Corporate social responsibility

The relationship between business and society is described through a variety of ways, such as corporate citizenship, but corporate social responsibility (CSR) remains among the most widespread concepts in politics, business, and academia. The notion primarily concerns how corporations should behave by factoring in concerns other than profit-making. This entry first presents a brief historical overview before discussing various definitions of the concept and then the criticisms of same. The entry ends with a brief discussion of the role public relations can play.

Historical Development

That business should give back to society is a notion probably as old as the institution itself. The patronage activities of trade dynasties in Europe, such as the Medici, are often mentioned as a key early example. Originating in the Italian Renaissance, the Medici supported artists like Michelangelo and scientists like Galileo Galilei out of a genuine interest in the arts and sciences. While this type of patronage is discussed as a form of philanthropy, it is also recognized that the Medici used this strategic instrument to solidify and increase their power and improve their reputation.

Concern for the welfare of workers is another key theme that runs through history. In the 18th century, for instance, some European mining companies provided free medical care, pension schemes, and paid sick leave to their workers. The management style in smaller companies could often be described as patriarchal: the manager was seen to act as a father figure for the workers, shielding them from the workings of the free market system. At the societal level, protection and assistance from above was offered as reward for the humble loyalty of those from the lower rungs of society.

During the later industrial period, so-called company towns were founded both in Europe and the United States. There are examples of companies assuming financial responsibility for the construction and maintenance of the city church, bridges, roads, schools, even houses for the parish clerk and for the poor. This engagement could be motivated in part by a basic need to establish infrastructure where previously none had existed, or it could be based on paternalistic or political motives. In the United Kingdom, for instance, several such company towns were built to promote certain moral values but also to improve the working conditions for the employees. A healthy worker could be an effective worker. Some social welfare measures were also introduced in an effort to staunch the radicalization of the
working class during the democratic revolutions that were spreading across the European continent.

The patronage activity of the business dynasties in Europe and the feudal tradition of *noblesse oblige* both find parallels in the U.S. philanthropy developed toward the end of the 19th century. In his essay titled *The Gospel of Wealth* (1889), business magnate Andrew Carnegie argued in favor of an obligation to help others after having satisfied the needs of oneself and one's family. The most well-known quote attributed to him reads: “The man who dies thus rich dies disgraced” (Carnegie, 1889, p. 665).

Some scholars nevertheless see philanthropic activities as a type of legitimizing strategy to be used in the wake of criticism or to circumvent any widespread assessments of business practices. A new form of critical journalism emerged in the United States, which focused on antisocial behavior, poor working conditions, and little consumer protection. Charity and philanthropy were the strategic response to such negative attention, as big businesses wanted to come across as a “good neighbor.” During the 1920s and 1930s, this strategy on the part of U.S. business was implemented on a much larger scale and to greater effect than had been the efforts of individual business magnates during the previous century. The strategy succeeded in the sense that business was able to remove regulations and centralize industry despite heavy criticism of monopolistic tendencies, environmental damage, and wage slavery. European companies during the same period were often smaller as compared to their American counterparts, and the state and Church often succeeded in forcing them to look beyond the immediate goal of profit-making. When the modern European social welfare systems began to take shape in the 1920s, discussion surrounding the role of business in society fell out of the public sphere.

During the 1950s, business interests in the United States became so large and so powerful that their relationship with society was an increasingly common point of discussion. The contemporary publication mentioned most often was and remains *Social Responsibility of the Businessman*, by Howard R. Bowen (1953). Bowen argued that business should see beyond profit and loss and take on a responsibility in a wider sphere, consistent with the goal and values of society. What he called the doctrine of social responsibility implied that, if business took on this responsibility voluntarily, many of society’s problems could be solved.

During the 1960s and 1970s, the concept of CSR gained a foothold in U.S. business. Again, this was mainly a reaction to criticisms leveled at business. Development was different in Europe, in part because the states played a larger role through welfare systems, and because they enforced stricter regulations. Nevertheless, discussion of CSR resurfaced in Europe during the 1980s and 1990s, due in part to the privatization of public enterprises occurring in several countries and in part due to the new wave of globalization. Many Western companies increased their activities abroad, often in new regions with democratic deficits, questionable human rights records, and widespread corruption. Companies also faced—and continue to face—increasingly daunting domestic challenges related to both the environment and corruption. Against this background, influential institutions, such as the United Nations and the European Union, moved to embrace CSR.

