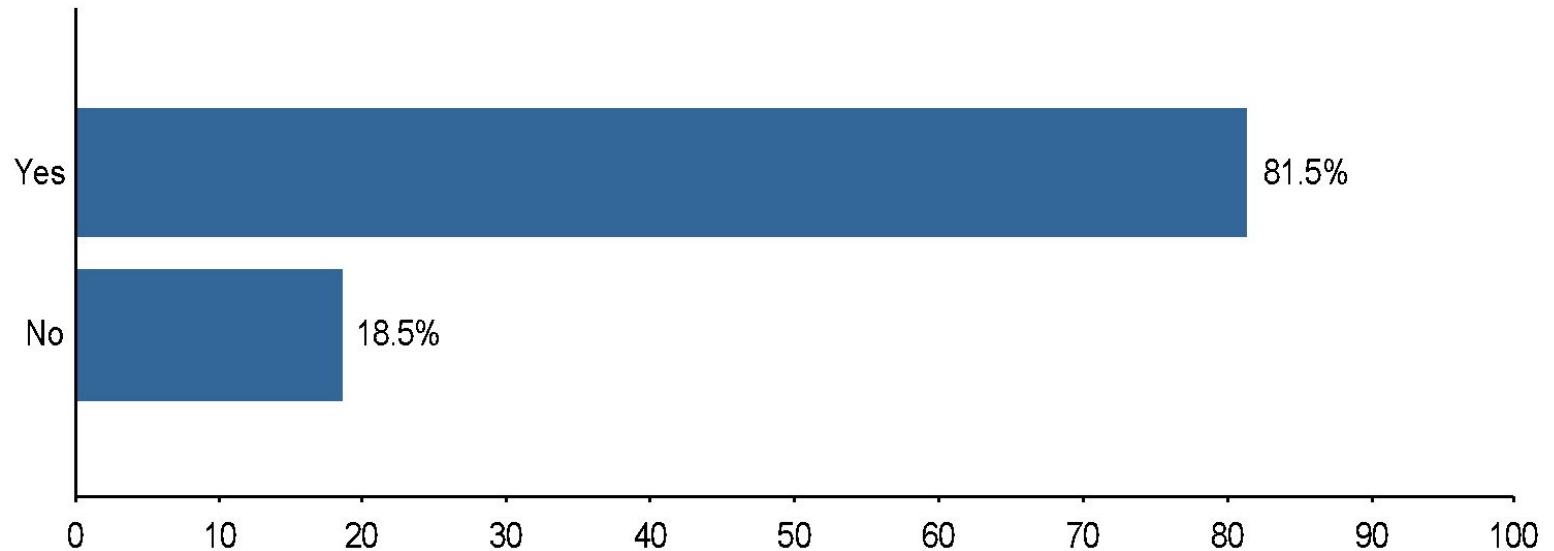
Signatories will

- 1 ...**incorporate** ESG issues into investment analysis and decision-making processes.
- 2 ...be **active owners** and incorporate ESG issues into our ownership policies and practices.
- 3 ...seek appropriate **disclosure** on ESG issues by the entities in which we invest.
- 4 ...**promote** acceptance and implementation of the Principles within the investment industry.
- 5 ...work **together** to enhance our effectiveness in implementing the Principles.
- 6 ...each **report** on our activities and progress towards implementing the Principles.



## Investor opinion survey (IFC)

**Asset owners. Do you expect to implement ESG policies in your emerging market investments?**





# Key Drivers: Litigation



- Foreign Direct Liability
- Alien Tort Claims Act (ATCA): human rights, environmental rights
  - ✓ Unocal Burma    **\$30,000,000 settlement**
  - Coca-Cola Columbia
  - Rio Tinto Papua New Guinea
  - Del Monte Guatemala
  - The Gap Saipan
  - Shell Nigeria Other tools: RICO, False Advertising
- E.g. Saipan 'sweatshop' cases; *Katsky v. Nike*



# Nations Initiatives

- UN Global Compact
- UN Principles for Responsible Investment
- UNEP Equator Principles
- ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration)
- UNHCHR Business and Human Rights
- UNODC Anti-corruption
- UNCTAD Corporate Responsibility Reporting, World Investment Report

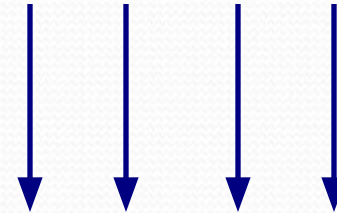




# Implications for Enterprises

- New social and product liability patterns
- Development of Codes of Conduct and CSR reporting
- Expanding sphere of influence
  - Application of Code of Conduct to value chain
  - CSR management: value chain management = compliance management

## CSR Drivers



## Transnational Corporations



The Extended Firm  
Regional Plants / JV Partners  
Suppliers / Distributors



# Implications for Enterprises: TNC as an “organ of society”

“every individual and every **organ of society** [should] promote respect for these rights and freedoms and to secure their universal and effective recognition.” - *UN International Declaration of Human Rights*

It would be a strange tort system that imposed liability on state actors but not on **those who conspired with them** to perpetrate illegal acts through coercive use of state power.  
- *1997 Eastman Kodack Co. v. Calvin*

International principles apply only to governments

***Trend in international law***



International principles apply to governments *and* companies

# Implications for Enterprises: CSR Management

How do companies address socio-environmental & legal compliance issues?

- **Policies** - Code of Conduct
- **Systems** - Compliance Management
- **Reporting** - Accounting and Reporting



# CSR Management: Systems approach

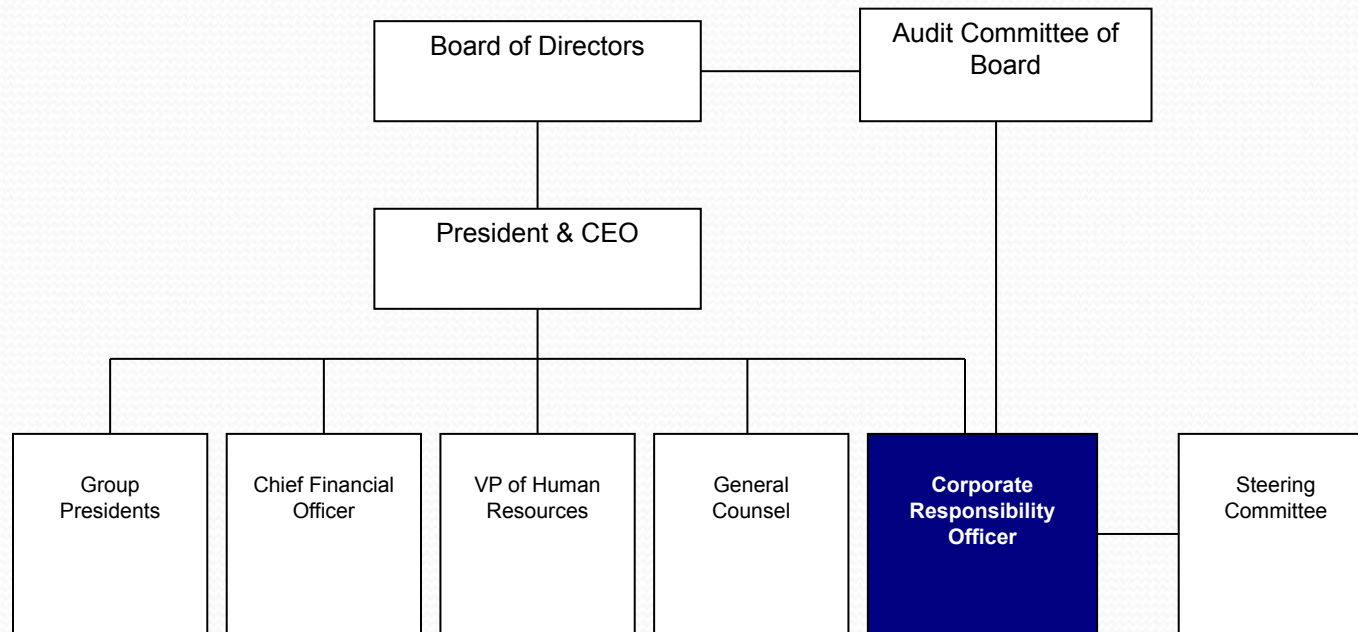
Sustainable business development does not come about of its own accord. Rather, commitment to sustainability demands that corporate processes be reliably controlled and that everyone's actions - in finance as much as in environmental and social areas - be coordinated. Prerequisites for this are **binding guidelines, unambiguous corporate goals and a clear organizational structure.**

- *Deutsche Telekom*



# CSR Management: Management structure

Example: Chiquita



# CSR Management:

## Plan, Do, Check, Act method

### Plan

- Consult stakeholders
- Establish code of conduct
- Set targets

### Do

- Establish management systems and personnel
- Promote code compliance

### Act

- Corrective action
- Reform of systems

### Check

- Measure progress
- Audit
- Report



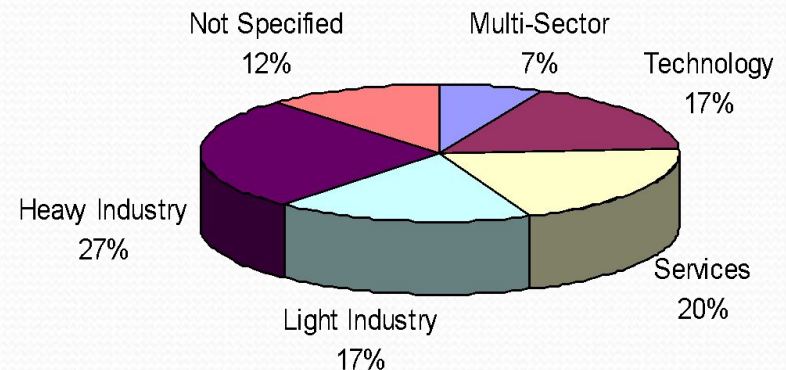
# Code of Conduct:

## Widespread adoption among TNCs

Adoption of...

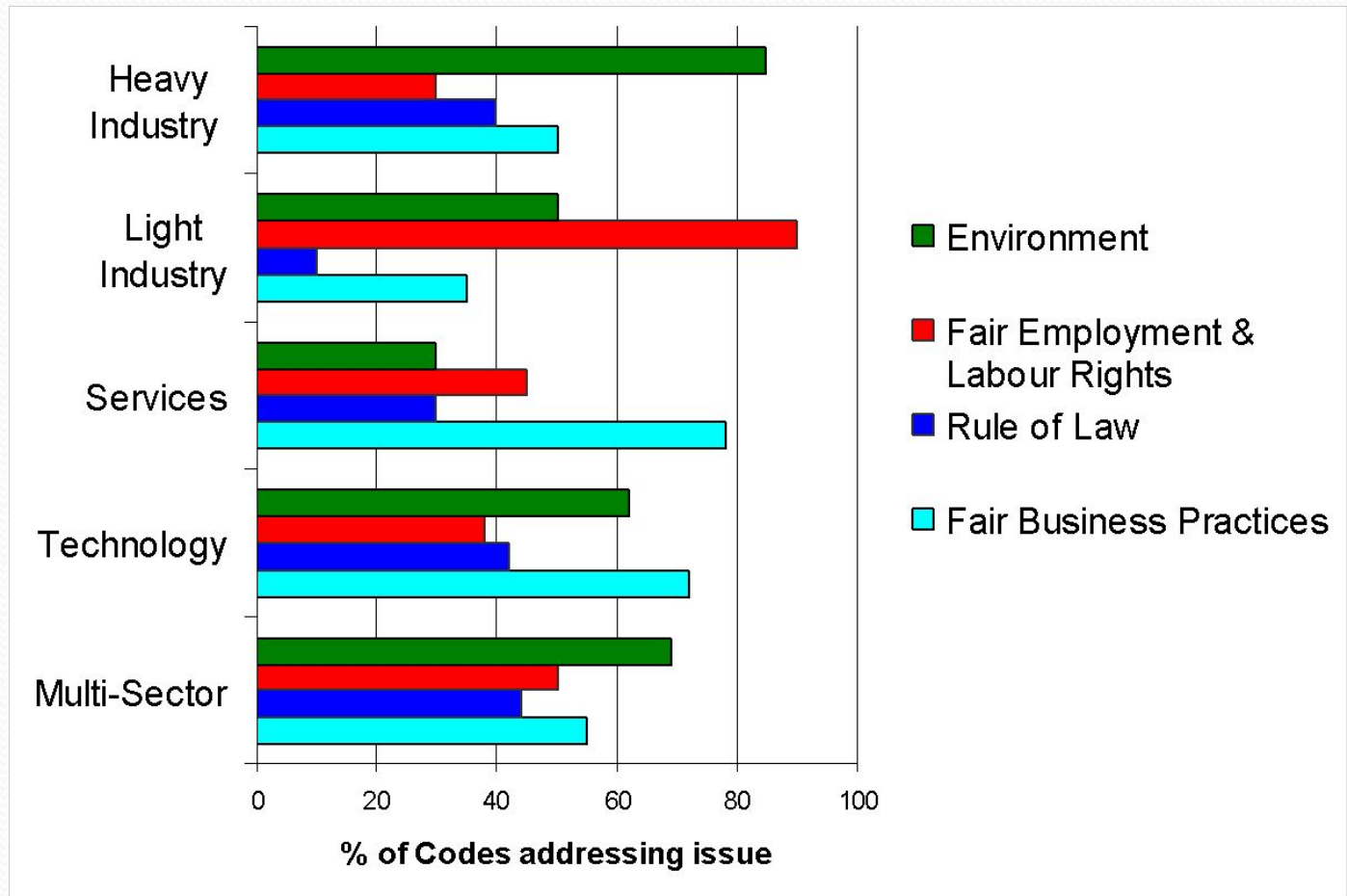
- More than half of the 100 largest firms by global revenue (Fortune Global 100)
- More than a third of the 100 largest firms by foreign assets (UNCTAD WIR 100)
  - 57% of all foreign assets
  - 51% of all foreign sales
  - 65% of all foreign employees

Codes found among all industrial sectors.



