International Journal of Business and Management Review
Vol.6, No.2, pp.1-14, March 2018
Published by European Centre for Research Training and Development UK (www.eajournals.org)

CORPORATE SOCIAL RESPONSIBILITY: CONCEPTS, PERSPECTIVES, AND LINK WITH CORPORATE PERFORMANCE: LITERATURE REVIEW

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ABSTRACT: *Nowadays, the term of Corporate Social Responsibility (CSR) becomes increasingly important. The growing trend of CSR becomes an interested challenge for companies and their management. There is an integration of positive attitudes, practices, or programs into company's business strategy at the top management level. For companies and their management, it is important to know if CSR activities lead to financial and non-financial benefits. The paper reviews the CSR concepts, definitions and the link between this concept and performance.*

KEYWORDS: CSR, Corporate Performance.

INTRODUCTION

The degree of CSR and environmental concern among business communities has increased in recent years (Chapple and Moon 2005; Lindgreen et al. 2009). The main theoretical contributions pertaining to CSR have been developed in Europe and USA and the cultural background of countries is reflected in the studies (Matten et al. 2003; Cochran 2007). However, CSR studies are still in their infancy. Campbell (2007) stated that corporations normally engage with CSR activities for two reasons. First, because organizations must not knowingly do anything that could harm their [interested parties] notably, their stakeholders such as investors, employees, customers, suppliers or the local community within which they operate. Second, if corporations do cause harm to their stakeholders, they must then rectify it whenever the harm is discovered and brought to their attention (p.951). Prior CSR studies have focused to the two broad approaches. While some studies examined the extent of CSR (Matten and Moon, 2005; David et al. 2005; Tsang et al. 1998), others have examined the identification of key CSR drivers, its benefits and theoretical developments (Hemingway & Maclagan 2004; Porter & Kramer 2006; Welford & Frost 2006; McWilliams and Siegel 2000; Aupperle et al.1985; Carroll 1991; 1999; 2010; Friedman 1984; Freeman 1984; Clarkson 1995). These different CSR studies have focused further attention on the development of the CSR concept. This paper will identify the different CSR paradigms presented by researchers and then determine the CSR concepts, standards, theories and future research areas. Also, the paper will highlight the link between CSR and performance.

CSR Definitions

There are several proposed definitions of corporate social responsibility available, but often they are unclear or vague. For example, Marrewijk (2003) defines CSR as "company activities, voluntary by definition, demonstrating the inclusion of social and environmental concerns in business operations and in interactions with stakeholders", which is similar to the definition made by McWilliams, Siegel & Wright (2006) explaining CSR as "actions that appear to further some social good, beyond the interests of the firm and that what is required by law".

ISSN: 2052-6393(Print), ISSN: 2052-6407(Online)

Pava & Krausz (1996) on the other hand write that as there is so much uncertainty surrounding the definitions of CSR, it is tempting to suggest that there is no such thing as CSR and that there is no difference between socially responsible and non-socially-responsible firms. Anyhow, there is a growing interest in CSR, and especially for the strategic role of CSR for companies (McWilliams et al., 2006). As companies are growing and becoming multinational, the external pressure from stakeholders will most likely continue to increase. Opinions on whether companies should engage in CSR have however varied in the past. For example, Friedman (1970) argues that CSR is a result of possible agency problems within the firm, a misuse of resources that instead could be spent on value-creating activities, while Freeman (1984) rather argues that the firm must satisfy several stakeholders, as they can influence the firm's performance and outcomes, and hence supports companies' CSR activities. Peloza & Shang (2011) use three different categories for distinguishing CSR activities, namely philanthropy, business practices, and product-related. They argue that generalization of CSR activities is not easy as there is a wide variety of CSR activities included in different measures.

