

CORPORATE SOCIAL RESPONSIBILITY BETWEEN PERFORMANCE AND SUSTAINABILITY

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ABSTRACT

Corporate social responsibility is one of the most important challenges that organizations are facing today. The objective of this paper is to highlight, on the one hand, the evolution of the concept of social accountability approaches, analyzing comparative concepts of „corporate social responsibility” and „corporate sustainability”. On the other hand, the paper present the results of a study conducted on a sample of stakeholders from 87 countries, in order to identify the most sustainable organizations in the 2014. To achieve the objectives, the authors achieved primarily a theoretical research based on literature review. In order to identify the most sustainable organizations in 2014, were used informations from the reports available on the official websites of stakeholders considered. The study conducted by the authors revealed that in recent years the concept of corporate social responsibility have been defined in different ways and there is no unified approach. Also, showed that worldwide in the sustainability field, the most important organizations are those from nonprofit sector.

KEYWORDS : *social responsibility, performance, sustainability, responsible business*

JEL CLASSIFICATION : *M14*

1. INTRODUCTION

The concept of corporate social responsibility (CSR) has been debated since the 1950s (Popa, 2014). Bowen (1953) was the first scholar that introduced the concept of corporate social responsibility in his book “*Social responsibility of the businessman*”. Since then different terms have been used referring to the same phenomenon as Corporate Responsibility, Corporate Sustainability, Responsible Business, Corporate Accountability, and so on.

Despite the multitude contributions, in both the corporate and the academic world there is uncertainty as to how Corporate Social Responsibility should be defined. Many definitions and theoretical frameworks have been developed but there isn't a largely consensus on the exact meaning of term (Pirnea et.al, 2011).

Some recent analyses (Secchi, 2007 and Lee, 2008) reported that the definition of corporate social responsibility has been changing in meaning and practice. Corporate social responsibility, in classic terms, was strictly limited to philanthropy. Subsequently the concept focused on business relationships, the company referring specifically to solve social problems. Thus, in the early

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twentieth century Oliver Sheldon (1923, cited in Bichta, 2003) was the first who tied up social performance with market performance.

The concept of corporate social responsibility refers to strategies or to corporate enterprises that operate in an ethical and friendly manner. Corporate social responsibility covers a range of activities including working in partnership with local communication, investments in socially, developing relationships with employees, customers and their families and involvement in conservation and environmental sustainability.

Taking into account these considerations, the objectives followed by the authors are:

- the analyses of the evolution of the concept of social accountability approaches, comparing the two concepts “corporate social responsibility” and “corporate sustainability”;
- to identify the most sustainable organizations in 2014.

To achieve the first objective, the authors have developed a theoretical research based on literature review and tried to identify some elements of comparison of the two concepts.

To achieve the second objective, the authors identify some reports available on the official websites of some stakeholders from 87 countries and analyzed the most sustainable organization in the 2014.

2. RESEARCH METHODOLOGY

To achieve the first objective - namely the analyses of the evolution of the concept of social accountability approaches comparing the two concepts “corporate social responsibility” and “corporate sustainability” – the authors have presented the evolution of the social responsibility concept since 1950. Also, the authors tried to identify some difference between the two concepts.

To achieve the second objective – namely to identify the most sustainable organizations in 2014 – the authors have identify some reports available on the official websites of some stakeholders from 87 countries. By analyzing this reports, it results that the most important organizations, in the sustainability field.

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3. RESEARCH RESULTS REGARDING THE EVOLUTION OF THE CORPORATE SOCIAL RESPONSIBILITY CONCEPT

Since 1953, when Bowen first introduced the concept of corporate social responsibility, many definitions and theoretical frameworks have been developed but there isn't a largely consensus on the exact meaning of this term.

Votaw (1972) said that “corporate social responsibility means something, but not always the same thing to everybody. To some, it conveys the idea of legal responsibility or liability; to others, it means socially responsible behaviour in the ethical sense; to still others, the meaning transmitted is that of ‘responsible for’ in a casual mode; many simply equate it with a charitable contribution; some take it to mean socially conscious; many of those who embrace it most fervently see it as a mere synonym for legitimacy in the context of belonging or being proper or valid; a few see a sort of fiduciary duty imposing higher standards of behaviour on businessmen than on citizens at large”. Table 1 present some of the evolution of corporate social responsibility concept presented in the literature.

