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CORPORATE SOCIAL RESPONSIBILITY AND MANAGEMENT

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ABSTRACT: *This research aims to initiate the reader by the concept of the social responsibility of the firm. It provides a brief idea about CSR. In addition, it provides brief arguments for and against the Social responsibility of the business. Finally, the goal is also to discuss the empirical aspect of the CSR.*

KEYWORDS: Corporate Social Responsibility, Management, Financial performance, Social performance

INTRODUCTION

The concept of corporate social responsibility (CSR) has been the subject of considerable debate, commentary, theory building and research. In spite of the ongoing deliberations as to what it means and what it embraces, it has developed and evolved in both academic as well as practitioner communities worldwide. The idea that firms have some responsibilities to society beyond that of making profits for the shareholders stimulated many debates.

The term ‘corporate social responsibility’ is still in popular use, even though competing, complementary and overlapping concepts such as corporate citizenship, business ethics, stakeholder management and sustainability are all vying to become the most accepted and widespread descriptor of the field. At the same time, the concept of corporate social performance (CSP) has become an established umbrella term, which embraces both the descriptive and normative aspects of the field, as well as placing an emphasis on all that firms are achieving or accomplishing in the realm of social responsibility policies, practices and results. However, all these concepts are related, in that they are integrated by key, underlying themes such as value, balance and accountability (Schwartz and Carroll 2008), and CSR remains a dominant, if not exclusive, term in the academic literature and in business practice.

Research objectives

In this paper, our goal is to describe and summarize what is CSP and to review its emergence and its relationship with corporate performance. In order to detect the connotation of this term among our staff, we suggest a questionnaire as summarized in appendix I

HISTORICAL PERSPECTIVES

Howard R. Bowen published his seminal book, *Social Responsibilities of the Businessman* in 1953 (Bowen 1953). Bowen's book was noticeably ahead of its time, by at least a decade, but it came to shape significantly future thought on the subject. William C. Frederick, a noted

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contributor to the CSR literature, argued that there were three core ideas about CSR that stood out in the 1950s. These included the idea of the manager as public trustee, the balancing of competing claims to corporate resources, and corporate philanthropy – business support of good causes (Frederick 1998). During the 1950s, there was scant discussion of linking CSR with benefits for businesses themselves. The primary focus was on businesses' responsibilities to society and doing good works for society. Theodore Levitt closed out the 1950s by warning the business world about the dangers of social responsibility (Levitt 1958). In spite of Levitt's warnings, CSR would grow in popularity and take shape during the 1960s, driven largely by the social movements that defined the times, especially in the US, and by the forward-thinking academics who were attempting to articulate what CSR really meant and implied for business. In the US, the most important social movements of the 1960s included civil rights, women's rights, consumers' rights and the environmental movement. Key events, people and ideas in these movements were instrumental in characterizing the social changes ushered in during the 1960s.

The CSR literature expanded significantly during the 1960s, and it tended to focus on the question of what social responsibility actually meant and its importance to business and society. Keith Davis argued that social responsibility referred to 'businessmen's decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest' (Davis 1960, p. 70). At the same time, William C. Frederick argued that businesses' resources should also be used for broad social goals (Frederick 1960, p. 60), and Joseph McGuire posited that social responsibility urges corporations to assume certain responsibilities to society which extend beyond their economic and legal obligations (McGuire 1963).

Frederick characterized the 1960s and 1970s as a stage of 'corporate social responsiveness' (Frederick 1998). Another characteristic of the 1960s was an absence of any coupling of social responsibility with financial performance (Lee 2008, p. 58). In other words, social responsibility was driven primarily by external, socially conscious motivations, and businesses were not looking for anything specific in return.

Formal definitions of CSR began to proliferate in the 1970s, and the overall trajectory was towards an emphasis on CSP (Carroll 1999). The 1970s was the decade in which corporate social *responsibility*, *responsiveness* and *performance* became the center of discussions. Ackerman (1973) and Murray (1976) argued that what was important was not that companies were 'assuming a responsibility', but that companies were responding to the social environment. Frederick (1978) formalized this distinction by differentiating corporate social responsibility (CSR_1) from corporate social responsiveness (CSR_2). CSR_1 emphasized companies 'assuming' a socially responsible posture, whereas CSR_2 focused on the literal act of responding or of achieving a responsive posture towards society. In the mid-1970s, an emphasis on CSP more clearly emerged. In one respect, CSP was an attempt to reconcile the importance of both CSR_1 and CSR_2, but it was also about placing an emphasis on achieving results or emphasizing the outcomes of socially responsible initiatives (Carroll 1979; Wartick and Cochran 1985; Wood 1991).
Research seeking to link CSR with corporate financial performance (CFP) exploded during this decade, (Lee 2008, p. 58). This trend continued in the 1990s, and the quest for CSR accelerated in terms of its global outreach. The 1990s and 2000s became the era of global corporate

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citizenship (Frederick 1998). The early 2000s became preoccupied with the Enron Era of scandals, among others famous company supposed to be citizens firms.