Existing literature focuses on different definitions of CSR. According to Boeger et al. (2008), they explained that there is no internationally accepted single definition of CSR. Though there are some kinds of interaction between these definitions of CSR. Elaborating more on this topic showed that some of the definitions of CSR encompass the financial performance, others pay more attention on the environmental performances, and finally there are some which encompasses the social performances. The social performance provides information about company's interaction with, and associated impacts on, its social environment. Next, the environmental performance focuses more on the communication of environmental performance by an organization to its stakeholders. These three performances are often used in CSR theories, defined as the Triple P bottom line. Elkington (1994) argued that an organization has three main responsibilities: people, planet and profit. An organization is responsible for its employees, environment and economic stability. The triple bottom line provides information about the economic, environmental, and social performance of an organization. According to Moir (2001), explained that CSR consist in the following six parts: community, environment, marketplace, workplace, ethics and human rights. CSR in the marketplace is mostly concentrating on suppliers and customers. Baker (2003) described workplace as the kind of issues that a company should engage in. It includes all the parts of the human resource department. Newell (2005) mentioned that communities can be seen as an important segment of the CSR strategy, especially if communities are not developed. CSR in environment can be accomplished by reducing the ecological footprint. The ethical part consists of norms and values. Discrimination, trade union rights, and child labor have to do with human rights (Moir, 2001). As mentioned earlier in this paragraph about the existence of many CSR definitions. Dahlsrud (2008) examined which CSR definition was used most by measuring which definition had the highest frequency in Google. The results were implication of definitions from European and American origin between 1980 till 2003. The outcome of the study of Dahlsrud (2008) was that the CSR definition of the Commission of the European Communities (2001) was the most used definition and therefore may be considered as most accepted. They define CSR as follows: "Corporate social responsibility is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholder on a voluntarily basis." (Commission of the European Communities, 2001 p. 6).

ISSN: 2052-6393(Print), ISSN: 2052-6407(Online)

CSR History and Origins

In ancient Mesopotamia, in about 1700 BC, King Hammurabi decreed that builders, innkeepers and farmers should be put to death if their negligence caused deaths or major problems for local people (Brass, 2007). Numerous CSR studies have noted the history of CSR since 1776 AD and believe that the modern conception of CSR was begun in the 1950s. In 1953 a publication on CSR by Bowen reported the Social responsibilities of the businessman. According to Bowen (1953, cited in Maignan and Ferrell 2000), CSR was defined as the businessmen ‘s obligation to pursue those policies, to make those decisions or to follow those lines of action that are desirable in terms of the objectives and values of society (p. 4). Because of Bowen ‘s early seminal work, some scholars, such as Carroll (1999) and Windsor (2001), credited Bowen with being the father of CSR. Windsor (2001) stated that Bowen took a broad approach to business responsibilities, as well as social responsiveness, social stewardship, social audit, corporate citizenship and fundamental stakeholder theory (p.23). Many CSR studies have discussed social activities as being the major responsibility of CSR. According to McGuire (1963) social responsibility is more important than the company’s economic responsibility and legal responsibility. He argued that the corporation must take interest in politics, community welfare, education and the happiness of its employees (p.144). McGuire first introduced the social activities of the organization and showed that business organizations should act as corporate citizens.

Carroll (1999) described McGuire’s (1963) corporate citizenship concept, which has been opened first to business ethics and corporate citizenship areas. After the introduction to CSR by Bowen, many studies played a role in developing the concept of social responsibility (Carroll 1979; Jones 1980; Wartick and Cochran 1985; Carroll 1991; Wood 1991; Waddock and Graves 1997; Carroll 1999). An important contribution was the development of a CSR model suitable for practice in the USA, Europe and the rest of the Western world. Major CSR changes happened in 1990s a concept for treatment of CSR, such as the corporate social performance (CSP) model by Wood. Using this model development, previous CSR dimensions (legal, economic, philanthropic and discretionary responsibilities) became principles, policies and processes (Carroll 1999). In 1991, Carroll revisited his former four-part CSR definition and suggested the discretionary component as corporate citizenship. Also, for the millennium century, he suggested measurement initiatives and theoretical developments, that the CSR concept will remain as an essential part of business language and practice, because it is a vital underpinning to many of the other theories and is continually consistent with what the public expects of the business community today (Carroll 1991 p.292). Matten and Moon (2008) explained why CSR is different for countries using the national business system, which was developed by Whitley in 1997. Further, Matten and Moon (2008) identified two distinct elements of CSR as explicit and the implicit, to address the above issue. Recently, Lockett et al. (2006) and Visser (2006) identified CSR themes which have been developed from time to time mainly focusing on the social and economic areas. In addition, the CSR standards, principles, and codes have developed and are being developed in this moment in both developed and developing countries.