The current economic environment is marked by globalization phenomena of the interdependence between environment and development recognition. It is increasingly shared the view that corporates social responsibility and sustainable development approaches should become an integral part of the economic concepts used by business, to ensure a balance between economic growth, natural resource reserves and social progress (Olaru et.al, 2011; Sava et.al, 2010).

Table 1. Evolution of corporate social responsibility concept

Author	Year	Corporate Social Responsibility Content
Bowen	1953	Attempts to define CSR "Businessmen...must follow those lines of action which are desirable in terms of objectives and value of our society"
McGuire	1963	Broadening of scope of CSR to include: Considerations of employee and community welfare and educational and political needs of society.
Committee for Economic Development	1971	Service to improve the quality of human life.
Committee for Economic Development	1971	Acknowledgement of managerial role in discharging CSR: quality of managerial response to changing societal expectations is explicitly mentioned.
Manne and Walich	1972	Business must not spoil society and provide solutions through voluntary assumption of obligations.
Carroll	1979	Delineations of CSR and Actionable Models: CSR encompasses economic, legal, ethical and discretionary expectations of society.
Wartich and Cochran	1985	Corporate Social Performance (principles, processes and polities)
Wood	1991	Corporate Social Performance Framework <i>Principles, Processe, Outcomes.</i>
Freeman	1984	Delimiting the Scope of CSR and Development of Complementary Constructs Stakeholder Theory Business are responsible to those who can affect of are affected by its purposes.
Menon and Menon	1997	Environmental Marketing
Maignan, Ferrell and Hult	1999	Corporate Citizenship
Bannerjee, Iyer and Kashyap	2003	Corporate Environmentalism
Van Marrewijk	2003	Corporate Sustainability Corporate Sustainability demands attention to economic, environmental and social issues.

Source: adapted from Rajiv et.al (2004, p.53)

Corporate social responsibility is defined as undertaking actions to promote social interests ahead of purely economic highlights and outside legislative requests (Orlitzky et.al, 2003).

The four dimensions of corporate social responsibility proposed by Carroll and Buchholtz (2006) states that "social responsibility encompasses the economic, legal, ethical and philanthropic regarding expectations that society has from organizations at a time".

According to the research conducted, there are some authors in the literature which argue that corporate social responsibility can be considered an integral part of business strategy or can be used as a defensive policy. Campbell (2007) believes that social responsibility level is influenced by

factors such as the enterprise financial condition, health economy and also the state regulations approved for corporations.

In Europe, there is an agreement on the definition of corporate social responsibility as a concept whereby companies integrate social and environmental concerns – voluntarily – in their businesses and in their interaction with stakeholders. However, corporate social responsibility characteristics differ depending on national and cultural contexts. In some countries, it is increasingly integrated into a wide range of policies and in other countries, corporate social responsibility initiatives are emerging.

At European level, the challenge for most companies is how their social responsibility can contribute to the Lisbon objective, namely to build a dynamic knowledge-based energy savings, competitive and cohesion. Increasingly, many European companies are actively involved, since its inception, in support projects in various fields such as environment, culture, health, education and civic behavior.

Quite often it is met the enterprise model that are located in one country and have subsidiaries in many different countries and these companies develop corporate social responsibility programs modeled parent undertaking, in all countries where they have subsidiaries. It is one of the reasons that these businesses benefit from the support of the state where they operate in order to implement and monitor programs easier.

Corporate responsibility or corporate sustainability is therefore a prominent feature of the business and society literature, addressing topics of business ethics, corporate social performance, global corporate citizenship and stakeholder management (D'Amato et.al, 2009).

Regarding the two concepts "corporate social responsibility" and "corporate sustainability" we cannot say exactly if there is a difference between them or not. We see above some definition regarding the concept of corporate social responsibility and now first try to define what sustainability or sustainable development is.

The "Daly Rules" of sustainability is defined as renewable resources such as fish, soil and groundwater must be used no faster than the rate at which they can regenerate. Nonrenewable resources such as coal, oil and gas must be used no faster than renewable substitutes for them to be put in place and pollution and wastes must be emitted no faster than natural systems can absorb them, recycle them or render them harmless (Carewren, 2010).