Source: OECD 1999 survey of 233 codes

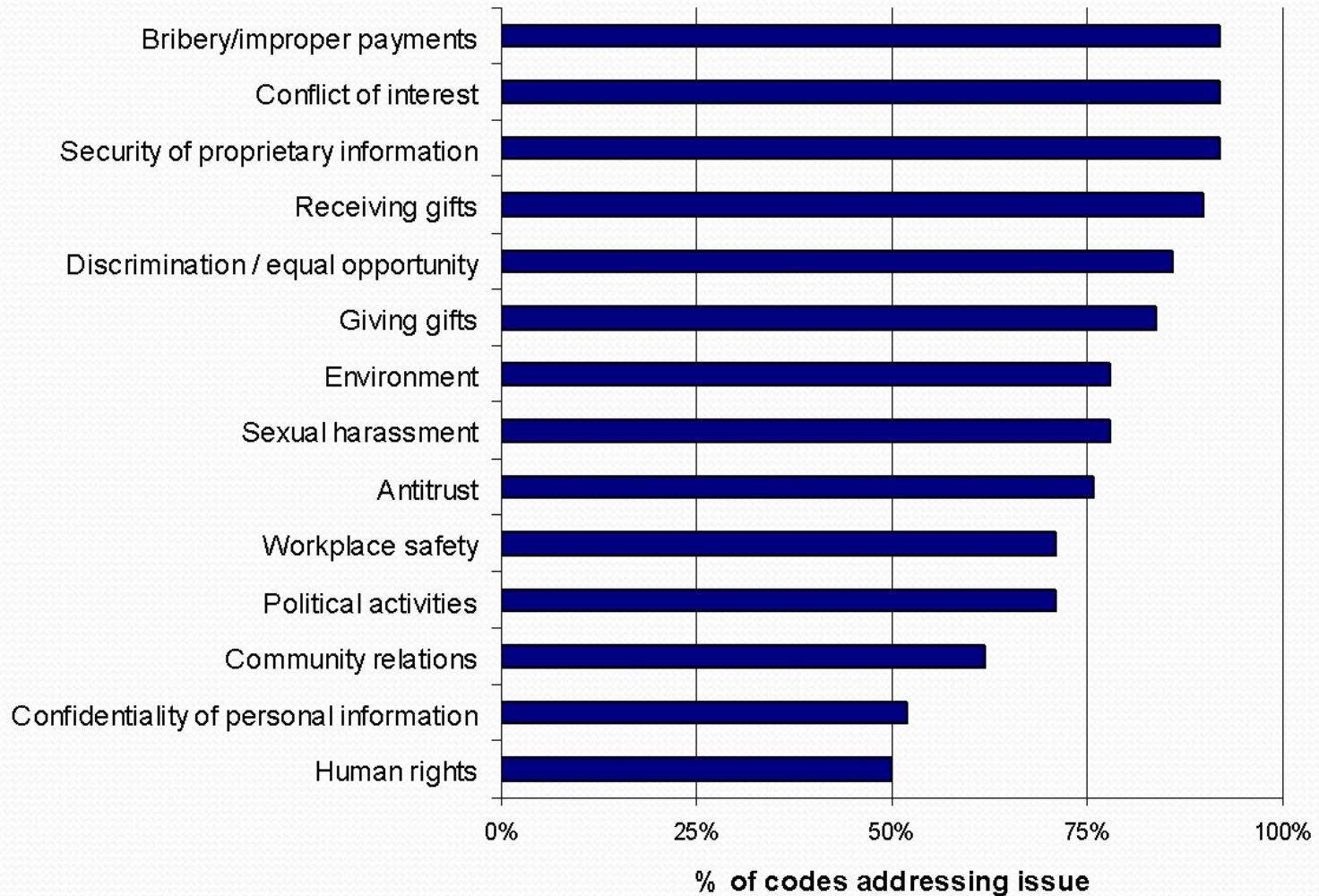
# Code of Conduct: Issue emphasis varies by industry



Source: OECD 1999  
survey of 233 codes

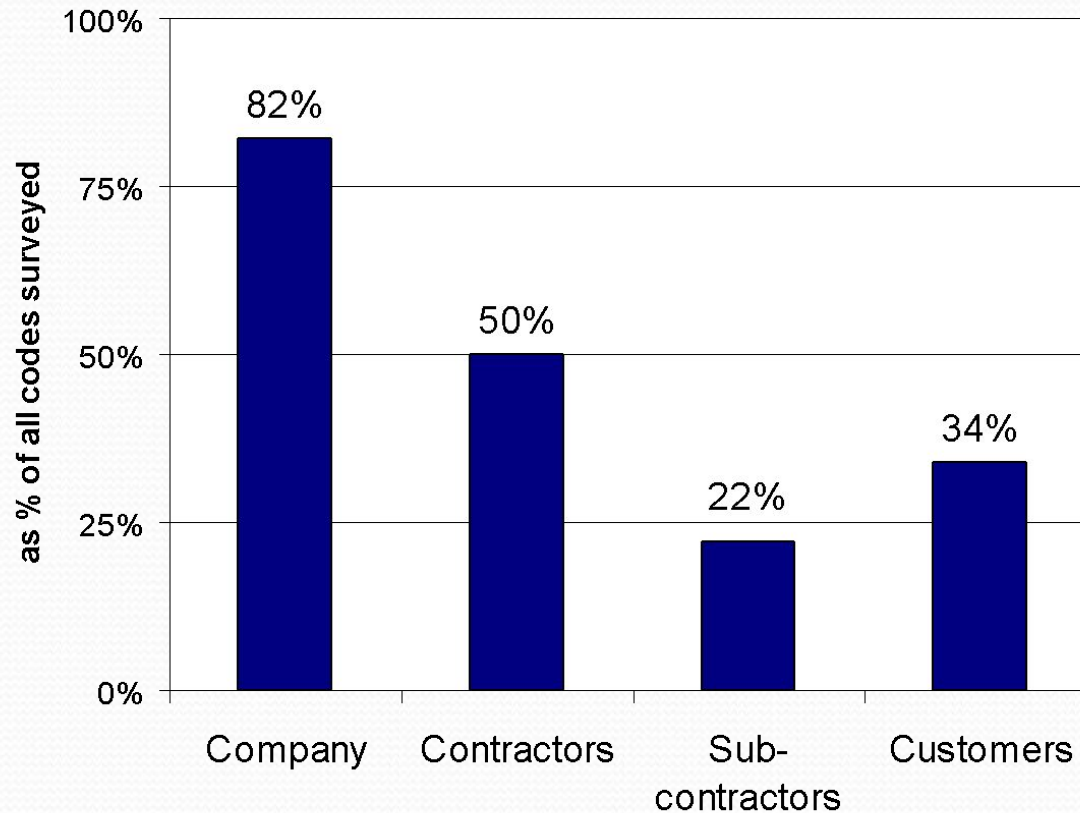


# Code of Conduct: Emerging consensus on key issues



Source: Conference Board 1999,  
Survey of 123 Codes

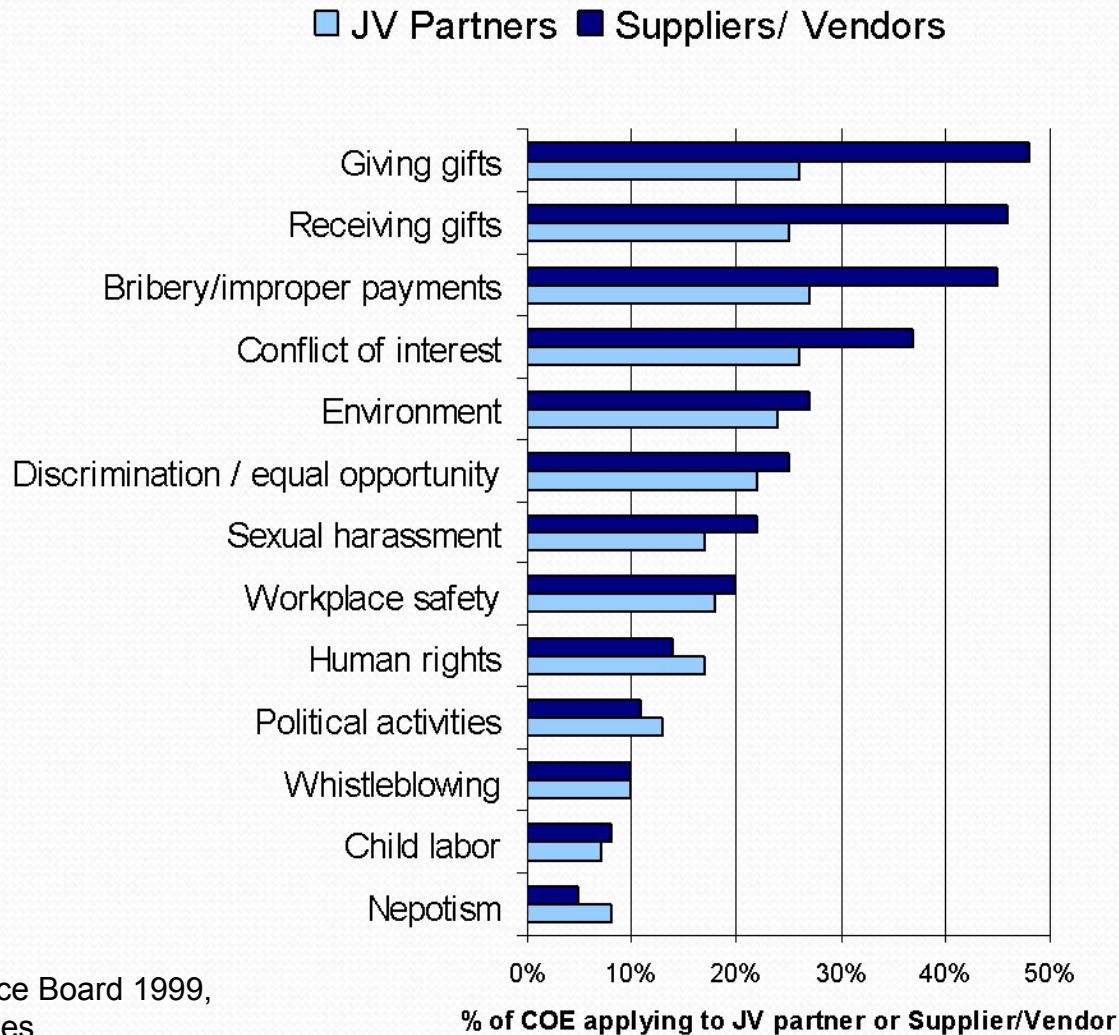
# Code of Conduct: Cascade effect



Source: OECD 1999  
survey of 233 codes



# Code of Conduct: Cascade effect

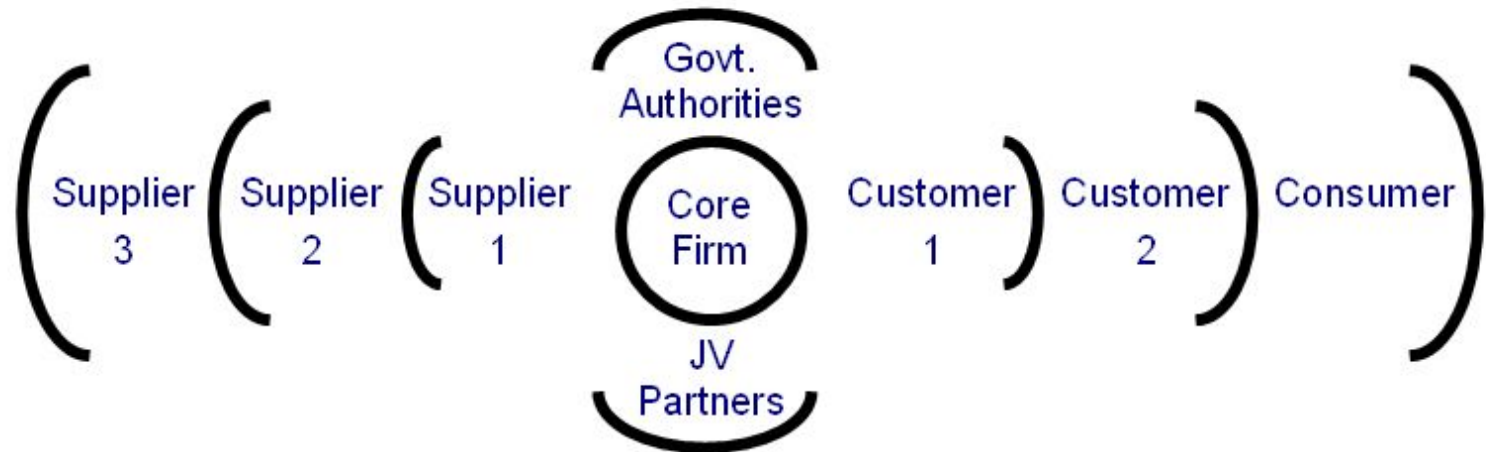


Source: Conference Board 1999,  
Survey of 123 Codes

# Sphere of Influence

**Who** – is to be influenced?

*Sphere of Influence: the “Association Sphere” – partners in the global value chain*

