



# Leadership And Corporate Accountability

Lecture 13



## CSR's evolution

- ◎ Early definitions (1950s-1970s): broad and heavily rooted in the 'social' element
- ◎ 'Conceptualisations' and models (1970s-1980s): efforts to produce a model of CSR and its institutional role
- ◎ Business case grows (1980s-): research turned towards analysing the financial impacts and competitive advantages offered.


(See Carroll, 1999)



CSR Defined (1)

## World Business Council for Sustainable Development (1999):

*“The continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large”.*



## CSR Defined (2)

*“CSR is the commitment of business to contribute to sustainable economic development-working with employees, their families, the local community and society at large to improve the quality of life in ways that are both good for business and good for development”*  
(World Bank, 2008).

*“CSR is a commitment to improve community well-being through discretionary business practices and contributions of corporate resources”*(Kotler & Lee, 2005).

*“Social responsibility of business is to encompass the economic, legal, ethical and discretionary expectations that society has of organizations at a given point in time”* (Carroll, 1979).



## CSR Defined (3)

*“Corporate social responsibility is essentially a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment. At a time when the European Union endeavours to identify its common values by adopting a Charter of Fundamental Rights, an increasing number of European companies recognise their social responsibility more and more clearly and consider it as part of their identity. This responsibility is expressed towards employees and more generally towards all the stakeholders affected by business and which in turn can influence its success.”*

The Commission of the European Communities (2001, p.4)





CSR Defined (3)

*Primum Non Nocere*

- First, do no harm.

Hippocrates (460-370 BC)

Drucker (2007)





## Models of CSR

- ◎ There are many!
- ◎ Carroll (1979): pyramid of corporate social performance one of the most cited models
- ◎ Dahlsrud (2008): five dimensions of CSR

Carroll's pyramid

Julie's model?

Carroll's pyramid

◎ Four areas:

- Economic
- Legal
- Ethical
- Philanthropic

## Dahlsrud's dimensions

Dahlsrud (2008) reviewed several definitions of CSR in order to identify the areas in which CSR reached, finding five dimensions:

- Environmental
- Social
- Economic
- Stakeholder
- Voluntariness



## Business case

- ◎ Zadek (2004): shift from looking at CSR as managing risk to its role in creating value
- ◎ Davis (1960) highlighted that short-term costs may lead to long-term gains.
- ◎ How?
  - Reducing emissions – efficient (cheaper) supply chains
  - Employee retention – reduced recruitment and training costs
  - Customer loyalty as result of CSR

...but once CSR becomes a profit gaining activity does it cease to become CSR?



Large corporations – small business

- ◎ CSR causes implementation issues because one size does not fit all.
- ◎ Large corporations: standardisation and formulation
- ◎ Smaller business: organic structure, looser and informal.

...this leads to significant differences in CSR approach






Large corporations – small business

- ◎ Large corporations often have a CSR policy which is developed at board level and implemented from the top down.
- ◎ CSR in smaller businesses often seen as an additional activity (Jenkins, 2004; Schaper & Savery, 2004).
- ◎ Academic research is dominated by analysis of CSR in larger organisations



## A social contract?

- ◎ Foundations of CSR and corporate governance as old as the history of business (Bolton, Kim & O’Gorman, 2011).
  - ◎ CSR and corporate governance central to managing the contemporary relationship between business and society
  - ◎ CSR and corporate governance mutually beneficial and can add value to companies whilst maintaining a good relationship with society (Harjoto & Jo, 2011; Jo & Harjoto, 2011)
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