A Review of the Concept of Corporate Social Responsibility (CSR): From A National to Global Perspective

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Abstract: This is a review paper that discussed the subject of Corporate Social Responsibility (CSR) drawing from scholarly opinions in extant literature. The paper examined the evolution of CSR. Its meaning, nature and perspectives as well. The paper concluded that though the practice of CSR by firms was initially of a philanthropic nature, it has however, transcended to being aligned with core business objectives. The initial focus of CSR was majorly on voluntary donations and contributions to communities in areas of identified need such as education, healthcare, poverty alleviation and community development. But today, CSR engagements are now increasingly aligned with the primary business objectives and societal imperatives, and explicitly driven by policies embedded in relevant legislation and standards. Therefore, organisations are encouraged to entrench CSR practices in its agenda and operational policies.

Key words: Corporate Social Responsibility, Review, National, Global, Perspective.

1. Introduction

‘The purpose of our company is to do as much as possible for everybody concerned, to make money and use it, give employment, and send out the car where the people can use it ... and incidentally to make money ...’ Ford (1917)

The concept of corporate social responsibility (CSR) has grown to be quite noticeable and prominent not just in academic or business but in everyday life across global borders (Crowther, 2008). Studies have categorically adduced this prominence of CSR to the bid for addressing several global issues cutting across eradication of poverty and hunger, availability of universal primary education, promoting equality and women empowerment, reduction of mother & child mortality, elimination of child labour, improvement of human health, combating menacing diseases, ensuring environmental sustainability, creating global partnership for development interdependence, protection of communities, customers, employee and the environment from poor business behaviours (Aras and Crowther, 2009; Joshi et al., 2007). Some of these cited factors have often led to scandals that have resulted in heightened interest in governance procedures. For instance, in Nigeria, one of such scandals is the case of the environmental pollution issue in Ogoni land of Rivers State where Shell Petroleum Development Company (SPDC) has been denied exploration access for several years due to failed CSR relationships between the company and the community. Another environmental issue that has promoted the consciousness of corporate social responsibility globally is the issue of climate change and the emission of greenhouse gases such as carbon dioxide (Aras and Crowther, 2009).

These issues as implied, have increased the knowledge and interest in CSR as people now do not only know, but also discuss and agitate their safety and that of their environment. This informed their submission that organizations are beginning to be more aware of their responsibilities and the danger or cost of shying away from them (Gabriel and Wadike, 2013). Accordingly, Joshi et al. (2007) explained that the benefit of involving in corporate social responsibility outweighs its costs of implementation. This probably explains why organizations no longer sugar-coat their CSR efforts as they have become more committed to taking CSR more seriously and practical (Crowther, 2008). Therefore, it is generally agreed that CSR is all about an organization’s commitment to producing socially and environmentally responsible products, processes, and procedures, increasing community involvement in its governance,
and being socially responsible in employee relations (Dobers and Halme, 2009; Friedman, 1970; Ortiz-Martinez and Crowther, 2006).

Several studies have attempted to examine the concept of corporate social responsibility from various perspectives cutting across governance systems, regional view, and making international comparisons (Aras and Crowther, 2009; Dobers and Halme, 2009; Friedman, 1970; Ortiz-Martinez and Crowther, 2006). This particular paper lends its voice to the submissions of these studies by examining the concept of CSR from a global perspective that analyzes the historic contributions of scholars to the proliferation of the concept. It specifically assesses how the concept have evolved from a mere service offering or proposition to an infused part of strategic business decision and global objectives. The paper also examines the concept of CSR as a global concept by analyzing its evolution from a national to global phenomenon. In essence, the main purpose of the paper is to address arguments related to the global nature and cultural diversity of the concept that limits its homogenization.