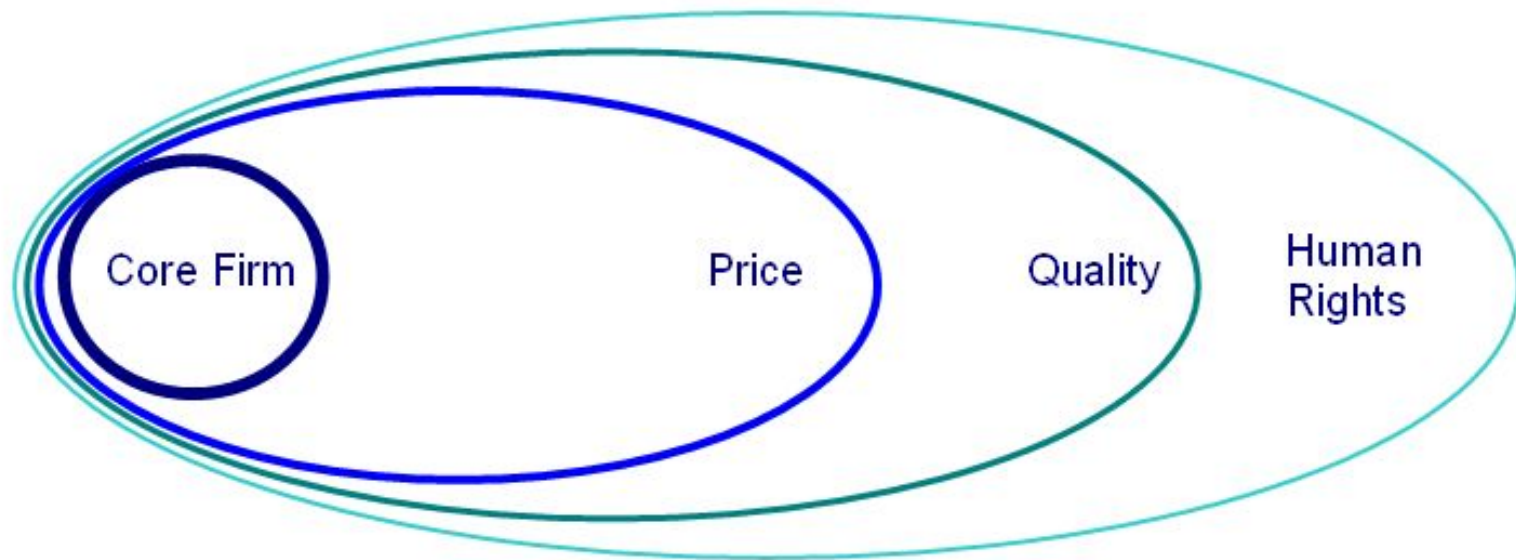




# Sphere of Influence

***What*** – issues are to be influenced?

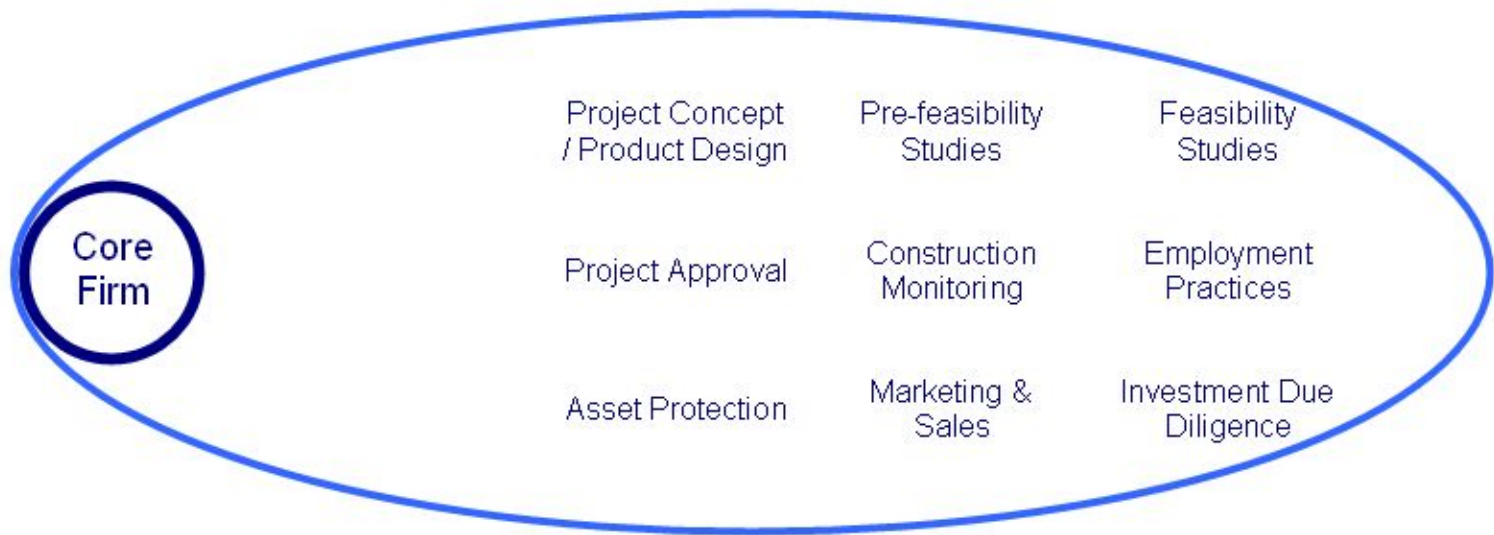
*Sphere of Influence: the “Issue Sphere” – a broader range of issues to be influenced*



# Sphere of Influence

## ***How – are those issues to be influenced?***

*Sphere of Influence: the “Operational Sphere” – specific processes to be influenced*





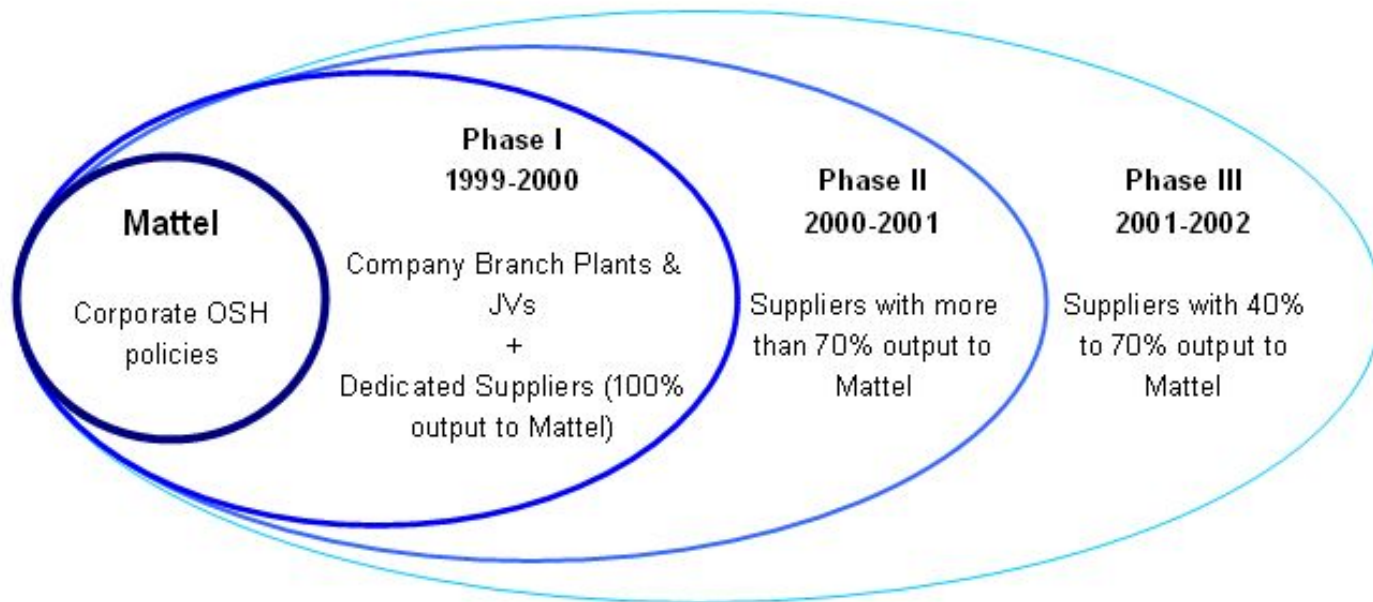
# Sphere of Influence

## Example: Mattel

**Who:** *suppliers, JVs and branch plants*

**What:** *OSH*

**How:** *focus on manufacturing processes, HR, factory design*



Source: based on data from Frost and Wong (2000) and MIMCO (1999)

# CSR Management: Governing the value chain

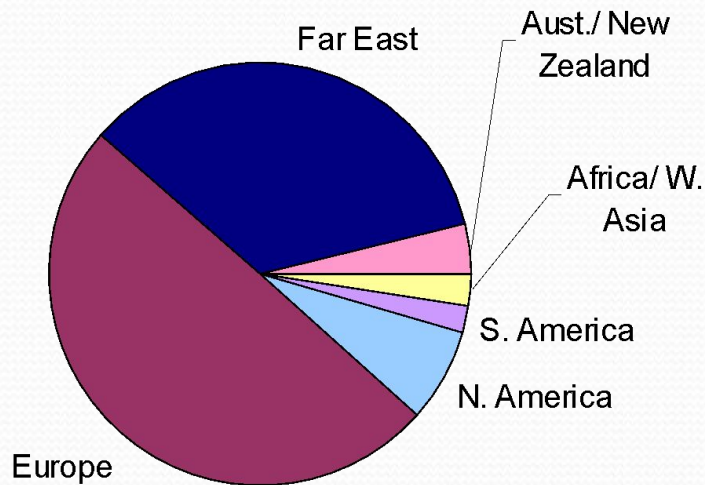
Tier 3	Tier 2	Tier 1	Core Firm	Customer 1	Customer 2	Consumer
→	→	→	Product →	→	→	→
←	←	←	\$ ←	←	←	←
↔	↔	↔	Information ↔	↔	↔	↔
←	←	←	Quality ↔	→	→	→
←	←	←	Ethics ↔	→	→	→



# Compliance Management: Management by certification



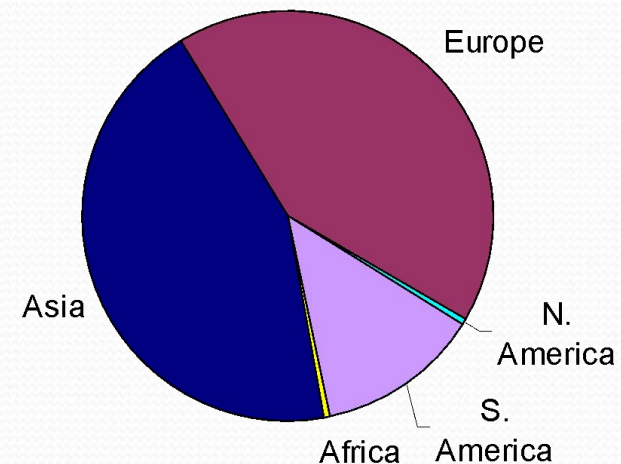
**ISO 14000 by Region**



- Introduced 1995
- By 2002: 37,000 factories, 112 countries



**SA 8000 by Region**



- Introduced 1998
- By 2005: 763 factories, 47 countries

# Compliance Management: Management by certification



## ISO 26000: Social Responsibility

- To be Introduced in 2009 or 2010
- NOT a Management System (?)
- NOT a Certifiable Standard (?)