**Definitions**

Despite CSR having become *lingua franca* of business and business politics, there is no dominant paradigm of CSR and no commonly agreed on definition. CSR can be defined narrowly as an obligation to pursue profits within the boundaries of society's rules and regulations. This is the minimalist definition advocated by free market liberals. A more common understanding sees CSR as a broad concept requiring that social and environmental concerns be factored into the equation, as well.
Business must take into consideration—and seek to either avoid or rectify—the harmful effects of its activities beyond simply what the law requires. The latest definition put forth by the European Union, for instance, reads that CSR is the “responsibility of enterprises for their impacts on society” (European Commission, 2011, p. 6).

A classic definition proposed by Archie B. Carroll (1979) asserts that the “social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time” (p. 500). A company must meet its responsibilities in the economic sphere—that is, toward its shareholders, employees, and customers. In the legal sphere, it is required that the company conducts its business within the framework of the law. Furthermore, it is expected that companies do and will behave ethically, and it is desired that they engage in discretionary and philanthropic activities.

Calling attention to social expectations is a reminder that business earns its “license to operate” from civil society and must act in accordance with accepted social norms in order to prosper and survive in the long term. This definition also situates CSR within a historical context: Business conduct that was previously tolerated can now be criticized in the media, thereby illustrating the social and historical contextual nature of such expectations.

Corporate social responsibility can also be seen as a business strategy that helps corporations negotiate their relationships with the wider society. The strategy can include mapping and evaluating the demands of stakeholders and the development and implementation of actions and policies to meet—or ignore—such demands. Following this view, CSR addresses how corporations might handle economic, social, or environmental issues. This type of definition points to the management of externalities that corporations undertake on behalf of their stakeholders, while also illustrating the flexibility of the CSR concept as it allows for descriptive analysis.

It has also been pointed out that the well-being of business is dependent on the well-being of society. “Doing well by doing good” is a popular maxim that builds on the so-called business argument for CSR. The latter proposes that CSR pays for itself by, for instance, improving the company’s reputation. A good reputation can attract customers, improve and secure employee satisfaction, attract investors, and create a halo effect, which in turn generates positive media coverage and autonomy. The business argument, however, has been notoriously difficult to prove.

**Criticisms**

The first criticism of the CSR concept as such came from those adhering to the previously mentioned narrow definition. Doing something that would not be profitable would be detrimental to society’s use of the profit-maximizing institution that is business. It would, furthermore, amount to stealing from business owners. If any charitable actions should be taken, it should be at the discretion of the owners, not the CEO. Another argument relates to the different roles in society. Politicians are elected in part to address problems in society, while business leaders lack the legitimacy to decide on social goals.

Most research seems to conclude that corporations engage in CSR out of concern for their reputation. Corporate social responsibility is thus a business strategy and a form of long-term profit maximizing. This has opened business up to other accusations, chief among them the notion that CSR cannot be seen as moral action—it is just an economic strategy, no different from any other in its base motivation. In other words, the instrumental use of CSR is to be questioned. Corporations should
behave—period. Aside from such arguments steeped in the thinking of duty ethics, CSR has also been criticized as being an attempt to put a human face on capitalism. It is a form of manipulation, meant to draw attention away from the fact that little is actually done for the public good as a result of the harmful practices of business. Corporations pose as responsible corporate citizens and claim to contribute to sustainable development since they attempt to reduce their carbon footprint.

Some critics point to how profit is and will always be the overarching motive of corporations, which leads them to seek to externalize costs wherever possible. Corporations have a very limited economics-based rationality and it is naïve to believe that they could liberate themselves from this rationale, as it is ingrained in the corporate capitalist system. In a scathingly critical book, The Corporation: The Pathological Pursuit of Profit and Power, Joel Bakan (2004) calls the corporation a pathological institution that follows its own interest regardless of the negative consequences thus created for others; so the argument is then that the market needs rules, regulations, and international standards to keep corporations in check. While there is a viewpoint that this argument works for the CSR-agenda, detractors believe that the public, the media, or nongovernmental organizations bringing pressure to bear on corporations is not sufficient. The problem is systemic.