2. The Evolution of Corporate Social Responsibility

The opening quote made by Henry Ford of Ford Motors in 1917, was made in his attempt to explain the essence of the Ford Motor’s business to a Michigan court while defending a lawsuit from shareholders, is a clear indication of the longstanding existence of corporate social responsibility sense in business. Strengthening this argument of Henry Ford, Lewis (1976) emphasized that business was not just all about wealth making but also about service. Service, in this regard is not the usual branch-out of business endeavours from products but rather, a strategy. Ford’s idea of the service-offering purpose of the business was however disparaged by the firm’s shareholders and was eventually upturned by the Michigan Supreme Court in 1919. At the time Henry Ford made the attempt at introducing corporate social responsibility to business, the notion was not yet recognized as a concept until in 1953 when Bowen made his seminal presentation of the concept of corporate social responsibility. For the past forty-seven years, since Bowen (1953) first brought the discourse on social responsibility to the public domain, debates on the concept of corporate social responsibility of firms still rages. These debates range from its meaning, nature, purpose, implications and even on to the components or activities that are considered to be corporate social responsibility for firms.

The notion of corporate social responsibility (CSR) is said to have evolved and thrived in business corporations globally. Evidences of its proliferations in the business world is found in its infusion into strategic business decisions and objectives of firms today (Kotler and Lee, 2005). Right from the late 1990s, corporate social responsibility has become so popular that, it has almost become universally endorsed, encouraged and promoted across the globe by firms, governments, non-governmental organizations and individual consumers (Lee, 2008). Today, most of the major multinational corporations, international organizations like the United Nations, World Bank, and regional organizations like Economic Community of West African States have advanced their promotion of CSR by launching policy guidelines and dedicated staff for a continuous research efforts and promotion of the CSR (Boli and Hartsuiker, 2001). Arguments on corporate social responsibility has continued to consider the various dimensions of CSR as the concept continues to advance and adapt to the needs and requirements of the global business (Pour et al., 2014).

3. The Nature of Corporate Social Responsibility

The meaning of corporate social responsibility with varying perspectives has been the subject of both academic and business investigation thus, resulting in the burst of CSR literature across the globe (Holme and Watts, 2000; McWilliams and Siegel, 2001; Nicolau, 2008; Pour et al., 2014). One significant argument on CSR is one on its nature. Similarly, the discourse on CSR for this paper is however, focused on what CSR stands for across the globe. What it stands for in this regard entails: its meaning, nature, components and business imperatives across different continents. Perhaps, this kind of global perspective of the concept of CSR will ameliorate and contribute academically to the clarifications of the concept by both scholars and businesses. As a start off point for understanding CSR, it is important to have an overview of what corporate social responsibility means in modern CSR literature. CSR as a business concept has taken on different manifestations that have given rise to varieties of meanings and descriptions since its inception. This is further seen in the numerous titles it assumes when being reported in different firms, some of such titles include corporate responsibility, corporate sustainability, sustainable development, and corporate philanthropy. What then is corporate social responsibility? According to Pour et al. (2014), corporate social responsibility is an adjustable set of guidelines that directs a firm on how to make constructive and productive impacts on its community. Karaibrahimoglu (2010) however,
emphasized why it is seen as ‘adjustable and loose’ by arguing that, it need not be taken as a set standard of criteria which firms are required to meet for the sake of attaining a commendable image or reputation. According to the views of most scholars who have made attempt at demystifying the concept of CSR in this decade (Nicolaou, 2008; Pour et al., 2014), CSR is broadly understood as those activities that make firms ethical entities that ameliorate the welfare of the society beyond their sole aim in business. This broad definition given to the concept simply indicates that, it is a business concern that can be accomplished simultaneously with the primary business goal of profit making.