Why CSR

When it comes to the motives of CSR, there is a wide uncertainty about why companies engage in these types of activities, which is a result of the problem of asymmetric information (McWilliams et al., 2006). The lack of this information makes it difficult to understand the true motives for engaging in CSR (ibid). However, there are plenty of theories underlying

ISSN: 2052-6393(Print), ISSN: 2052-6407(Online)

companies' motivations for engaging or not engaging in CSR activities, which are presented below. Sprinkle & Maines (2010) suggest an explanation to be that it is simply just the 'right thing to do" and that it is a part of being a good global citizen. Another suggestion is that companies use CSR for so-called "window dressing" in order to get an appearance that stakeholders support and appreciate. In that way, firms engage in CSR activities mainly because they feel that it is a requirement to avoid negative publicity (Sprinkle & Maines, 2010). In fact, the power of stakeholders, such as employees and customers, may play an important part in companies' choice of engaging in CSR activities (Dechant & Altman, 1994). Stakeholders are often concerned with environmental performance and expect companies to take responsibility, which makes them take action against companies perceived as environmentally irresponsible. In addition, employees' willingness to work for a firm is dependent on how well the firm's environmental performance fits their values profile, which further strengthens companies' willingness to engage in CSR.

The value of CSR can be found in several strategic areas. In most industries, CSR characteristics can be incorporated into products, and is hence a strategic choice to consider when differentiating vertically. Most customers know that a hybrid version of a car is "better" than the original version, and some might be willing to pay a price premium, given that this "CSR-characteristic" is valuable to them (McWilliams et al., 2006). Moreover, the differentiation itself can add reputational value to the firm by meeting stakeholder demands (ibid). Bhattacharya & Sen (2004) do however point out that customers not necessarily are rational and can express a certain demand for a company engaging in CSR, without changing their purchasing behavior. They suggest that companies instead should focus on possible internal outcomes of CSR, such as consumers' awareness, attitudes, attributions, etc., which eventually can lead to external outcomes.

As McWilliams et al. (2006) suggest, CSR may be viewed as a strategic investment. According to Burke & Logsdon (1996), corporate social responsibility is a strategic when "it yields substantial business-related benefits to the firm, in particular by supporting core business activities and thus contributing to the firm's effectiveness in accomplishing its mission". They identify five different dimensions of corporate strategy necessary for firm success, namely centrality, specificity, proactivity, voluntarism, and visibility, which are used for assessment of how CSR activities can add value to a firm. The authors argue that the different dimensions may lead to various benefits to the company, such as philanthropic contributions, employee benefits, and environmental management, which in turn may create value as they lead to customer loyalty, productivity gains, and new products and markets (ibid). Greening and Turban (2000) support the theories related to increased employee motivation and claim that social performance is attractive to job applicants. In fact, they argue that job applicants have higher self-images when working for firms that are socially responsible compared to their less CSR focused counterparties.

The Core CSR Characteristics

Researchers provided numerous views to describe CSR. Davis (1973), for example, views CSR as a corporate attitude and reaction to social and environmental issues that exceed the economic and legal requirements while Carroll (1979) includes the economic and legal requirements as part of CSR. Yet, Johnson (1971) put managing and balancing the different interests at the basis of CSR thinking. Nevertheless, the numerous scholars' views agree that the responsibility of business organizations encompasses more than making economic gains and obeying to laws. It is, therefore, insufficient to only consider the business organization commitment to laws laid

ISSN: 2052-6393(Print), ISSN: 2052-6407(Online)

down by legal and social institutions. Hence, it is essential to consider informal actions of the business organization which involves moral principles such as enhancing welfare of employees and other member of the society (Takala and Pallab 2000). In this regard, Crane et al. (2014) have identified six core characteristics of CSR concept which arguably represents the main thrust of CSR discourse. According to Crane et al. (2014), most of the CSR definitions from both academic and practitioner perspectives revolve around these six essential features of CSR. However, it is hard to find one single definition that includes all the six aspects.