Thomas Dyllick and Kai (2002) define corporate sustainability as „Meeting the needs of a firm's direct and indirect stakeholders (such as shareholders, employees, clients, pressure groups, communities) without comprising its ability to meet the needs of future stakeholders as well”.

The Australian government defines Corporate Sustainability as, "encompassing strategies and practices that aim to meet the needs of the stakeholders today, while seeking to protect, support, and enhance the human and natural resources that will be needed in the future" (Pirnea et.al, 2011).

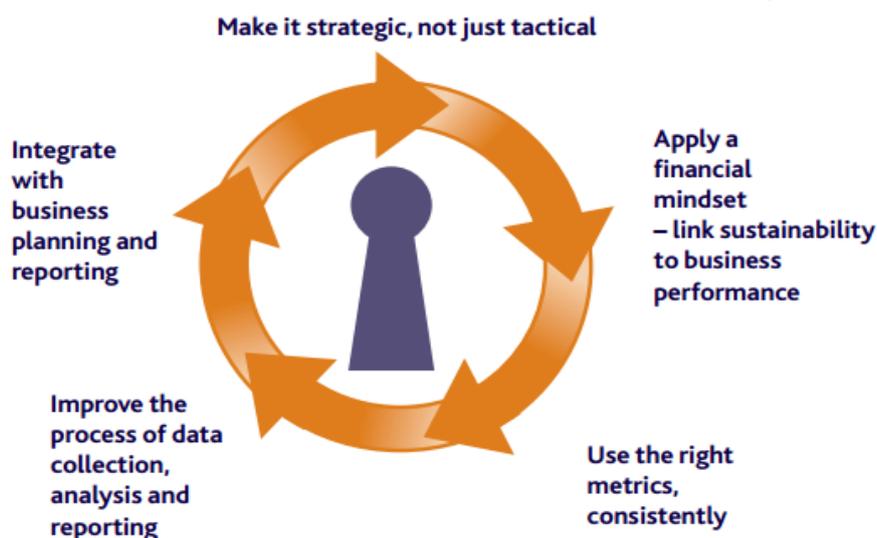


Figure 1. Creating a virtuous circle for sustainability performance management

Source: adapted from *Sustainability performance management: How CROs can unlock value.* (2011, p.4).

Sustainability and the value it creates must be quantified and linked to business performance if the case for sustainability is to be made and the benefits are to be realised. For many organizations current efforts to manage sustainability performance tend to be tactical rather than strategic. These efforts are rarely linked to business performance and the measurement and tracking of sustainability initiatives is not as rigorous as that of revenue or profitability. By incorporating sustainability into standard business systems and processes, it becomes part of planning and reporting – further integrating it with both day to day operations and strategy as can be seen in Figure 1 (Sustainability performance management, 2011).

So, taking into account the definitions above, both to the „corporate social responsibility” and „corporate sustainability” there is a difference between them. Corporate social responsibility is more concentrates on the non-financial societal activities while sustainability conc

Concentrates on both the impact of environmental factors on a company and the company’s impact on the environment according to Porter and Forrest (2007) which also affirm that „companies that persist in treating climate change solely as a corporate social responsibility issue, rather than a business problem will risk the greatest consequences”. They also believe that businesses need to look both „inside out” (a company’s impact on climate) and „outside in” (how climate regulatory change may affect the business environment in which the company competes).

The authors of this paper presented only a few of the considerations that this particular business would have to look at under its corporate sustainability efforts. Regarding the enterprise’s corporate sustainability efforts there are different from their corporate social responsibility efforts. Both efforts are important but each one impacts the businesses economic and strategic position differently.

4. RESEARCH RESULTS REGARDING THE MOST SUSTAINABLE WORLDWIDE ORGANIZATIONS IN 2014

One of the objectives of our research was to identify the most sustainable organizations in 2014. To achieve the objective we analyze some of the reports available online on the websites of two important organizations in the sustainable field.

One of them is GlobeScan, consulting company in sustainable business, brings a pragmatic and collaborative approach using rigorous methodologies and innovative approaches to deliver a seamless and value-added boutique service for clients. GlobeScan has developed and applies a powerful array of innovative analytical approaches and models that are at the leading edge of the fields of reputation, brand, sustainability, engagement and trends to provide a high order of structured counsel.