Despite the various meanings ascribed to corporate social responsibility by scholars, there is no consensus on its specific meaning (Scherer and Palazzo, 2007). Nevertheless, some key characteristics have been identified amongst the various views held by scholars. The most acceptable global mechanisms of CSR according to Schwartz M. S. and Carroll (2003) are however, premised on the domain of economic, legal and ethical contexts. Although, most scholars have concluded that the economic approach to CSR is the most significant in the current debate on CSR Scherer and Palazzo (2007). For instance, Friedman (1970) is of the opinion that a firm’s sole social responsibility is to maximize profits for its owners and protect their property rights. Subsequently, the economic view of CSR is premised on the assumption that: business is clearly separate from politics (Friedman, 1970); that firms need to maximize their profits and shareholders’ values (Sundaram and Inkpen, 2004); and extending their responsibilities to the society would only be considered if it would contribute to the long term value of the firm (McWilliams and Siegel, 2001).

Consequently, most business owners would not outrightly reject the idea of embarking on social responsibility but would rather assess its contribution to the business value chain (McWilliams and Siegel, 2001). This particular approach is considered an enlightened value maximization approach by Jensen (2002), and it forms the basis for most CSR studies and corporate strategic plans of global firms (Vogel, 2005; Walsh and Timlin, 2003). It equally creates insights to how CSR manifests or is executed in different firms across the globe. The opponents of the economic view of CSR challenge the basis of Friedman’s thesis by arguing that, there is a disconnect between the economic view and the role specialization of institutions (or systems) as suggested by Friedman (Frederick et al., 1992). There is yet another school of thought on corporate social responsibility which views the concept as a contractual obligation the firms owns the society (Donaldson et al., 1983). This is because the society is presumed to have offered the firms access to use its natural and human resources as well as right to accomplish key business goal. This therefore, creates an implicit social contract between the society and the firm in which the society expects the firm to give back to it in exchange for exploiting its resources. Although, this kind of contract is subject to change with regards to social conditions, the contractual bond however, remains the bedrock that solidifies the legitimacy of the society’s demand for a corporate social responsibility (Epstein, 1987).

Extending the argument of this school of thought, Freeman (1984) argues that the responsibility of a firm is not only limited to its shareholders or owners but to all stakeholders of the business (consumers, employees, creditors, supplier etc.) because the contributions of these stakeholders are pivotal to the success of the firm. Following this line of thought, Carroll (1979) defines corporate social responsibility as the economic, legal, ethical as well as the discretionary demands that society places on business. He argues that it is a level of managerial responsibility that arise from the evolution of private ownership of businesses. In fact, a broader aim of CSR is to create better living conditions for stakeholders, while upholding the economic objective or profitability of the firm, and for the people within and outside the firm (Hopkins, 2006). Against this backdrop, the focus of this paper is to examine how the mechanisms of CSR manifest across global shores. Therefore, the proceeding sections briefly examines the impact of globalization on firms’ CSR perspectives while attempting to identify salient similarities and dissenting views of CSR that could aid in building a universal conceptualization of CSR and of course, content for the concept of CSR.

4. Corporate Social Responsibility: From National to Global Perspective

Discussing the global perspective of CSR cannot be embarked on without making reference to the influence of globalization on businesses. There is an increasing debate on the impact globalization has made on the context of CSR in firms around the world today. For instance, Logsdon and Wood (2002) argue that due to the advancement of technology and spread of globalization, CSR should not be analyzed or understood from a domestic perspective but rather, a global perspective. In a global economy, firms have begun to institutionalize CSR and examine it in the context of a global institutional structure (Waddock, 2008). According to him, the advancement of CSR to a global view considers the differences
between the mechanisms of national and global governance and how the features of the emerging world power is incorporated in understanding CSR (Detomasi, 2007). In fact, the globalized world witnesses an increased engagement or initiatives of private actors, social movements, and the growing activities of international institutions in trans-national regulation to standards of behaviour with global reach. These global initiatives are often offered in the form of private–public or private–private partnerships (PPP) initiatives, with multi-stakeholders (Grimsey and Lewis, 2004; Utting, 2002).