Crane et al. (2014) refer to voluntary as one of the core CSR characteristics. As Davis (1973, P. 313) argued that CSR "begins where the law ends". In this context, all activities and initiatives that fall outside the legislative framework could be prescribed to be CSR practices. This characteristic acknowledges the discretionary power of management to engage in and promote voluntarily CSR activities and policies. Reinforcing this point, Jones (1980, p. 60) stated that "the obligation must be voluntarily adopted; behavior influenced by the coercive forces of law or union contract is not voluntary". The second characteristic according to Crane et al. (2014) is managing externalities which refers to the side effects or the impact of a business behavior on the society such as pollution, human rights and gas emissions (Husted and Allen 2006). In this context, CSR is seen as a way by which businesses manage externalities or internalize the effects (Sethi 1975) by minimizing the negative impact and/or increasing the positive impact of corporate behavior, for instance investing in clean technologies (Crane et al., 2014). The third characteristic is multiple stakeholder orientation that considers the different stakeholders interests including shareholders (Crane et al., 2014). This is evident in Johnson's (1971) description of CSR firm as he stated that:

"A socially responsible firm is one whose managerial staff balances a multiplicity of interests. Instead of striving only for larger profits for its stockholders, a responsible enterprise also considers employees, suppliers, dealers, local communities, and the nation" (Johnson 1971, page 50).

This characteristic might represent the neoclassical view of Friedman (1970) against CSR and Freeman (1984) argument for CSR. The argument revolves around whether businesses have responsibilities to other than shareholders (Smith, 2003). While Friedman (1970) emphasized that maximizing shareholders' wealth is the solely responsibility of business organization, Freeman (1984) emphasized taking a holistic approach in managing stakeholders' relationships. In this context, CSR is deemed by many as a way of balancing the different stakeholders' interests including shareholders (Blowfield and Murray 2008). As indicated earlier, stakeholder approach has become a prominent in CSR literature and empirical investigations.

The fourth characteristic is social and economic alignment as balancing the multiplicity of constituencies' interests should not be conflict with the business profitability (Crane et al., 2014). The idea here is "doing well by doing good" which indicates that CSR firms that engage in doing good social practices are more likely to enhance their firms' performance at the same time (Mintzberg 1993; Falck and Heblich 2007). This characteristic is closely linked to the enlightened self-interest notion mentioned earlier by Steiner (1971) in that considering the social and environmental issues in the decision-making process would best serve the long run objective of firms' performance.

The fifth characteristic is related to practices and values (Crane et al., 2014). It might be true that CSR issues surface because of the industrial revolution and bad business conducts as

ISSN: 2052-6393(Print), ISSN: 2052-6407(Online)

discussed in the beginning of this chapter above. This necessitates the focus on business impacts and practices as well as their strategies to respond to the social and environmental issues. However, CSR has an underlying philosophy that underpins these practices. The underlying philosophy refers to the set of values, ethics and morals principles that shape the members of society thinking. This has been noted by Davis (1967) as he asserted that the core of CSR thinking is based on the ethical consequences of one's behavior to others. This concept has always existed in religions and philosophies in social life as mentioned earlier.

The sixth characteristic is beyond philanthropy (Crane et al., 2014). Although philanthropy and community giving could be part of CSR initiatives (Newell 2005), basically CSR is broader than this. CSR needs to be integrated, as a "built-in", in the core business functions rather than an extra "bolted-on" (Grayson and Hodges 2004). This necessitates that business management find genuine social and environmental causes to contribute to the society within which they operate.