# ISO 26000 Roadmap

## Principles of SR

1. Ethical behaviour
2. Respect for rule of law
3. Respect for international norms of behaviour
4. Respect for and considering of stakeholder interests
5. Accountability
6. Transparency
7. Precautionary approach
8. Respect for human rights

## Core Subjects

### Organizational Governance

Labour Practises

Environment

Human Rights

Consumer issues

Community & society  
development

Fair operating practises

## Implementing SR

### 7.3 Working With Stakeholders

**7.2  
Defining  
scope**

**7.4  
Integrating into  
organization**

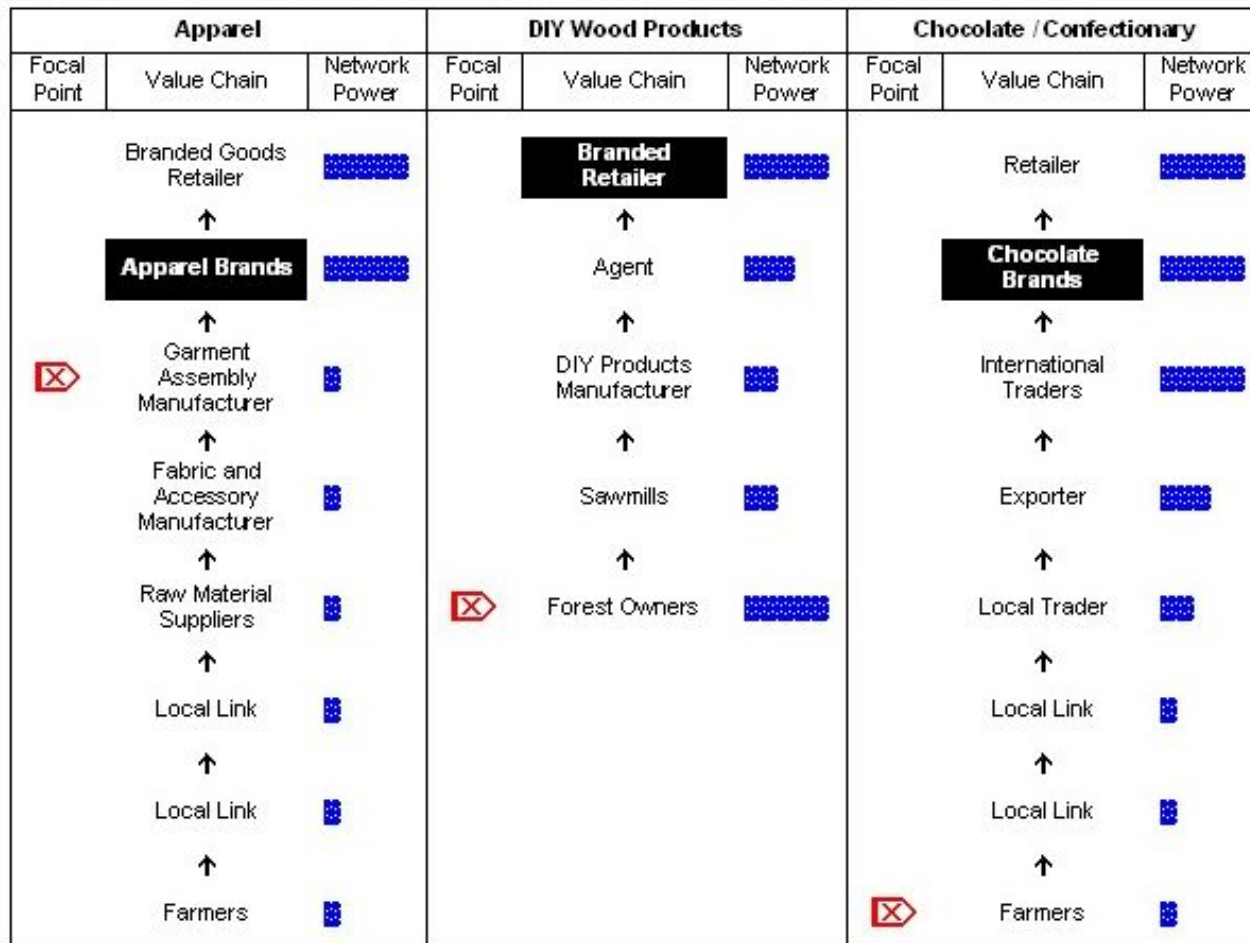
**7.5  
Implementing in daily  
practise**

**7.7  
Evaluating performance**

**7.8  
Enhancing credibility**

### 7.3 Communicating

# CSR Management: Supply chain specific



Key: **Core Firm**

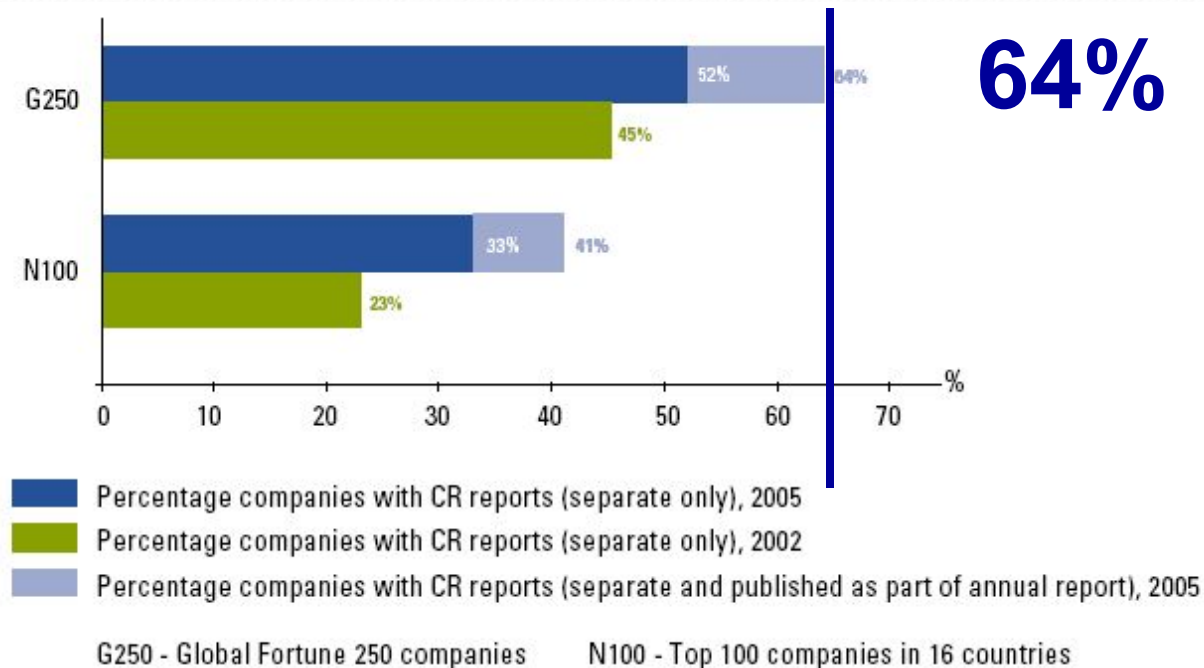
Source: based on Roberts 2003



# CSR Management:

## CSR reporting becomes 'mainstream'

### % of Large Firms Issuing a CSR Report



# CSR Management:

## Emerging standards in CSR Reporting



### Global Reporting Initiative (GRI)

A multi-stakeholder initiative

[www.globalreporting.org](http://www.globalreporting.org)



### International Standards of Accounting and Reporting (ISAR)

A project of UNCTAD

[www.unctad.org/isar](http://www.unctad.org/isar)



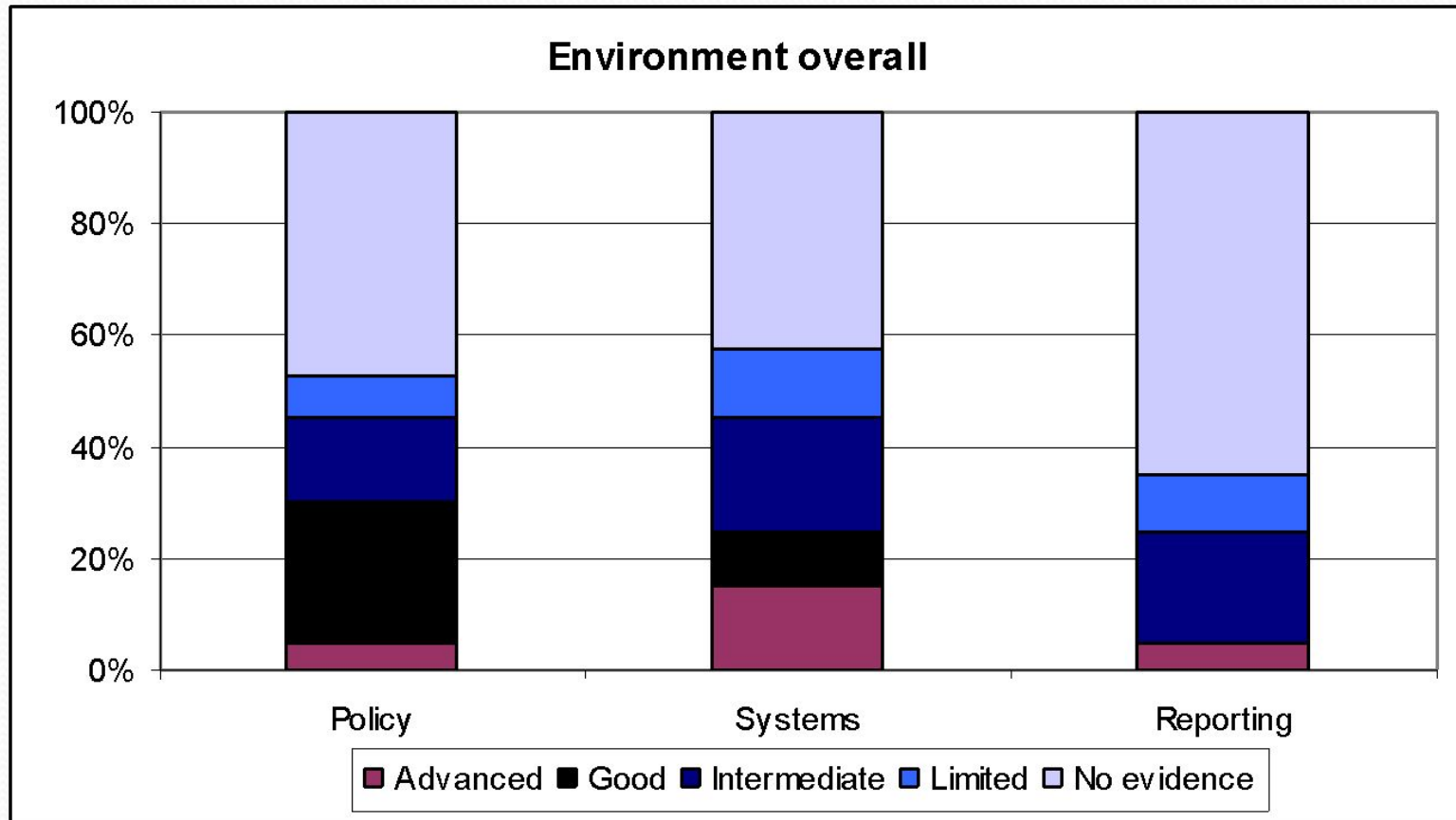
# Implications for Development



- CSR 'cascade effect' on members of the global value chain
  - labour conditions (e.g. OSH, right to organise, wages)
  - environmental controls
  - transfer of new management techniques
- Compensation for weak legal environment in LDCs
- Impact on economic development & national competitiveness???