The second company is SustainAbility, a think tank and strategic advisory firm working to catalyze business leadership on sustainability. Founded in 1987, SustainAbility help companies earn and maintain trust innovate and lead the way to a just and sustainable future. Also, evolved alongside the broader sustainability agenda and helped to define and shape the unique role of business within it.

The two organizations have published the 20th edition of a report on companies seen by stakeholders as leaders in sustainability in 2014.

The research conducted by the authors of this report was carried out on the basis of a questionnaire to 887 stakeholders from 87 countries. Among stakeholders there have been also representatives of companies, governments, NGOs and research institutions. About 70% of respondents were over 10 years of experience in sustainability.

So, according to the research conducted, the experts interviewed consider that the largest contribution to the development of sustainability have social enterprises, NGOs and scientific researchers while government leaders show the least interest in such matters.

As it can be seen in Figure 2, the most important organizations, in the sustainability field, are those from nonprofit sector. According to the conducted study, stakeholders have often mentioned the big worldwide players as being the most sustainable companies.

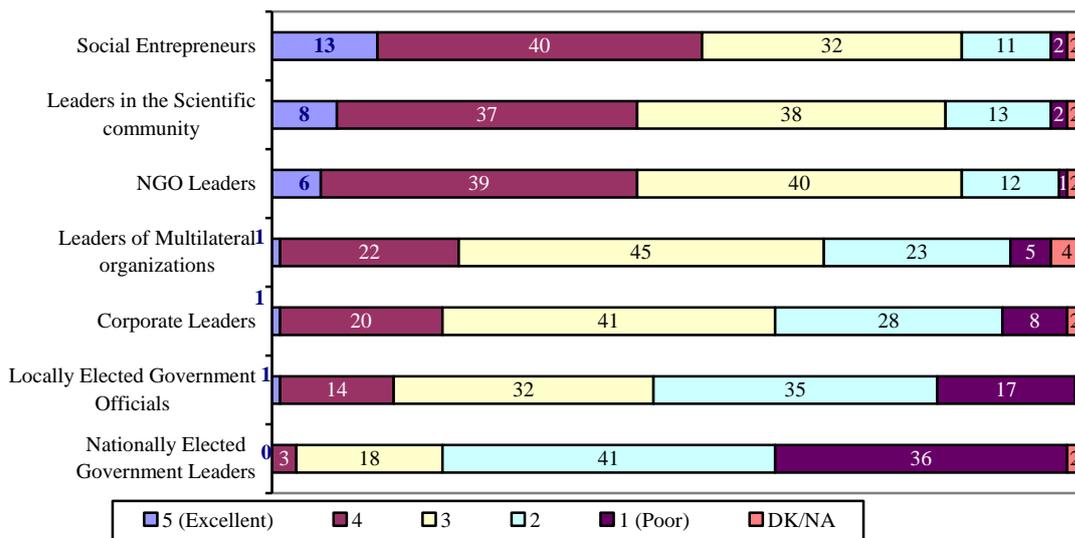


Figure 2. Stakeholders opinion about performance in sustainability by the type of organization

Source: adapted from *The 2014 SustainAbility Leaders Report* (2014)

According to stakeholders, the companies from consumer goods sector have the best performance when it comes to sustainability. So, Unilever was the company mentioned by most stakeholders as the most important leader in global sustainability. Unilever was followed to a big difference by Patagonia, Interface, Marks & Spencer, Nestle, Natura, Nike, GE, Walmart, Puma, IKEA and Coca-Cola (Figure 3).