Theoretical Perspectives of Corporate Social Responsibility

The basic idea of CSR is that business and society are interwoven rather than separate entities (Wood, 1991). As discussed, a number of theories have been identified in the literatures to explain CSR. For example, stakeholder theory explains how CSR is important, and the social contract and legitimacy theories explain why CSR is important (Moir, 2001). CSR includes a number of theories and many studies have discussed agency, stakeholder and social contract, that are behind the concept of CSR; these theories and CSR approaches under the themes of economics, politics, social integration and ethics (Parsons and Sociales 1961; Garriga and Melé 2004; Jamali and Mirshak 2007). Garriga and Melé (2004) described four groups of theories consistent with Parson in 1961: instrumental, political, integrative and ethical theories. According to these scholars, instrumental theory relates to the economic features of the interactions between businesses and society. This is consistent with the wealth creation of the shareholders.

Political theory relates to the social power of the company and emphasizes the relationship between society and its responsibility in the political arena associated with this power. This theory leads organizations to accept social duties and rights or to participate in certain social co-operations.

The third theory discussed by Garriga and Melé (2004) was integrative theory which suggests that the business ought to integrate social demands. Under this theory, Garriga and Melé argue that an organization depends on society for its continuity and growth as well as for the existence of business itself.

The fourth theory they identified as ethical theory, which is defined as the relationship between business and organization that is embedded with ethical values. This leads to a vision of CSR from an ethical perspective and, consequently, companies ought to accept social responsibilities as an ethical obligation above any other consideration. Further, Brummer (1991) described four approaches to CSR in his book corporate responsibility and legitimacy. He considered the classical, stakeholder, social demandingness and the social activist models in relation to CSR. Under the classical model, Brummer explained, companies should act in society as economically responsible rather than socially responsible. Therefore, the primary goal of the corporation should be to maximize profit and the primary obligation of managers is to act in the interests of shareholders while not breaking the law. The stakeholder model

ISSN: 2052-6393(Print), ISSN: 2052-6407(Online)

suggests that a company's responsibility is to satisfy stakeholders, rather than stockholders alone (Freeman 1984).

In contrast, the social demandingness model states that companies exist to answer the demands of the public. Unlike stakeholder theory, this model maintains that management is directly responsible to the public. Finally, the social activism model assumes that corporations are responsible to society and that social activism sets a universal standard for determining society's responsibilities.

CSR and Corporate Performance

The traditional view of stock investors as being profit maximizers exclusively interested in earning the highest level of future cash-flow for a given amount of risk has over the years become criticized (Pava & Krausz, 1996). Initially, it was often assumed that investors were unwilling to pay a premium for socially responsible corporate behavior, however this has proven to be changed (ibid). In contrast to the neo-classical view, the stakeholder theory takes a different approach, which often is seen to conflict with the former (Bird et al., 2007). Instead of benefiting shareholders only, the stakeholder theory claims that companies have obligations to a wider group of stakeholders and that resources should be utilized in a way that not only benefits the shareholders (Freeman, 1984). This has been criticized, but evidence shows that a wider perspective is not necessarily negative. Instead, several studies have found a positive relationship between different types of CSR activities and financial performance. In fact, it has been suggested that there is no conflict between the two approaches as long as outlays on CSR activities have positive influence or no influence at all on the market valuation of a company (Bird et al., 2007). Among the older studies of the relationship between CSR activities and financial performance with financial performance as dependent variable, Cochran & Wood (1984) use reputation index as CSR proxy and various financial performance indicators. Cochran & Wood find a marginally significant positive correlation between the social performance proxy and various financial performance indicators and use asset age as an explaining factor. They state that firms with higher CSR rankings have higher reported asset values as they use their assets differently, which affects the financial results positively compared to older competitors (Cochran & Wood, 1984). Together with other studies from 1972 to 1992, the study made by Cochran & Wood (1984) forms a base for a later study made by Pava & Krausz (1996). Pava & Krausz use the results from these studies, namely twelve studies finding a positive correlation, eight finding no correlation, and only one finding a negative correlation, to argue that there is an indication that firms investing in CSR perform at least as well as other firms. In their own study, they examine the long-term financial performance, defined by various market-, accounting-, risk- and firm-specific based measures of performance, of a group of US firms that have been identified as being socially responsible by the Council on Economic Priorities. The results from the study are consistent with the majority of the previous studies they have presented as they find evidence supporting a positive correlation between socially responsible activities and financial performance (Pava & Krausz, 1996). Herremans et al. (1993) examine the correlation between corporate reputations and various accounting-based financial measures, stock return and risk respectively, among manufacturing companies in the US. They divide the companies into two groups depending on to what extent they are perceived to encounter social conflicts, to analyses differences. The results show that there is a positive relationship between socially responsible activities and financial performance for both groups. However, for the industries that are more exposed to social concerns, e.g. chemicals, the profitability and stock market performance effects are more