# Implications for Development: CSR management

CSR performance among 100 emerging market enterprises

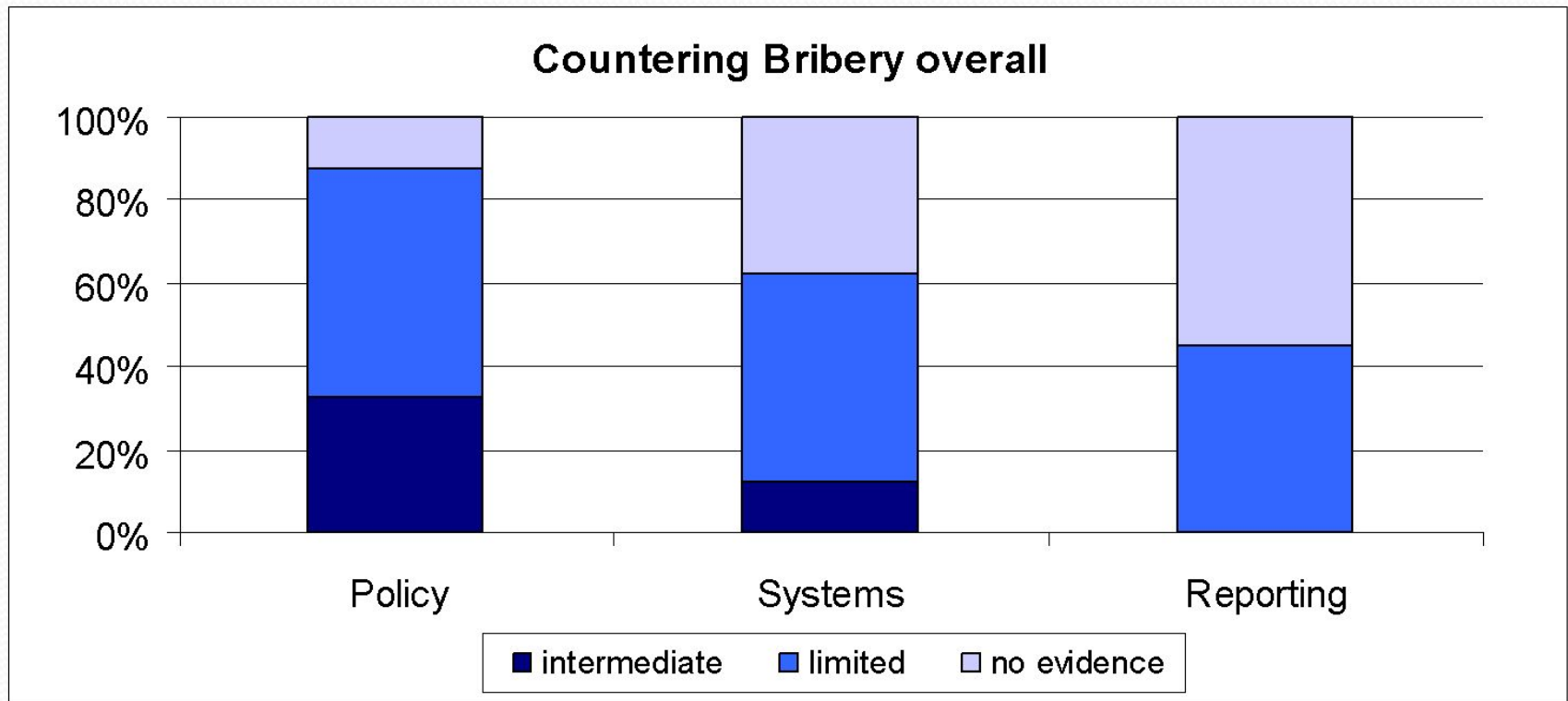


Source: UNCTAD, 2008



# Implications for Development: CSR management

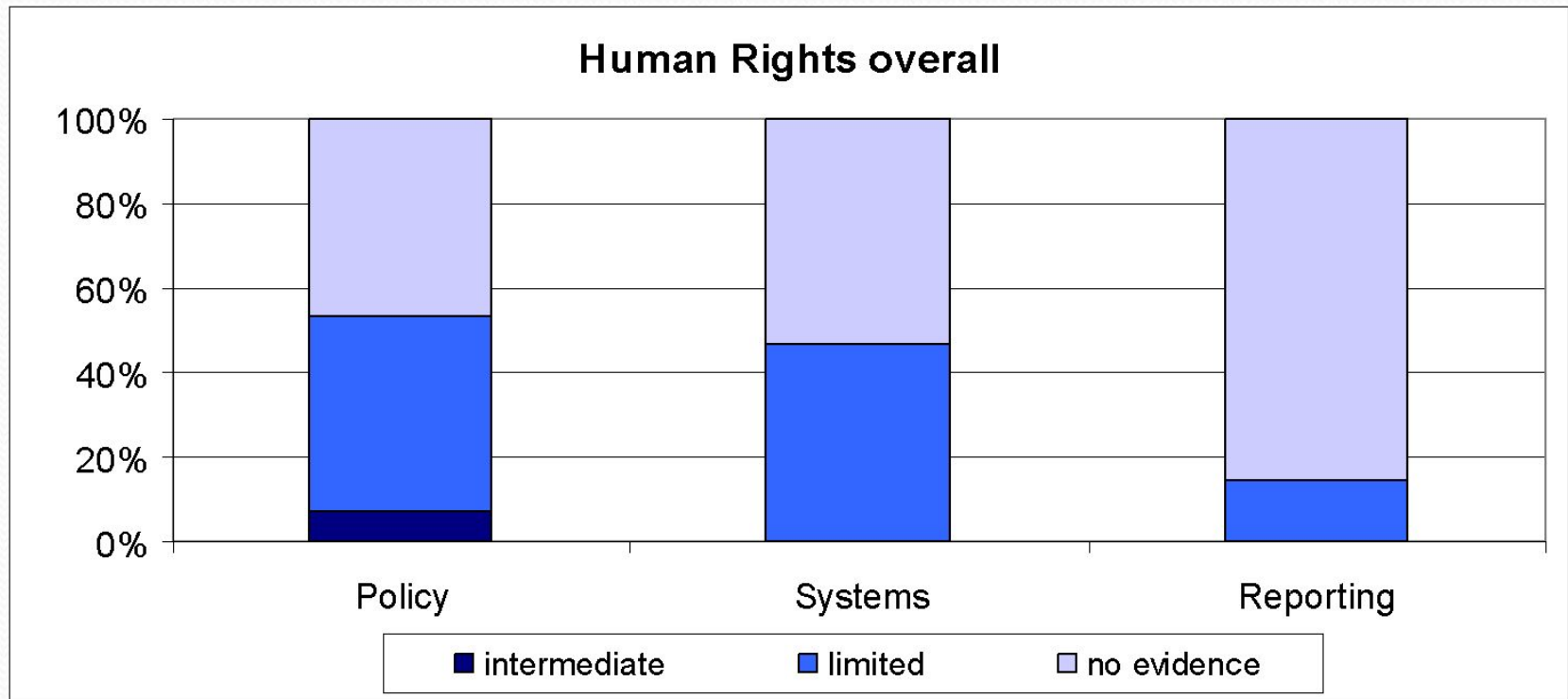
CSR performance among 100 emerging market enterprises



Source: UNCTAD, 2008

# Implications for Development: CSR management

CSR performance among 100 emerging market enterprises



Source: UNCTAD, 2008



# Implications for Development: is CSR good for growth?

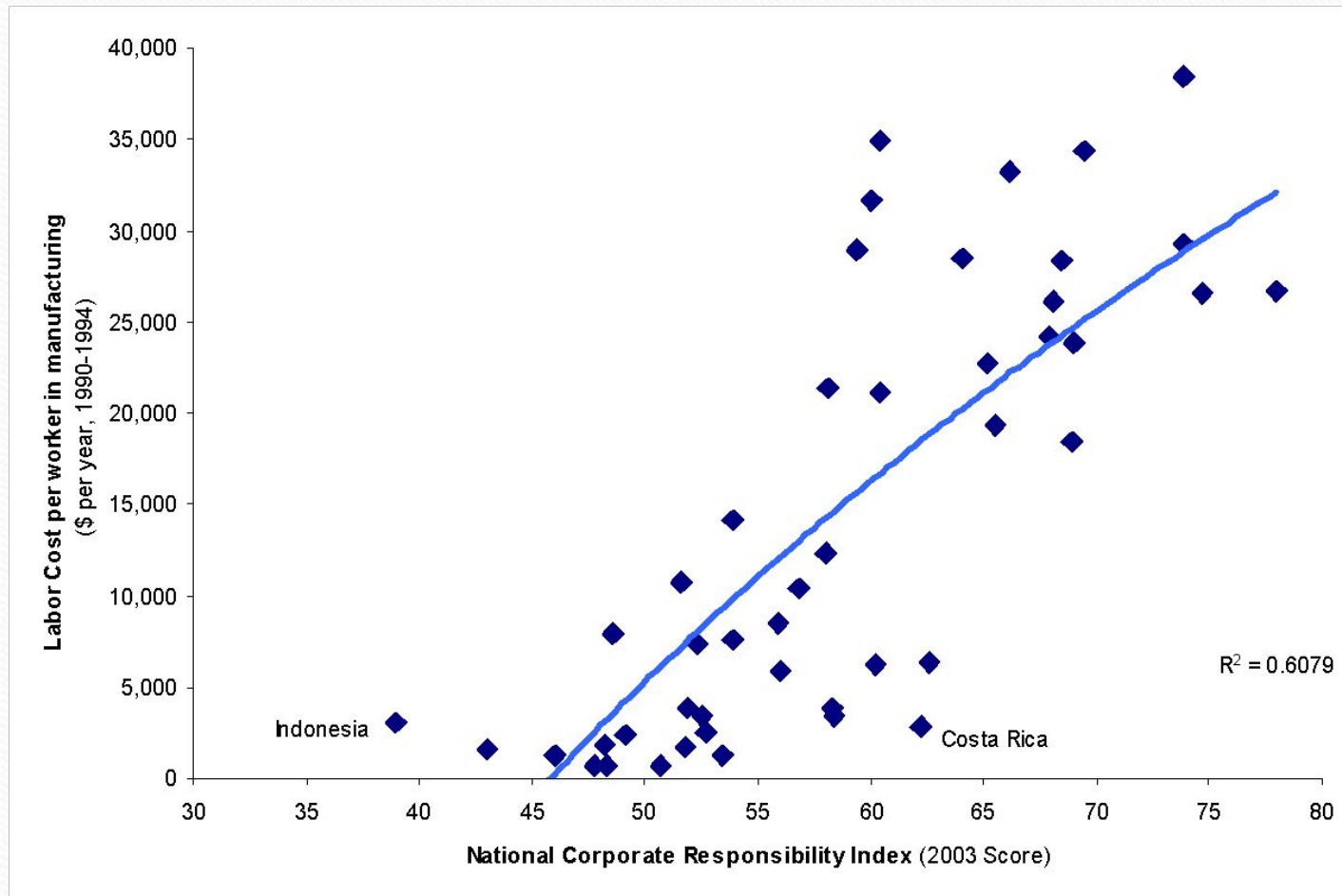
David Henderson

“[CSR]’s adoption would reduce competition and economic freedom, and undermine the market economy.”

“...[CSR] is liable to **hold back the development of poor countries** through the suppression of employment opportunities within them.”

# Implications for Development: Experiments in quantification

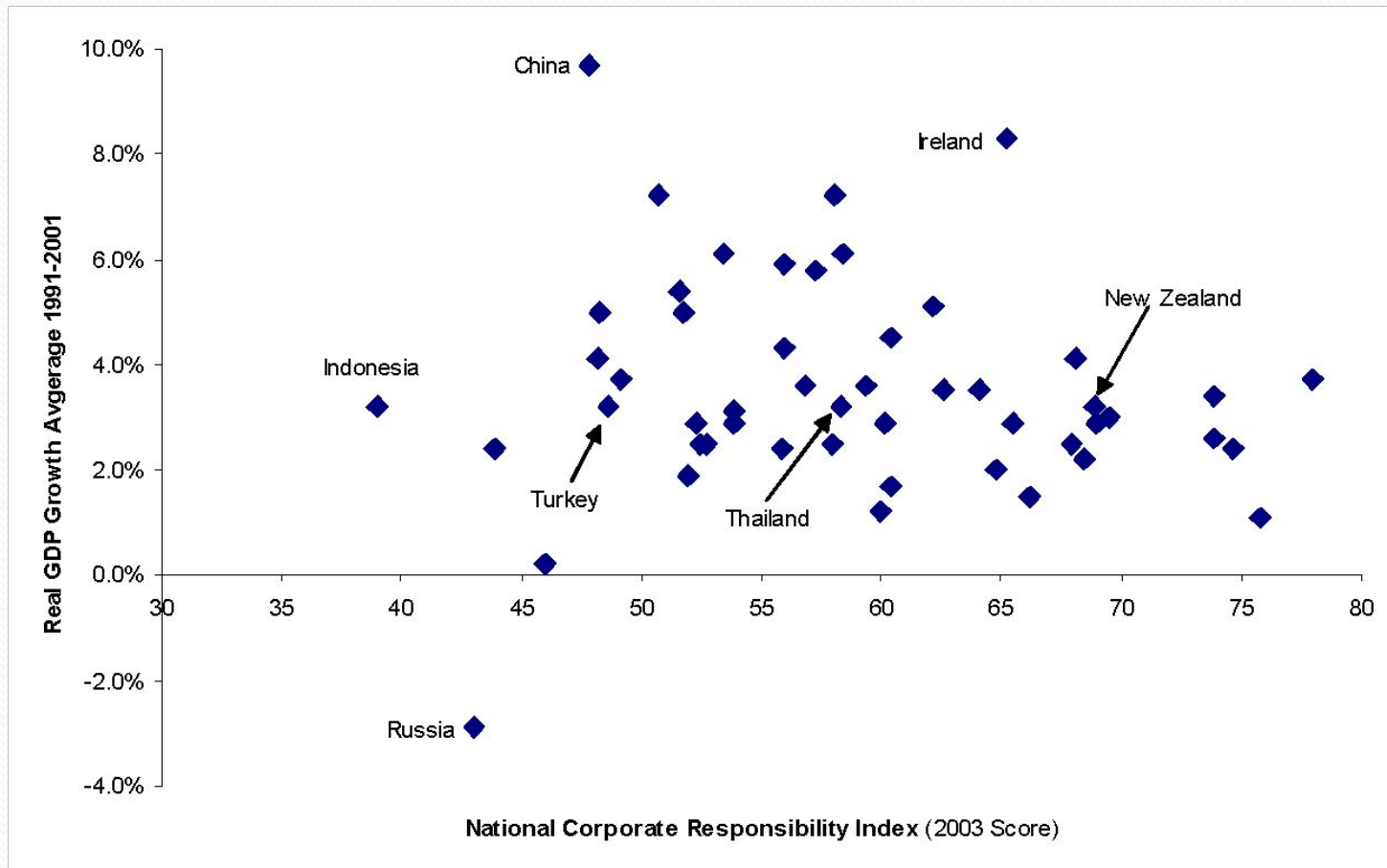
Does an increase in CSR correspond with an increase in labour costs?





# Implications for Development: Experiments in quantification

Does an increase in CSR correspond with a decrease in real GDP growth?