Another type of criticism questions the business argument for CSR and the limits of the CSR agenda. It is not necessarily in an effort to see that the markets reward CSR-focused companies. To the contrary, there are a plethora of examples of highly profitable businesses functioning with little if any attention paid to CSR and related issues. Some corporations slip under the public radar and thus have no economic incentive to engage in CSR, which is instead seen as a niche strategy—that it makes good business sense for some corporations, in some sectors, on some issues, under certain circumstances. Just as David Vogel (2005) argued in The Market for Virtue, the business case is overblown; it is only after a product has passed the price and quality hurdles that CSR might be important. This again underscores how the logic of the marketplace is insufficient in helping to create a sustainable society. If one corporation voluntarily reduced its carbon emissions, that corporation might incur additional costs that are not necessarily rewarded with increased market share. Collective action, in the form of cooperation among corporations, authorities, and nongovernmental organizations, is therefore called for with the goal of leveling the playing field and changing the practices of the sector as a whole. There are clearly reasons to simultaneously embrace and be skeptical about the CSR concept.

**The Role of Public Relations**

Public relations efforts are often accused of using CSR to set up storefronts for corporations in an attempt to "gussy up" their images. Ceding responsibility for CSR to public relations departments is seen as a hallmark of shallow practice. The very act of communicating about CSR is indeed suspicious, as corporations as a matter of course should concentrate on doing their business in a responsible manner. Flaunting CSR activities in image advertising is a form of embarrassing self-congratulatory rhetoric. Similar criticism goes hand-in-hand with some criticism of CSR motives. Casting CSR in moral terms is not morally proper, since CSR is based in self-interest and is a form of reputation exercise. At the same time, pragmatic reasons for caution can also be identified: One segment of the public is skeptical of CSR rhetoric, thus, corporations need to be careful when communicating about CSR. Attempting to hide the profit motive does not help improve a corporation's reputation. The good news for corporations is that certain segments of the public also show some tolerance for the notion that corporations can attempt to do good and still want and be able to realize a profit at the same time. What most public seem to find unacceptable or suspicious, however, is the onesided
presentation of CSR success stories as purely altruistic pursuits.

Accordingly, it is worth reminding that some form of communication about CSR is unavoidable. Silence on the matter of CSR is itself a type of communication signaling either corporate carelessness or a lack of sophistication in relating to stakeholders. If there is agreement with the premise that society is better off with the presence of business institutions, then this also allows for CSR communication of some type. For instance, CSR and CSR-related communication at least have the potential to help inform and constitute ethical business practices through stakeholder participation and issues management.

Corporations need public relations to communicate about CSR for a wide variety of reasons, not the least of which are the epistemological ones. Building on the notion of social constructionism, it becomes clear that all types of truth and knowledge build on some kind of human consensus, which in turn necessitates communication. A social constructivist perspective maintains that communication acts to construct and modify reality, social conditions, and relationships. When corporations want to establish truths about their CSR engagement, they need public relations. Scholars, for their part, might want to study how corporations go about constructing such truths, how CSR is defined and implemented, and how corporations use these constructions to achieve their organizational goals.

Corporations do not own the notion of CSR—it is an ever-changing social construct. Corporations also do well when they engage in stakeholder dialogue and regular mapping of their environment to keep abreast of changes. Dialogue focused on CSR must involve multiple stakeholders and the expectations expressed must be met constructively. It is simultaneously worth bearing in mind that friction and disagreement can be productive, but also that the dialogue form cannot rule out power difference and conflicts of interests.

Transparency on CSR issues builds a relationship of trust. Public relations can assist in this endeavor by using examples and hard facts about inputs and outcomes, presentation of motives, successes and failures, as well as testimony from credible third parties. This rhetoric can be used in a media mixture of reports, Web-based tools, media relations and nonboastful image advertising.

Communication also has the power to constitute organizing practices, and thus aspirational talk might have a positive role to play in bringing about social change. It has been argued, primarily by Lars Thøger Christensen and Langer (2009) that leaders should be allowed to talk the walk, thus leaving room for hypocrisy in the sense that CSR communication must stay slightly ahead of other types of CSR action. This position, however, requires empirical research. For instance, the clothing industry has paid lip service to CSR for years; the issue of living wages nevertheless remains very much a concern. In the end there are some specific material problems created by business activities that must be resolved. Public relations efforts have the potential to assist in the pursuit of this goal, but also are easily used to manipulate, which is counterproductive to the betterment of society.

See also Ethics of Public Relations, Mission and Vision Statements, Moral Philosophy, Stakeholder Theory

Further Readings


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