ISSN: 2052-6393(Print), ISSN: 2052-6407(Online)

noticeable. A control variable testing leverage also shows that companies with a poorer socially responsible reputation have slightly greater leverage. Klassen & McLaughlin (1996) make a similar study, however using an event study approach, in which they examine the correlation between public announcements of environmental performance rewards and stock market performance, i.e. abnormal stock returns. In their study, they present evidence supporting the hypothesis that strong environmental management has a significant positive impact on stock returns. In addition, they find differences between industries and for first-time awards. In general, first-time awards have shown to have a greater impact on market valuation, but the impact on stock return for firms acting in environmentally dirty industries is shown to be less than the impact on other firms. Consequently, it is concluded that the market rewards firms that receive awards for investing in socially responsible areas (Klassen & McLaughlin, 1996). Preston & O'Bannon (1997) study the correlation between social performance, defined as social reputation in terms of different social aspects, and financial performance specified as accounting-based financial measures. The study is conducted on large US firms in the time-span of 1982-1992. The results presented support that there is a strong positive correlation between social reputation and financial performance, which is strongly backed up by the stakeholder theory. A more recent study within the field made by Mackey et al. (2007) takes a different approach and they claim that the impact of CSR investments on a firm's market value mainly is dependent on the relative supply of and demand for CSR investment opportunities among investors. The study assumes that some investors prefer to invest in firms engaging in socially responsible activities, which companies use as a way to sell their product to current and potential investors. By engaging in CSR activities, the companies reach investors who value such activities, despite the investments' negative impact on the firm's present value of cash flows. The authors suggest that there can be a positive correlation between socially responsible investments and firm value, despite the investments' negative impact on present value of cash flows. Mackey et al. construct a model that shows the equilibrium in which the demand and supply for socially responsible investment opportunities meet. The authors conclude that if investors' demand for socially responsible investment opportunities exceeds the supply of these investment opportunities, meaning that there are not enough companies engaging in socially responsible activities, then such investments can create economic value for a firm. Bird et al. (2007) find various results including evidence showing a correlation between financial performance and CSR efforts. They examine a range of CSR activities' impact on the value of listed firms in the US market, where CSR performance is measured as positive or negative scores of five different activities. The results show a positive relationship between financial performance and one of the CSR variables, namely strength score for diversity. This implies that the market rewards companies for engaging in diversity matters. In addition, Bird et al. find evidence that companies that are associated with significant investments in a wide range of CSR activities will be rewarded in the marketplace, which implies that there are reputational benefits to gain from engaging in CSR activities other than those one might consider to be related directly to the CSR activities (Bird et al., 2007). Alexander & Buchholz (1978) state another explanation for this positive correlation, which is based on a view developed by Moskowitz (1972). Simply, managers that are socially aware and concerned and pursue those types of activities are more skilled managers overall and are hence able to generate higher profitability, thus making its company a better investment.

An augmented study was conducted by Stanwick and Stanwick (1998) utilizing three independent variables; organization size, corporate performance and environmental performance, with one independent variable; CSP. Their study supported Waddock and Graves (1997) study, in that they found that large, profitable companies have a strong relationship with

ISSN: 2052-6393(Print), ISSN: 2052-6407(Online)

CSP. In addition, Stanwick and Stanwick (1998) showed that CSP is a multi-faceted construct that is affected by various organizational variables. They concluded that there was a strong relationship between CSP and the profitability, size and amount of pollution released by a company.