# Thank you

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# Corporate Social Responsibility

# CSR

- a) EMPHASIS ON FAIRNESS
- b) HISTORICAL OVERVIEW
- c) POLITICAL CONTINUUM:

stakeholder-----minimalist  
[left] [right]



# Isn't this what we have laws for?

THE LAW IS NECESSARY BUT INSUFFICIENT

a) THE LAW IS REACTIVE

b) THE LAW IS SLOW

c) BUSINESS IS CHANGE-ORIENTED &  
FASTER





**Ethical  
Responsibilities**

**Social Responsibilities**

**Legal Responsibilities**

**Economic Responsibilities**

# In Context

Community in a pre-modern, modern  
and postmodern world  
Or... why we expect more from business  
and how “the game is played”



# Pre-modern

- *TRADITIONAL ENTREPRENEURIAL*
- Power goes to those who succeed in “the jungle”
- Authority resides in those with legitimacy– size; wealth; longevity confers authority
- Ethics based on individual responsibility and programs minimized

# Modern

- *COMMUNITY OF RATIONAL RULES*

- i) BUREAUCRATIC

- ii) SCIENTIFIC MANAGEMENT

- iii) RELIANCE ON "EXPERTS"

- iv) COMPREHENSIVE RULES

Power goes to those who make the rules. Relies on expertise

Authority goes to those who can enforce their rules Reach for the top

Ethics are based on “fairness’ and programs based on rules



# Postmodern

- *COMMUNITY OF FLEETING EXCHANGES*

- i) NEED TO INTERPRET
- ii) NEED TO BUILD CONSENSUS
- iii) LOOSE CONNECTIONS
- iv) SUSPICION OF AUTHORITY

Power goes to those who can “make the deal” through networking and can handle uncertainty

Authority goes to those who see and can sell coalitions and deals regardless of other levels of authority

Ethics are situational; programs emerge to be responsive



# Take a guess...

- This is from the "Ottawa Citizen":
- Can you imagine working for a company that has a little more than 300 employees, and has the following statistics:

30 have been accused of spousal abuse

9 have been arrested for fraud

24 have been accused of writing bad cheques

95 have directly or indirectly bankrupted at least 2 businesses

4 have done time for assault

55 cannot get a credit card due to bad credit

12 have been arrested on drug related charges

4 have been arrested for shoplifting

16 are currently defendants in lawsuits

62 have been arrested for drunk driving in the last year alone

Can you guess which organization this is?

# CSR Models

Position	Responsible to	therefore...
Minimalist	Stockholders/ owners	Maximizing profit
Self interested	Stockholders/ owners/ cost “controllers”	Do good when furthers quest for growth and profit
Social contract	Those with social and legal contract	Goes beyond law to spirit of commitment
Stakeholder Management	Those who influence direction and fortunes	Develop responsive strategies
Stakeholder stewardship	Society as whole / future	Solutions for social problems

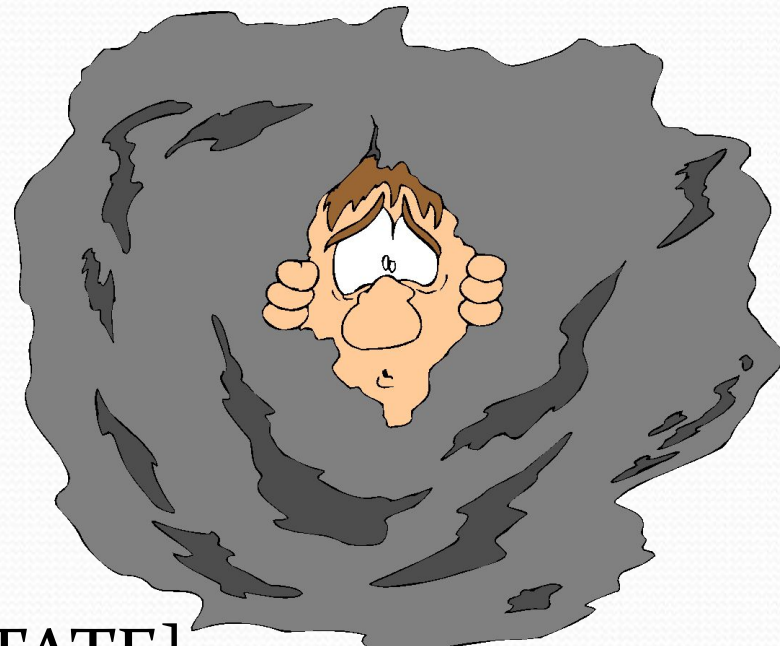


# The Case for the Minimalist



# Minimalist CSR

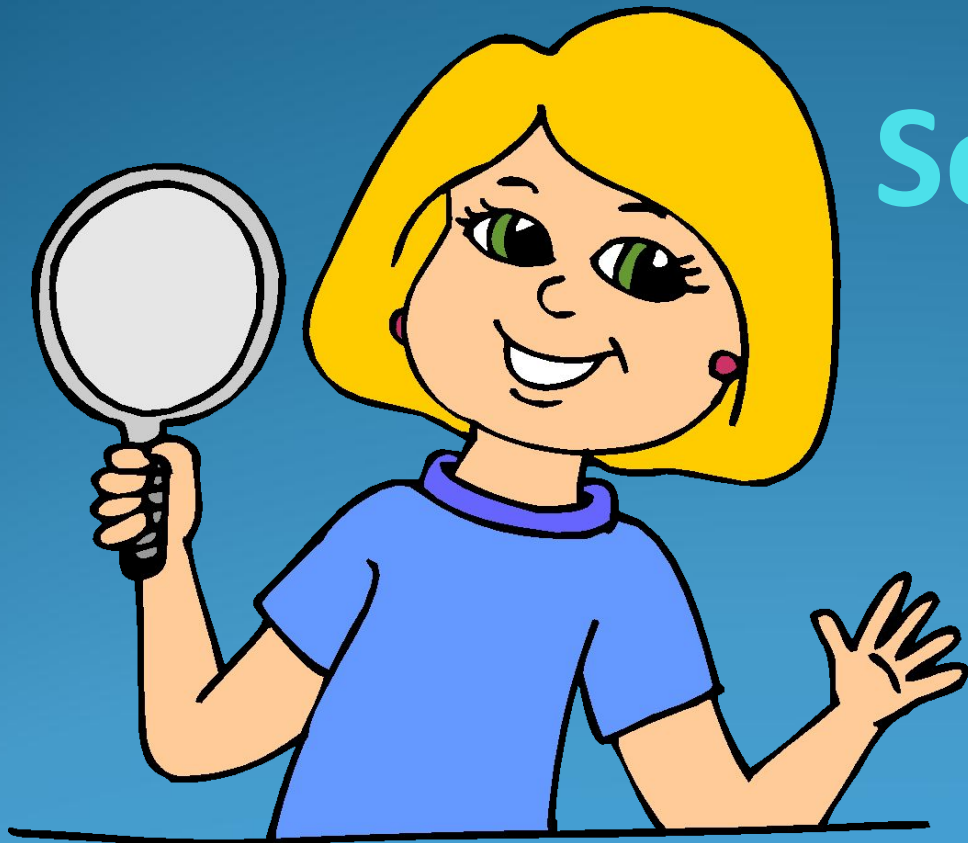
- a.k.a.- traditional stockholders model, fundamentalism, Libertarian
- Friedman
- *PREMISES*
  - Shareholders 1st
  - Obey the law
  - Private vs Public [MINIMAL STATE]



# Minimalist critiques of other models

- THEY DISTRACT FROM PROFIT MOTIVE
- THEY ARE SOCIALISTIC
- "PUBLIC GOOD" IS SUSPECT





# Self-interest

Defining “Me”

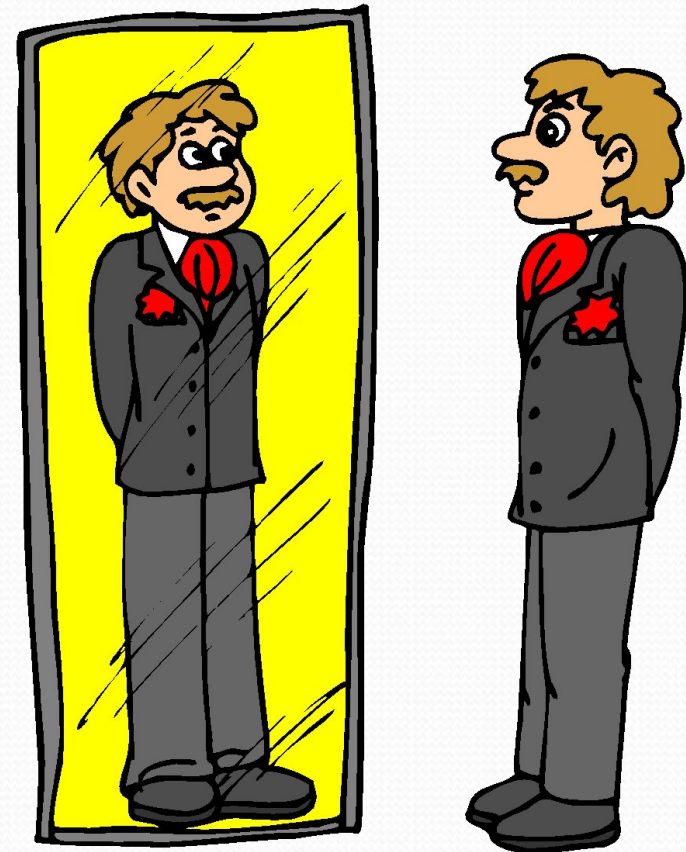
# Self-Interested CSR

- *PREMISES*
- GOOD MOTIVES NOT ENOUGH
- PROFITS & COMMUNITY
- CULTIVATING PHILANTHROPY
- REPUTATION

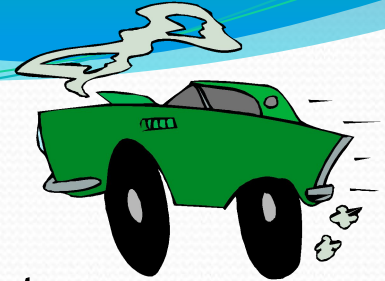


# Critiques of other perspectives

- MINIMALIST IS TOO RIGID
- ALL OTHERS IGNORE PROFIT







# Ford:

“we endeavor to become a leading contributor to a more sustainable world...”The Ford Motor Company Fund supports many local and national programs to affect change, provide for those in need, and improve quality of life.”

“Are consumers, especially in North America, truly interested in and willing to pay for new technology?”

# Social Contract



# *SOCIAL CONTRACT CSR*

## *PREMISES*

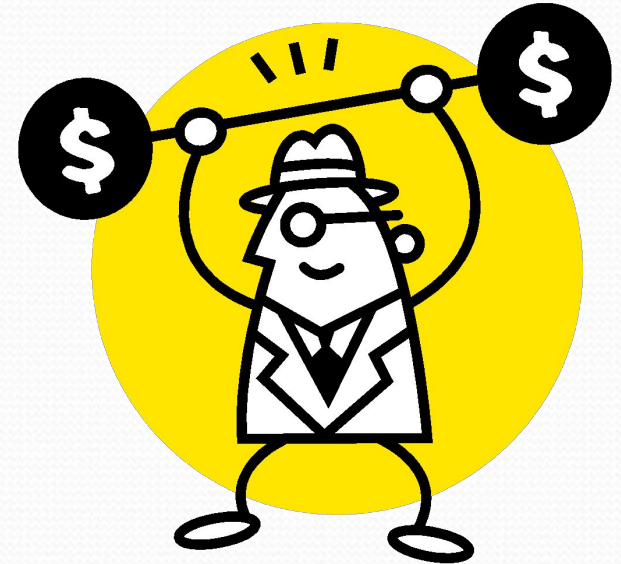
- CORPORATION AS "MORALPERSON"
- IMPLICIT & EXPLICIT CONTRACT WITH SOCIETY
- WITH POWER COMES RESPONSIBILITY





# Critique of alternate

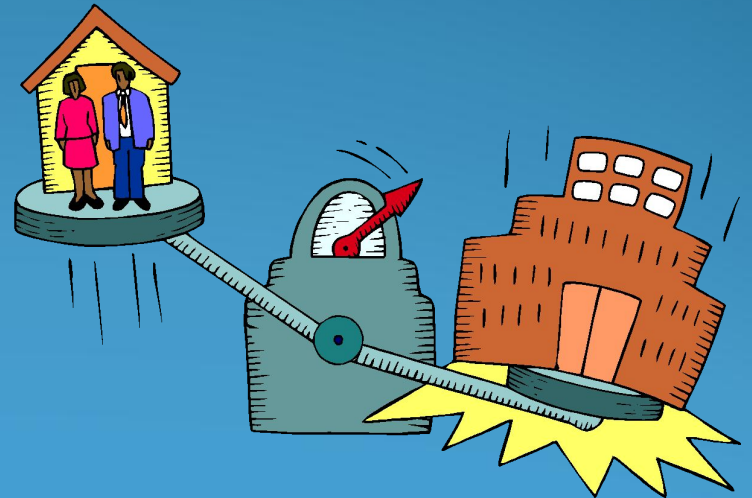
- 1ST 2 MODELS FOCUS TOO MUCH ON PROFIT



# Example

- LEAKY" CONDO PLAYERS LACKED A SENSE OF "IMPLICIT" CONTRACT WITH SOCIETY
- ... developers “put a lot of money into marble countertops and fancy kitchens because that’s what sells the product. And consequently they don’t spend a lot of time thinking about how it looks [and functions] from the outside. It’s designing inside out.”
- <http://www.myleakycondo.com/como2o6o1.htm>

# Stakeholder Management







# 3 STAKEHOLDER GROUPS:

\*PRIMARY [ECONOMIC]

\*SECONDARY [SOCIO POLITICAL]

\* TERTIARY [POWERLESS]