Subsequently, CSR in the global lens has evolved through series of impacts from governmental influence. Firstly, in the new world order, CSR has become self-regulatory where the new forms of governance do not have to rely on governmental powers to enforce rules and sanction deviant behavior (Johnston, 2001). Secondly, in the global view of CSR, the scope of the concept has gone beyond its initial view as a cost-factor item or liability to social connectedness hence, firms like the multinational corporations, are made to assume responsibility that cover more social and environmental externalities to which they are connected. This idea of social connectedness has gradually replaced the legal liability idea. The implication is that, firms no longer engage in CSR because they are bound by law to do so but rather because, they need to fuse with their environment. Thirdly, CSR witnesses a change in the condition of corporate legitimacy from a cognitive and logical legitimacy to a moral legitimacy. According to Palazzo and Scherer (2006), examining corporate social responsibility from a domestic perspective is premised on the projection that firms adhere to the nationally stipulated rules for engaging in CSR in order to preserve their acceptability in their operational domain. On the contrary, the change in the institutional context of global governance as earlier explained has eroded the law and moral custom therefore, compelling firms to proactively seek for advanced and new ways to maintain their operational license one of which is, to ensure the fulfilment of their CSR obligations.

Another visible advancement in the concept of corporate social responsibility is on the basis of the change in the foundations of the global world society from a liberal democracy to that of deliberative democracy. Today, the involvement of private firms, particularly those spread across the globe like the multinational corporations (MNCs) in public policy making has grown and brought about a shortfall in the autonomous power of national governance. This implies that regulatory influence of the national governments on the MNCs is gradually eroding, and these firms only self-regulate themselves in engaging in CSR as pointed out earlier due to civil societal pressure (Vogel, 2005).

In addition, the implementation of corporate social responsibility vary considerably across countries and continents of the world, as established by several studies (Dobers and Halme, 2009). According to Cheruiyot and Onsando (2016), Europe has however, taken the lead in advancing the implementation of CSR, while political and economic conditions have limited its evolution and implementation in the underdeveloped nations of Africa (Okoye, 2012). As a matter of fact, he stated that, the African nations, particularly the sub-Saharan Africa, look up to the world order, global institutions and western nations for the implementation and extension of CSR initiatives. Similarly, Cheruiyot and Onsando (2016) pointed out that the widespread evolution of corporate social responsibility has objectively brought to the fore, the moral obligatory need of firms amidst the intensity of poverty and economic inequality in Africa as compared to any other part of the world. Consequently, CSR has succeeded in fostering the interests and beliefs in corporate good citizenship amongst firms in African, whether national or multinationals. This particularly, douses the pervasive, powerful and social disruptive business activities of multinational firms in Africa and of course, bridging the ever-widening margin in the failure of African government in addressing series of social problems that permeates the region. This failure of the government in African automatically shifts the expectation of the society from the government to the firms to address their social problems in addition to those they are more directly responsible, such as; ensuring the provision of safe and quality products, handling environmental pollution and other social injustices.

Perhaps a better explanation on the slow pace of implementing CSR in Africa can be done by assessing the nature of businesses in African. Cheruiyot and Onsando (2016) noted that, majority of businesses in Africa operate on a small-scale level with weak resource base and lopsided political power which offers special treatments to their large foreign multinational counterparts. The operational background of African businesses subjects them to a continuous struggle for survival amidst a weakly regulated business environment. This peculiar situation in Africa has resulted in constant cases of protests aimed at the multinationals, as witnessed in the Turkana and Niger Delta region of Kenya and Nigeria respectively, over the alleged lack of benefits from their local resources, which are presumed to be exploited by the multinationals. Nevertheless, there is a visibility of African indigenous CSR initiatives like the Black Economic Empowerment in South Africa, the Ghana Club 100 in Ghana, the Zenith Philanthropy and the MTN Foundation in Nigeria (GIZ, 2013). The adoption of CSR strategies in African today is however, majorly driven by multinationals and consumer organizations who foster the western
CSR models, with world organizations such as the United Nations World Summit on Sustainable Development, World Trade Organizations and OECD providing guidelines for its implementations.