Simpson and Kohers (2002) investigated the link between CSR and corporate performance using the banking industry as their sample companies. They used the community reinvestment act rating as a social performance measure and concluded that there was a significant positive relationship between CSR and performance. A recent study undertaken by Mahoney and Roberts (2007) used panel data for Canadian publicly held companies over a 4-year period. Their results showed significant relationships between performance and individual measures of CSP, in particular, company environmental and international activities. Elsayed and Paton (2005) used panel data analysis to identify the impact of environmental performance on performance. Their study investigated a sample of UK companies using data from 1994–2000 with Tobin‘s q, ROA and ROS as performance measures in order to minimize the limitations identified in earlier published studies. The results of their analysis revealed a neutral impact of these two variables.

Empirical studies of CSR and performance outside of these markets are very rare, although small studies have been conducted on emerging markets by Subroto (2002) and Saleh et al. (2008). Subroto (2002) used a descriptive survey and multivariable correlations of cross-sectional data and critical part analyses, to analyze the correlation between CSR and performance and ethical business practices in Indonesia. According to Subroto, the interests of stakeholders showed a significant correlation with CSR, performance and ethical business practices. Secondly, his research relationship is still positive. Thirdly, he indicated that the correlation between social responsibility and performance was quite low. Another recent study by Saleh et al. (2008) concluded that there was limited evidence for significant effects of CSR on performance over the long-term. Their study utilized five years of data from company annual reports, and measured four key CSR indicators; employee relations, employment, community involvement and products, using the fortune reputation survey, the KLD index, the Toxics Release Inventory and the Best Corporate Citizens index. They also included the average shareholder return and average scores on social measures. The performance indicators they used included ROS, stock market returns and Tobin’s q ratio. This study also employed panel data analyses using the cross-sectional and time-series data and used three performance indicators, ROE, ROA and ROS, and six CSR indicators covering employees, customers, community, education, health and environmental.

Limitations of the Existing Literature

There are two main limitations in the existing literature on CSR in developing countries. First, there are fewer research studies of CSR in the developing world than in developed nations. Secondly, the majority of studies have been cross-sectional and conducted only to review CSR within the companies, not to examine the development of CSR practices in the country overall (Gray et al. 1995; Tsang 1998). CSR practices in developing countries are implemented by individual company management styles, adopting UN Global compact principles. CSR reporting is not a compulsory requirement; however, the firms disclose their CSR plans and activity in the annual reports Researchers have identified theoretical frameworks for the companies implement their own CSR under issues such as employee relations, human rights, corporate ethics, community relations and the environment (Moir 2001). Moir stated that companies need to understand CSR and the areas of responsibility, and that CSR depends on

ISSN: 2052-6393(Print), ISSN: 2052-6407(Online)

the economic perspective adopted by the firm. Behavioral theorists, such as Cyert and March, (1963 cited in Wartick and Wood 1998), stated that ― corporate social activity from a standpoint that examines the political aspects and non-economic influences on managerial behavior‖ (Moir, 2001, p.17). This might also be extended to examine personal motivations, such as the Chairman's personal preferences or alternatively some of the critical perspectives associated with the exercise of power. In addition, the existing literature has identified different limitations in exploring the relationship between CSR and performance studies. Those limitations are related to CSR frameworks, indices, principles and analyzing techniques. McWilliams and Siegel (2001) claimed that even though there are more theoretical frameworks developed for CSR, the major research studies such as Preston (1978); Carroll (1979 and Waddock and Graves (1997), have only discussed this terms of utilizing stakeholder theory. Many CSR studies have been undertaken from the points of view of developed countries. For example, CSR principles, elements, frameworks and indices have been developed for the USA. However, these principles and frameworks cannot be accepted in the developing world (Matten and Moon 2004; Chapple and Moon 2005; Matten and Moon 2008) for a variety of reasons such as cultural differences, management attitudes and different business plans. Therefore, the expected results from the concept are inconsistent when applying the present CSR concepts and principles directly to the developing countries.

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