# Critiques of alternatives

- 1ST 2 MODELS TOO PROFIT-FOCUSED
- -S-C MODEL IS TOO VAGUE



# Examples

- CITIZENSBANK
- SHELL



# *STAKEHOLDER STEWARDSHIP*



# Stakeholder Stewardship

## *PREMISES*

- -CARING FOR TERTIARY
- -HELP NON-BENEFICIAL PARTIES
- -HOLD IN TRUST
- -ASPIRE TO HIGH IDEALS

\*ALL OF THIS PRESUPPOSES TIME & MONEY

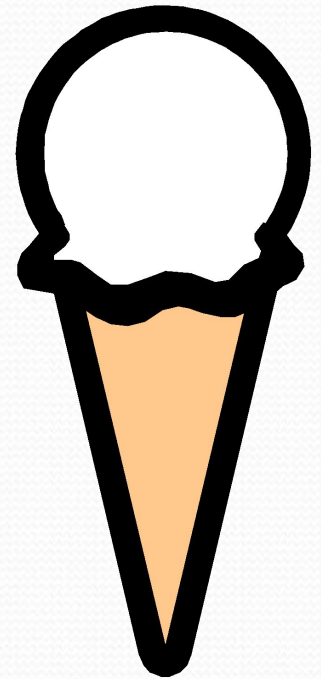
# Critiques of alternate

- -1ST 2 MODELS TOO PROFIT-FOCUSED
- -S-C MODEL TOO VAGUE
- STAKEHOLDER MODEL NOT AMBITIOUS ENOUGH



# Example

- Ben and Jerrys
- “Ben & Jerry’s Head of Social Mission has returned from a two-week mission in Cote d’Ivoire and Mali on the subject of alleged child trafficking in West Africa”
- <http://www.benjerry.com>



# Issues of trust and change:

## Minimalist

### Participants

- Investors/  
stockholders
- Owners /  
managers

### Change Issues

- Hyper  
competition
- globalization

### Trust

Trust grows  
when  
performance  
meets  
expectation;  
Distrust if fails  
to meet  
expectation



# Issues of trust and change: Self Interested Model

## Participants

- Program advocates
- Owners / managers

## Change Issues

- Competition
- Reputation enhancement

## Trust

Trust grows when program advocates deliver enhanced corporate reputation;

Distrust if do not



# Issues of trust and change:

## Social Contract

### Participants

- Those with contracts with firm
- Owners / managers

### Change Issues

- Need for flexibility
- internationalization

### Trust

Trust grows when keeps legal and social contracts over time;  
Distrust if do willing to violate them

# Issues of trust and change: Stakeholder Management

## Participants

- Primary and secondary
- Owners / managers

## Change Issues

- Information access to firm increases
- Systems open to scrutiny

## Trust

Trust grows when stakeholders feel included in decision making

Distrust if feel excluded



# Issues of trust and change: Stakeholder Stewardship

Participants

Spokespersons  
for tertiary

Owners /  
managers

Change Issues Trust

- Pressure to include tertiary
- Worry about environment

Trust grows when firm willing to negotiate with spokespersons for tertiary

Distrust if feel excluded



# Modeling the context

- Premodern
  - Minimalist
  - Self Interested
- Modern
  - The social contract
- Postmodern
  - Stakeholder (management and stewardship)





# *Corporate Citizenship, Social Responsibility, Responsiveness, and Performance*

## Search the Web

One of the leading organizations promoting corporate responsibility is Business for Social Responsibility : [www.bsr.org](http://www.bsr.org).





# Chapter Two Objectives

- Explain corporate *social responsibility* (CSR)
- Provide business examples of CSR
- Differentiate *social responsibility* and *responsiveness*
- Explain *corporate social performance* (CSP)
- Relate social performance to financial performance
- Describe the socially conscious investing movement



# Chapter Two Outline

- The CSR Concept
- Arguments *For* and *Against* Corporate Social Responsibility
- Corporate Social Responsiveness
- Corporate Social Performance (CSP)
- Nonacademic Research on CSP
- Social Performance and Financial Performance
- Socially Conscious or Ethical Investing
- Summary



# Introduction to Chapter Two

The focus in this chapter is on corporate social responsibility, which involves responsibilities outside of making a profit and the key questions for corporations include:

- Does business have a social responsibility?
- If so, what is the extent and type of the responsibility?

## Search the Web

One of the leading corporations promoting corporate responsibility is Proctor and Gamble:

[www.pg.com/about\\_pg/corporate/corp\\_citizenship\\_main.jhtml](http://www.pg.com/about_pg/corporate/corp_citizenship_main.jhtml)



# Corporate Social Responsibility (CSR)

## **Preliminary definitions of CSR**

- The impact of a company's actions on society
- Requires a manager to consider his acts in terms of a whole social system, and holds him responsible for the effects of his acts anywhere in that system

# Corporate Social Responsibility (CSR)

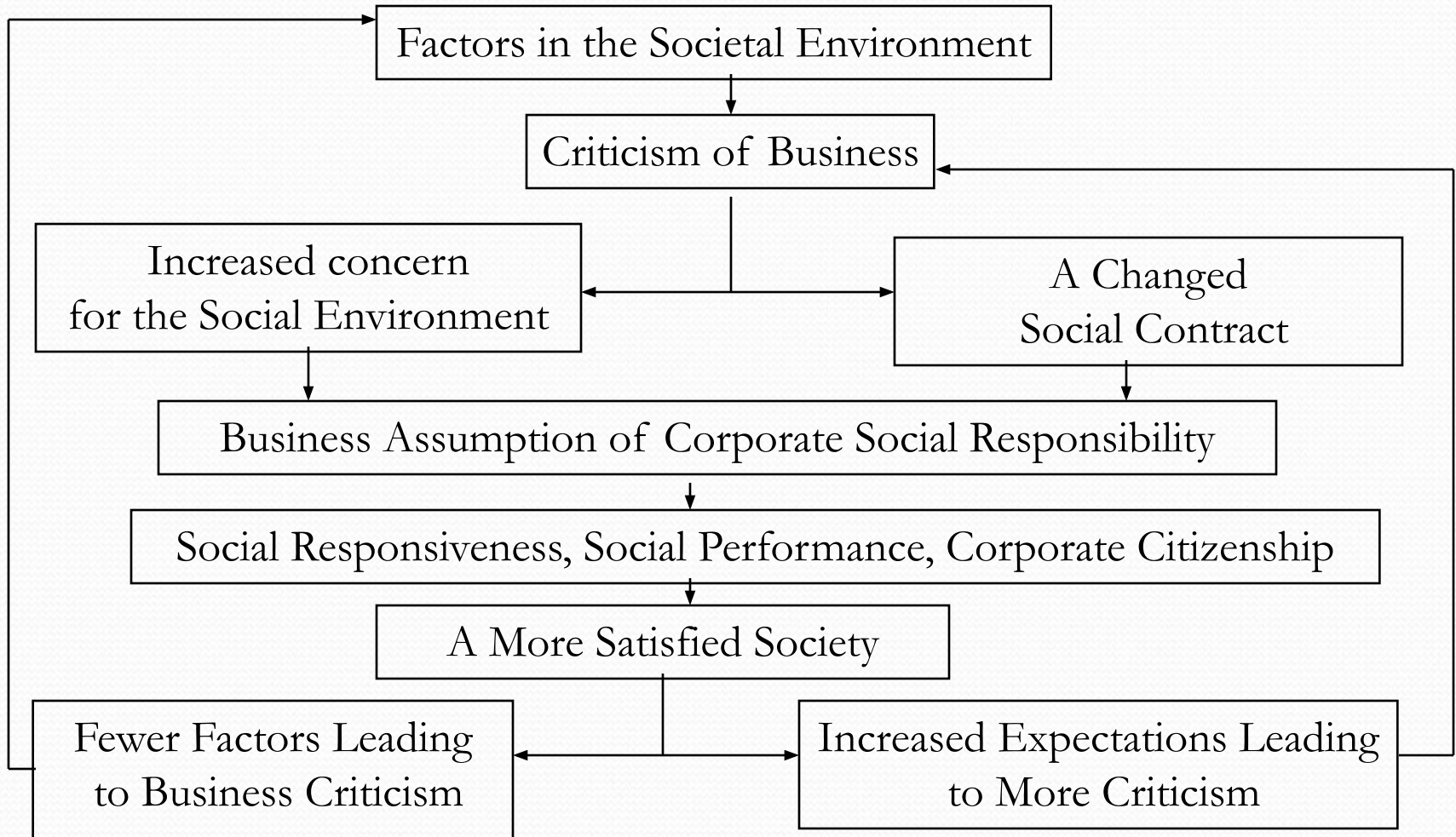
## Corporate Citizenship Concepts

- Corporate social *responsibility* – emphasizes obligation and accountability to society
- Corporate social *responsiveness* – emphasizes action, activity
- Corporate social *performance* – emphasizes outcomes, results



# Corporate Social Responsibility (CSR)

## *Business Criticism/ Social Response Cycle*





# Corporate Social Responsibility (CSR)

## Historical Perspective

- *Economic model* – the invisible hand of the marketplace protected societal interest
- *Legal model* – laws protected societal interests

# Corporate Social Responsibility (CSR)

## Historical Perspective

- Modified the economic model
  - Philanthropy
  - Community obligations
  - Paternalism

### Search the Web

Milton Hershey was a leading example of an individual who employed philanthropy, community obligation and paternalism. To learn more about Milton Hershey and the company, school and town he built, log on to:

<http://www.miltonhershey.com/>



# Corporate Social Responsibility (CSR)

## Historical Perspective

- What was the main motivation?
  - To keep government at arms length

### Search the Web

Businesses are interested in CSR and one leading business organization that companies can join is Business for Social Responsibility. To learn more about BSR, visit their web site at: <http://www.bsr.org/>



# Corporate Social Responsibility (CSR)

## **Historical Perspective**

From the 1950's to the present the concept of CSR has gained considerable acceptance and the meaning has been broadened to include additional components

# Corporate Social Responsibility (CSR)

## **Evolving Viewpoints**

- CSR considers the impact of the company's actions on society (Bauer)
- CSR requires decision makers to take actions that protect and improve the welfare of society as a whole along with their own interests (Davis and Blomstrom)



# Corporate Social Responsibility (CSR)

## **Evolving Viewpoints**

- CSR mandates that the corporation has not only economic and legal obligations, but also certain responsibilities to society that extend beyond these obligations (McGuire)



# Corporate Social Responsibility (CSR)

## **Evolving Viewpoints**

- CSR relates primarily to achieving outcomes from organizational decisions concerning specific issues or problems, which by some normative standard have beneficial rather than adverse effects upon pertinent corporate stakeholders. The normative correctness of the products of corporate action have been the main focus of CSR (Epstein)

# Corporate Social Responsibility (CSR)

## **Carroll's Four Part Definition**

- CSR encompasses the economic, legal, ethical and discretionary (philanthropic) expectations that society has of organizations at a given point in time



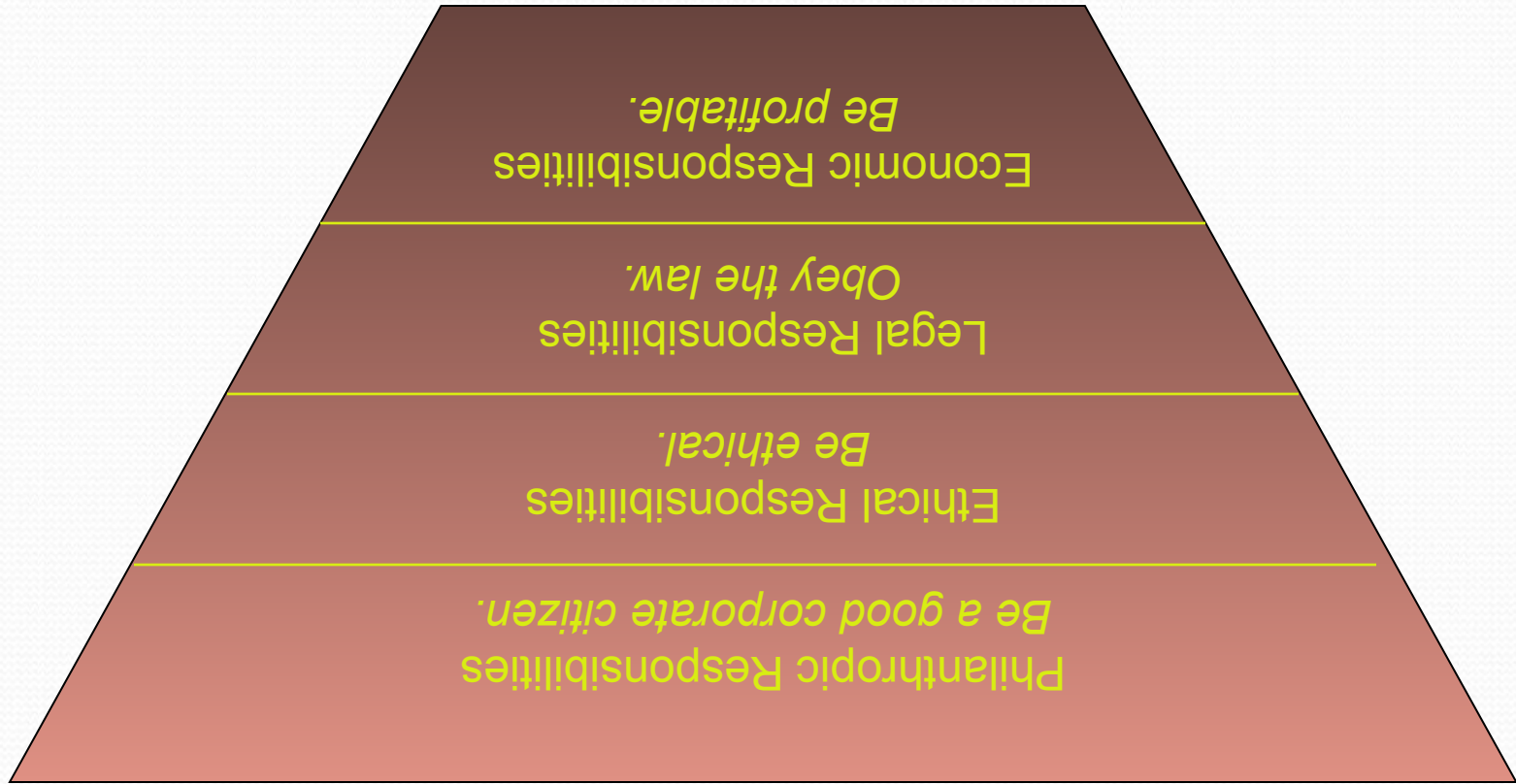
# Corporate Social Responsibility (CSR)

## **Carroll's Four Part Definition** *Understanding the Four Components*

<b>Responsibility</b>	<b>Societal Expectation</b>	<b>Examples</b>
<b>Economic</b>	Required	Be profitable. Maximize sales, minimize costs, etc.
<b>Legal</b>	Required	Obey laws and regulations.
<b>Ethical</b>	Expected	Do what is right, fair and just.
<b>Discretionary (Philanthropic)</b>	Desired/ Expected	Be a good corporate citizen.