Arguments in favor and against CSR

Arguments in favor of CSR typically begin with the belief that it is in business's long-term self-interest – enlightened self-interest – to be socially responsible (Freeman and al 2003). This view holds that, if business is to have a healthy climate in which to function in the future, it must take actions now that will ensure its long-term viability. A second argument in favor of CSR is that it will 'ward off government regulation'. This is a very practical reason, and it is based on the idea that future government intervention can be forestalled to the extent that business polices itself with self-disciplined standards and fulfills society's expectations of it. Two additional arguments in favor of CSR include 'business has the resources' and 'let business try'. These two views maintain that, because business has a reservoir of management talent, functional expertise and capital, and because so many others have tried and failed to solve social problems, business should be given the chance (Davis 1973). This means that pro-acting (anticipating, planning and initiating) is more practical and less costly than simply reacting to social problems once they have surfaced (Carroll and Buchholtz 2009). Finally, it has been argued that business should engage in CSR because the public strongly supports it. Today, the public believes that, in addition to its pursuits of profits, business should be responsible to their workers, communities and other stakeholders, even if making things better for them requires companies to sacrifice some profits (Bernstein 2000).

The case against the concept of CSR typically begins with the classical economic argument articulated most forcefully by the late Milton Friedman (1962). Friedman held that management has one responsibility and that is to maximize the profits of its owners or shareholders. Friedman argued that social issues are not the concern of business people. A second objection to CSR has been that business is not equipped to handle social activities. This position holds that managers are oriented towards finance and operations and do not have the necessary expertise (social skills), to make socially oriented decisions (Davis 1973). A third objection to CSR is that it dilutes businesses' primary purpose. The objection here is that to adopt CSR would put business into fields of endeavor that are unrelated to their 'proper aim' (Hayek 1969). A fourth argument against CSR is that business already has enough power, and so why should we place in its hands the opportunity to wield additional power, such as social power (Davis 1973)? A fifth argument is that, by pursuing CSR, business will make itself less competitive globally.

The CSP–CFP relationship

Can a firm really do well by being good? Is there a return on investment to CSR? What are the bottom-line benefits of socially responsible corporate performance? Is CSP positively related to CFP? It has been argued that, in business practitioner terms, a 'business case' is 'a pitch for investment in a project or initiative that promises to yield a suitably significant return to justify the expenditure'. That is, can companies perform better financially by addressing both their core business operations and their responsibilities to the broader society (Kurucz *and al.* 2008)? Kurucz *and al.* (2008, pp. 85–92) have set out four general types of advantages for CSR: (1) cost and risk reduction; (2) gaining competitive advantage; (3) developing reputation and legitimacy; and (4) seeking win–win outcomes through synergistic value creation.

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Griffin and Mahon (1997) present a review and an assessment of studies exploring the CSP–CFP relationship. The authors conclude that there is a positive relationship between CSP and CFP. They argue that inconsistencies in the results of previous empirical studies investigating the CSP–CFP relationship may be attributed to methodological differences. Roman *and al.* (1999) disagree with Griffin and Mahon and offer a different conclusion. They argue that results produced by CSP–CFP studies fall into three categories. One category shows a positive link between CSP and CFP, the second shows a negative link, and the third shows no link. The authors thus conclude that the results are inconclusive.

Limitations of business-case arguments for CSR practices

While acceptance of the arguments for the business case for CSR has been growing, it is worth noting some of its criticisms and limitations.
The social responsibility of the company, as a representation of the objective function, is undergoing a real crisis of legitimacy (Bushman and Smith, 2001). It is the object of attention, including the public and researchers who discover the fragile nature of impartiality and objectivity (Sponem, 2004), which endangers the quality and transparency of business in front their stakeholders.
Therefore, the series of recent scandals has affected large companies, despite the status associated to their companies "most admired" are involved in fraudulent behavior. It cites Enron, Adelphia Communications, Xerox, world com, Waste Management...
Thus, the company described as "citizen" in the American context, is at the center of media debate, as to whether the nature of its response to social interests could improve its financial performance.
Borda (2007) explains, in the sense that the capitalist model is still supported and is masked by ethical values reflecting, apparently, a social orientation while only details of exploration activities of these firms would reveal the reality of their practices. To escape the pressures endogenous (system of governance and culture) or exogenous (external environment), Beiner and Schmid (2005) believe that companies have become forced to adopt social values.

SUMMARY AND CONCLUSIONS

Management and corporate performance refer to the arguments that provide rational justification for CSR initiatives from a primarily corporate economic/financial perspective. Management arguments contend that firms, which engage in CSR activities, will be rewarded by the market in economic and financial terms. CSR seems to be apprehended only through an instrumental approach. Furthermore, .benefits of CSR are not homogeneous, and effective CSR initiatives are not generic. The impact of CSR on firm financial performance is not *always* favorable.

RESEARCH LIMITATIONS

Brief description of concepts
No empirical test
Future research can try to develop this concept and validate some hypothesis related to empirical aspect

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RECOMMENDATION

We suggest that CSR should be integrated in our courses as a new subject, which deserve to be educated for our students in order to build conscious future generation**.**

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Appendix I

Questionnaire: these questions have been suggested to identify how much the term of CSP is Familiarized and known among our faculty members

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	yes	uncertain	no	comment
1. Do you know what CSR is?	15%	25%	60%	Almost 60% of our staff don't know what is CSR
2.Do you think that the firm should have only financial objectives	52%	18%	30%	52% of sample are against CSR
3.Do you think that social issues help firms to attain financial objectives	48%	40%	12%	48% of sample view CSR as instrument and not as a target
4.Do you think that firms should consider partners issues even its profitability can be reduced	1%	2%	97%	1% view CSR as a target
5. Do you think that CSR is implemented or still symbolic without any real reference?	0%	30%	70%	70% consider that CSR is not implemented due, essentially to financial causes

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