The spread of awareness for CSR initiatives in the world today is said to be prompted by series of business imperatives. For instance, Rampersad and Skinner (2014) identified the specific drivers of corporate social responsibility as: domestic needs and public pressure, globalization, competition, public relations, statutory regulation and of course, company success. He however re-emphasized that the public pressure and domestic needs top the chart of these drivers. Similarly, Joshi et al. (2014) identified the domestic needs and pressure prompting corporate social responsibility as they continue to emerge. These issues are poverty and hunger, lack of universal primary education, child and mother mortality, gender inequality, child labour, health, HIV/AIDS/Malaria and other regional endemic diseases, environmental pollution and degradation. These issues have given rise to several CSR engagements across the globe. For instance, Schwartz J. (1975) enumerates the CSR concerns of North American firms which stems from what is considered a socially acceptable behaviour as; the disclosure of information to shareholders, disclosure of the board of directors, monopolistic behaviour, equality of treatment for minorities, profit sharing, environmental protection, ethics in advertising, and the social impact of technology.

Vyakarnam (1992) however, argued that, many of these issues have now been regulated by act, thus leading to a change of focus to the present-day CSR concerns which align with that of UK firms. These concerns according to him are: environmental protection (where efforts are aimed at reducing harmful industrial emissions and the recycling of waste materials), philanthropy (donating to charity courses), promoting social causes (involving in a broad range of human rights issues and education of AIDS), development oriented initiatives and investment (partnering with national government to regenerate small scale businesses), and employee related schemes (higher standards of occupational health and safety, good standard treatment, job-sharing, flexitime schedules, etc.). The general overview of the adoption of CSR in a global view clearly see the concept as a wide spreading phenomenon in the western world but yet in its budding stage in the developing countries like African and some parts of Asia, where poverty and inequalities thrive. Secondly, while firms in the western world have advanced their views of CSR to a moral obligatory strategy, firms in the underdeveloped nations see CSR engagements as statutory obligations as they are still struggling to meet up with their primary business objectives hence, seeing CSR as an extra pressure on their finances. Nevertheless, the concept of CSR has become a global phenomenon that firms all over the world engage in, though in varying levels and contents.

5. Conclusion

This paper set out to actually examine the views, evolution and the present state of CSR, with regards to its practices, characteristics, drivers and approach as it cuts across continents. The global view of corporate social responsibility has advanced such that, it is seen as basic business response to social and environmental challenges. This view advances the initial argument on the economic-based view of the concept, emphasizing that, it is an addition to the financial burden of the firm whose core objective is profit maximization. Even though opinions differ in terms of the basis or scope of CSR and even its very definition, the bottom line is that, CSR is globally viewed today as a social and moral obligation from firms which could range from primary maximisation of profits, to the satisfaction of stakeholders 'value and social needs and the achievement of a social equilibrium all contingent to the position of the firm. Although, it has been established that the awareness for the adoption and implementation of CSR has been increased worldwide, the actual implementations of CSR initiatives are done by both national and multinational firms from the developed nations like America, Europe, North America, Australia and some parts of Asia (Gray et al., 1995). Perhaps, this explains why most CSR studies conducted so far have been in the context of developed countries such as Western Europe, the USA and Australia. Subsequently, literature has also established that while the CSR has increasingly been regulated in the western developed nations, the same cannot be said in the case of most developing or under developed nations, particularly Africa.

We conclude that, though the practice of CSR by firms was initially of a philanthropic nature, it has however, transcended to being aligned with core business objectives. The initial focus of CSR was majorly on voluntary donations and contributions to communities in areas of identified need such as education, healthcare, poverty alleviation and community development. But today, CSR engagements are now increasingly aligned with the primary business objectives and societal imperatives, and explicitly driven by policies embedded in relevant legislation and standards. Finally, the paper holds the view that the under developed nations of the world such as Africa, are more of recipients of the CSR initiatives of the western firms particularly, the multinationals. This is due to the peculiarity of the unending societal
deficiencies of the region which range from poverty, environmental pollution, lack of education and economic inequalities.

References