# Pyramid of CSR



# Corporate Social Responsibility (CSR)

## **CSR in Equation Form Is the Sum of:**

Economic Responsibilities (*Make a profit*)

Legal Responsibilities (*Obey the law*)

Ethical Responsibilities (*Be ethical*)

Philanthropic Responsibilities (*Good corporate citizen*)

**CSR**

# Corporate Social Responsibility (CSR)

## Stakeholder View

Stakeholder Group Addressed and Affected

CSR Component	Owners	Consumers	Employees	Community	Others
Economic	1	4	2	3	5
Legal	3	2	1	4	5
Ethical	4	1	2	3	5
Philanthropic	3	4	2	1	5



# Corporate Social Responsibility (CSR)

## *Arguments Against*

- Restricts the free market goal of profit maximization
- Business is not equipped to handle social activities
- Dilutes the primary aim of business
- Increase business power
- Limits the ability to compete in a global marketplace

# Corporate Social Responsibility (CSR)

## *Arguments For*

- Addresses social issues business caused and allows business to be part of the solution
- Protects business self-interest
- Limits future government intervention
- Addresses issues by using business resources and expertise
- Addresses issues by being proactive



# Corporate Social Responsibility (CSR)

## Business *Responsibilities in the 21<sup>st</sup> Century*

- Demonstrate a commitment to society's values and contribute to society's social, environmental, and economic goals through action.
- Insulate society from the negative impacts of company operations, products and services.
- Share benefits of company activities with key stakeholders as well as with shareholders.
- Demonstrate that the company can make more money by doing the right thing.



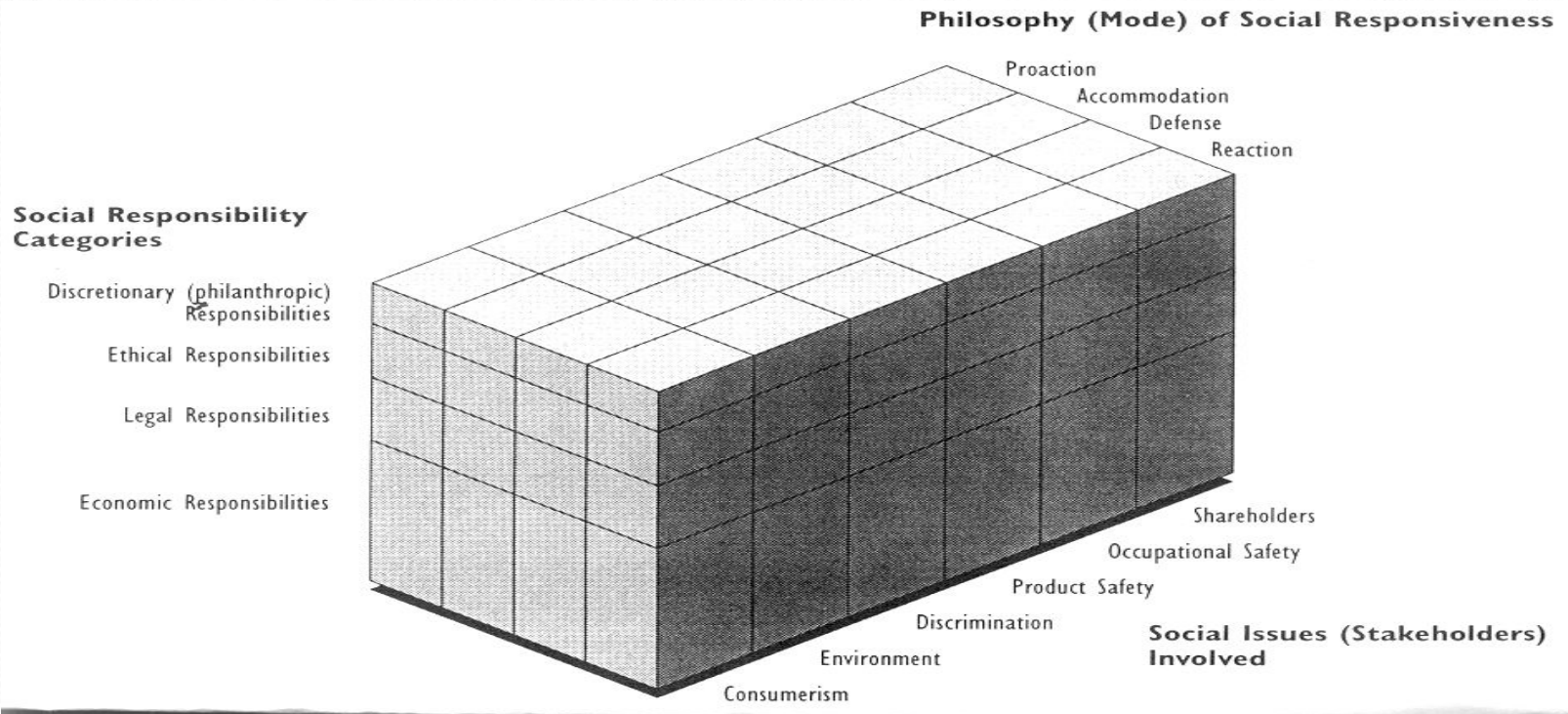
# Corporate Social Responsiveness

## **Evolving Viewpoints**

- Ackerman and Bauer's action view
- Sethi's three stage schema
- Frederick's CSR<sub>1</sub>, CSR<sub>2</sub>, and CSR<sub>3</sub>
- Epstein's process view

# Corporate Social Performance

Carroll's CSP model integrates economic concerns into a social performance framework





# Corporate Social Performance

## **Extensions and Reformulations**

- Wartick and Cochran's extensions
- Wood's reformulations
- Swanson's Reorientation



# Corporate Social Performance

## WARTICK AND COCHRAN'S CORPORATE SOCIAL PERFORMANCE MODEL EXTENSIONS

PRINCIPLES	PROCESSES	POLICIES
CORPORATE SOCIAL RESPONSIBILITIES	CORPORATE SOCIAL RESPONSIVENESS	SOCIAL ISSUES MANAGEMENT
(1) Economic (2) Legal (3) Ethical (4) Discretionary	(1) Reactive (2) Defensive (3) Accommodative (4) Proactive	(1) Issues Identification (2) Issues Analysis (3) Response Development
DIRECTED AT:	DIRECTED AT:	DIRECTED AT:
(1) The Social Contract of Business (2) Business as a Moral Agent	(1) The Capacity to Respond to Changing Societal Conditions (2) Managerial Approaches to Developing Responses	(1) Minimizing "Surprises" (2) Determining Effective Corporate Social Policies
PHILOSOPHICAL ORIENTATION	INSTITUTIONAL ORIENTATION	ORGANIZATIONAL ORIENTATION

SOURCE: Steven L. Wartick and Philip L. Cochran, "The Evolution of the Corporate Social Performance Model," *Academy of Management Review* (Vol. 10, 1985), 767.

# Corporate Social Performance

## *Nonacademic Research*

- Fortune's ranking of *most* and *least* admired corporations
- Council on Economic Priorities Corporate Conscience Awards
- *Business Ethics* Magazine Awards
- WalkerInformation's Research on the impact of social responsibility





# Corporate Citizenship

*Corporate citizenship* embraces all the facets of corporate social responsibility, responsiveness and performance



# Social—and Financial—Performance

## Perspective 1: CSP Drives the Relationship



## Perspective 2: CFP Drives the Relationship



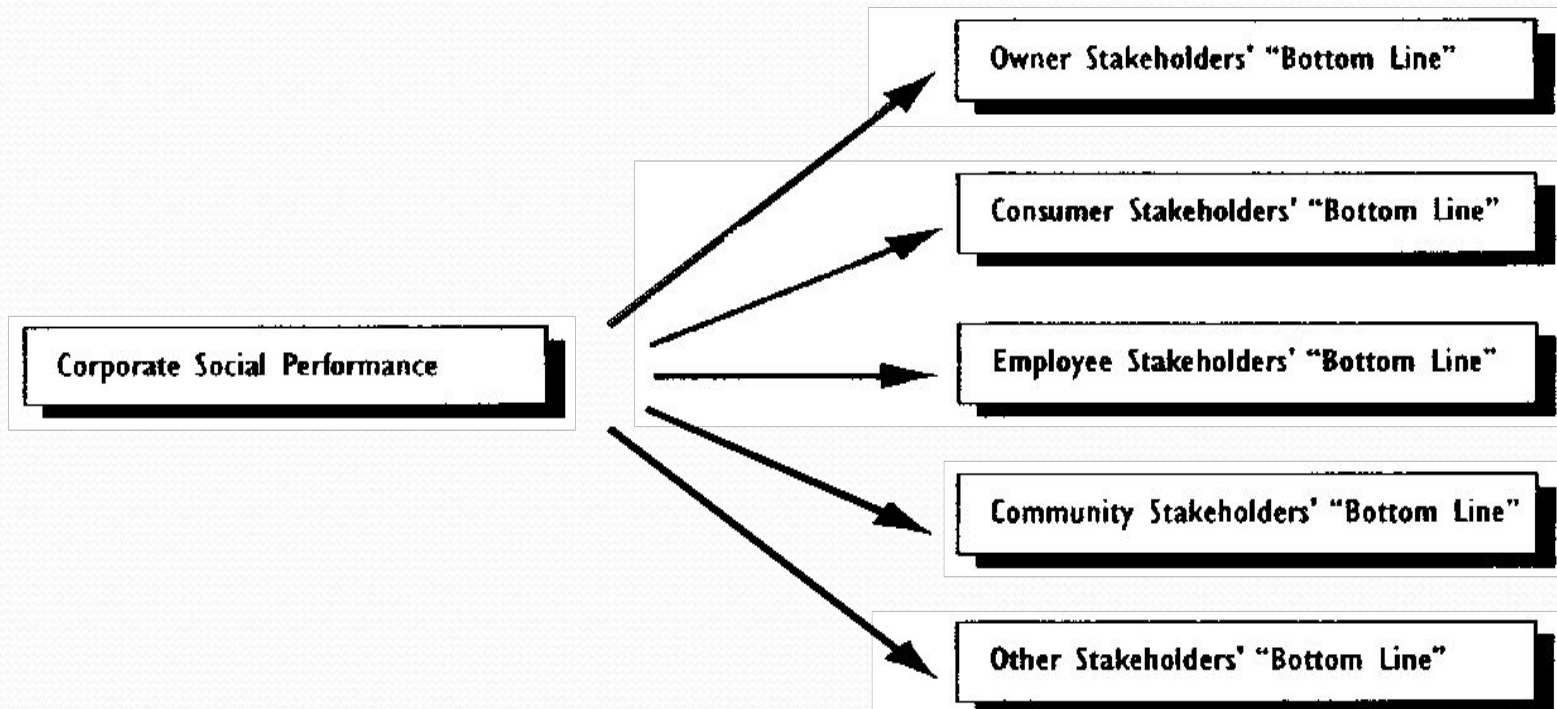
## Perspective 3: Interactive Relationship Among CSP, CFP, and CR



# Social and Financial Performance

## *A Multiple Bottom-Line Perspective*

**RELATIONSHIP BETWEEN CORPORATE SOCIAL PERFORMANCE (CSP) AND STAKEHOLDERS' "MULTIPLE BOTTOM LINES"**



# Socially Conscious or Ethical Investing

**Social screening** is a technique used to screen firms for investment purposes





# Selected Key Terms

- Business for Social Responsibility
- Community obligations
- Corporate Citizenship
- Corporate social responsibility Corporate social responsiveness
- Corporate social performance
- Economic, legal, ethical and discretionary responsibilities
- Paternalism
- Philanthropy
- Pyramid of CSR
- Socially conscious investing



# Corporate Social Responsibility