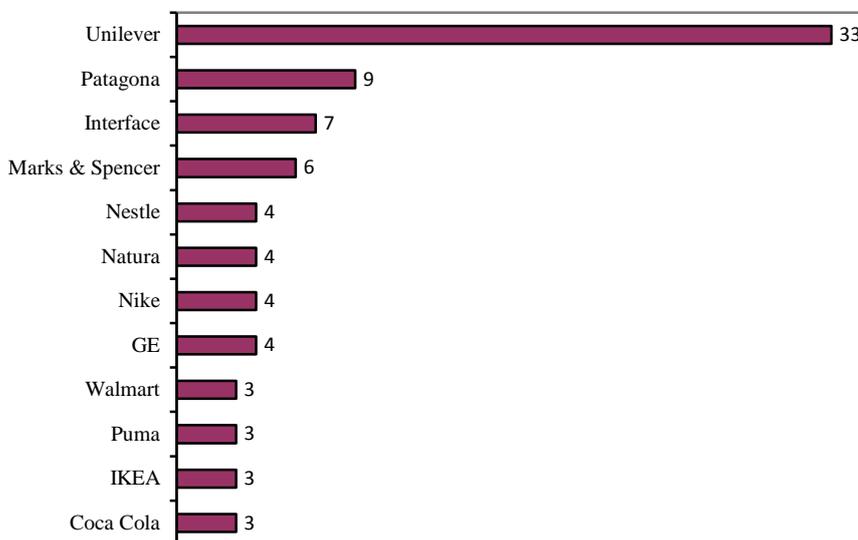


Figure 3. Leaders in sustainability in 2014 according to stakeholders

Source: adapted from *The 2014 SustainAbility Leaders Report* (2014)

One of the most important issues that a leader in sustainability must take into account is the integration of sustainability in the organization both at the vision and objectives level and performance. To fit an introduction to a company in the category leader in sustainability an important role is the development of sustainable products and services.

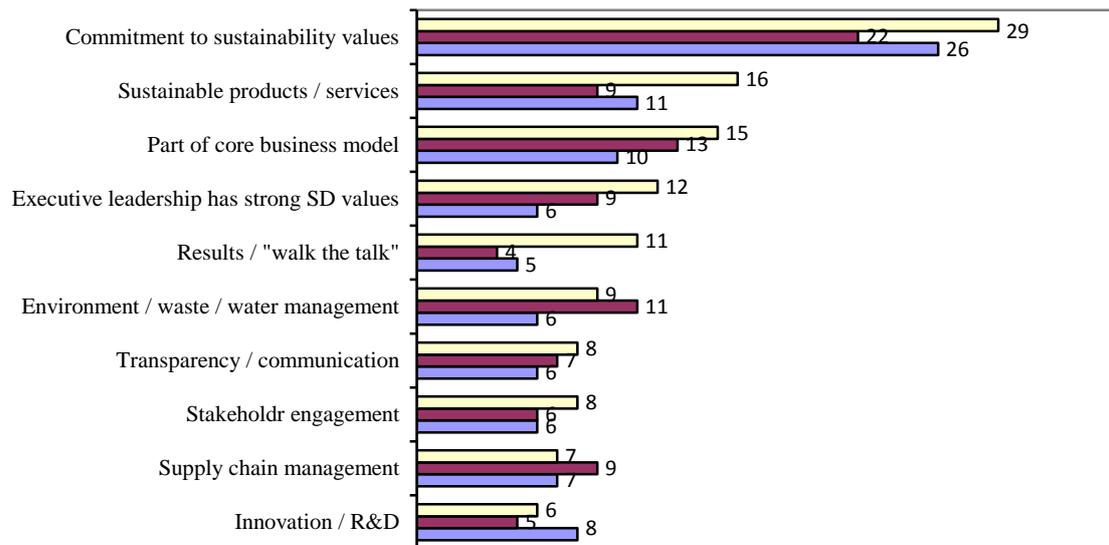


Figure 4. Leadership characteristics

Source: adapted from The 2014 SustainAbility Leaders Report (2014)

Figure 4 present the activities or fields in which leaders in sustainability should perform, in stakeholder's opinion.

The most important leadership characteristics is commitment to sustainability values as it shown in the figure above which include integrated sustainability values, ambitions targets or policies and long-term commitment.

5. CONCLUSIONS

The results of the research conducted by the authors highlight a number of issues related to some approaches regarding the corporate social responsibility concept and evolution and also a relationship between social responsibility, sustainability and performance.

Thus, the analyses on the literature review showed that there a many different ways to define the concept of corporate social responsibility. Corporate social responsibility also called corporate citizenship, responsible business and corporate social opportunity is a concept whereby business organizations consider the interest of society by taking responsibility for the impact of their activities on customers, suppliers, employees, communities and other stakeholders as well as their environment.

Taking into account the research results based on the survey carried out on 887 stakeholders from 87 countries, it result a top of the most sustainable worldwide companies in 2014. The most important organizations are those from nonprofit sector.

Organizations should make a difference between having performance and ensure sustainable performance by increasing their ability to meet the needs and expectations of customers and stakeholders in the long term.

The results of the study conducted by the authors can be a starting point for future research in order to achieve a top of the most sustainable companies in the European Union.

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