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The popularity of Corporate Social Responsibility: A strategic review

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Abstract :
Purpose: *This research paper aims to explore a research question: Why Corporate Social Responsibility (CSR) should be popularized instead of imposed?*
Methodology: *Answering the question CSR literature with the test of both theoretical and practical perspectives by following qualitative interview method. This research paper reviews the practical assessment of latest thinking about CSR. This research investigates three questions, these are: who are the investors of CSR, who makes decisions about CSR and potential implications of CSR?*
Findings: *Most relevant theoretical framework offers guidance to managers where CSR is morally attractive force of business through legislative power. Imposed questions are revealed to answers of first two questions are quiet apparent. The answer of third question is inference that indicates three major findings. These are: the costs of CSR remain unrecognized, it helps the managers to take decisions, and CSR have government and civil society implications which we scarcely think.*
Practical Implications: *The capacity of business can contribute to society that has proved through huge expenditure of firms. This paper concludes to encourage the business sensibly by using the popularity CSR as business duty.*
Value: *This paper provides vital information on CSR as a business function.*
Keywords: *Business Ethics, Corporate Citizen, Corporate Social Responsibility, Investors, Stakeholders*

I. INTRODUCTION

Corporate Social Responsibility (CSR) is a general concept of desirable constitutes business activities with special behavior to conduct business (Mackey et al, 2007). CSR is totally linked with business ethics that serves business motive of investors (Grayson and Hodges, 2004). CSR is a standard corporate behavior of stakeholders which is vast to social aspects and narrow to economic aspects (Hopkins, 2003). CSR is highly linked with corporate citizenship and corporate responsibility (Logsdon and Wood, 2002). The core terminology idea at business is vital playing economic role in the society that accepts willingness to get financial access. Business driven actions are supporting the stakeholders to gain profits and thus make sense for social responsibility and to preserve natural environment. The social expectations with vital consideration for competitive success at business appear to build CSR into social business development strategy (Hirschland, 2005). CSR strategies are appropriate response of firms for their business development that appears weak rather to extensive marketing (McKinsey and Company, 2006). The approaches of CSR refers to develop corporate codes of business ethics, preparing business reports and lunching public relations campaigns that is highlighted to social responsibility (Lantos, 2002). Davis (2005) approaches, that too defensive strategy addresses individual behavior, not business strategy. The strategy of public relations campaigns contains CSR contents that lead better performing, more competitive and responsible firm and brand value of firm increases a lot with brand recognition also that is key marketing strategy at modern business world.

II. CORPORATE SOCIAL RESPONSIBILITY (CSR)

CSR deals with a company's voluntary activities within the relationships of society and community stakeholders (Waddock, 2004). The responsibility of business ethics are consistent with the notion of corporations those have obligation of groups in the society those are prescribed by law (Robins, 2008). These obligations are extended to all groups of peoples those are stakeholders of company. Political demand may review by the companies after following the corporate image building initiatives to good works. CSR activities are prudent to explicitly that does not necessarily equate with high ethical standard at business operations (Hirschland, 2005). Business serves to maximum productivity and profit by meeting the demand of CSR with enthusiasts indefinite, distribute, and difficult to take business operations (McWilliams and Siegel, 2001). There has a business book on marketing issues and the subtitle is "Seven steps to make corporate social responsibility work for your business" (Grayson and Hodges, 2004). CSR includes working for social welfare for investing money to develop national policies on human rights, climate change, and anti-corruption (Porter and Kramer, 2006). CSR works for growing number of voices in society, especially in flourishing economies of the world, which is calling business to contribute for public and social welfare (Kotler and Lee, 2004). Therefore, some of the regulations are imposing as new corporate obligations for social development commitment from business organizations. Social responsibilities of firms at business encompass the economic, ethical, legal and discretionary expectations of society that has focused by firms as social problems to draw a conclusion for solving strongly.

III. THEORY: STAKEHOLDER, ORGANIZATIONAL AND STEWARDS

CSR is an activity of business organization and it has reasonable support from the theory of firm with analytical views (Galbreath, 2009). The extension of dominant theory of firm has mainstreamed as neo-classical theory of economics with the justification of few basic assumptions that plays "economic" role in the society (Robins, 2008). The control goes to "homo economics" as has driven to profit based focusing point of view that constrains on the demand of firms. Business goal is maximum profits through earning good return on invested capitals and to be a well known corporate citizen obeying by the law (Waddock, 2004). This concept is totally neo-classical economic thinking that leaves better place for CSR expenditures for social development and thus cut of firm's gross profit (Mackey et al, 2007). The managers of the firm are reviewed as hired professionals rather to owners of the firm that is relevant to "Principle-agent theory". The potentiality of different interests of owners and managers are highlighted as the costs of business to monitor the motivation of hired professional and agents. Stakeholder interests become less important to hired managers to pursue their own interests thus benefits for managers (Freeman and Phillips, 2002). Stockholder or shareholder theory helps to understand the motivation of hired managers to control their activities for serving shareholders interest.

"Organizational theory" has a broad economic view for firms rather than mainstream economics that deal with better ways for organizational success. The managers with key groups are dependent to shareholders for serving them to continue their jobs in relation to their financial benefits (Galbreath, 2009). Firm maintain various relationships with customers, employees, suppliers, investors and most importantly the communities within the market area for firm's products (Husted and Salazar, 2006). Legal contracts development between different relationship maintaining is having a stake for each group; those are performing interacting activities of the organization. The identification of all "stakeholder" groups is vital matter to continue the debate with the consideration of expert's opinions (Robins, 2008). The offers of stakeholder theory are lucrative where the manager's job is also considered as stakeholder perspective. The balancing interests between the stakeholders with the aid of all groups' efforts are making a place for organizational interests. The collective interest helps organizational interest growing and operation based tasks are supporting to stakeholders interests (Freeman and Philips, 2002). Stakeholders are taking priority silently if interests clash occur and stakeholder theory is unable to think about CSR.

There are two reasons for this failure and one is that stakeholder theory does not support to identify the groups of stakeholders and it remains unclear to managers (Merritt, 2004). Stakeholder approach to management with variety of principles those are working as signals to identify the stakeholders. This failure comes from another reason that is the lacking of actual offering of wide solution with the consideration of firm's real consequences. Stakeholder theory contributes more to buyer-supplier relationships with the identification of boundaries of stakeholder management concept (Heugens and van Oosterhout, 2002). The concept fails when the boundaries are not specified and after reaching this new addition, the problem becoming simpler with the consideration of consultant involvement in CSR (Kotler and Lee, 2004). Stakeholders are individuals and groups those may affect or be affected by the activities, decision making, policy development, practices and goals of a business organization. The list of stakeholders followed by a non-exhaustive ranging across the employees, customers, government, local communities, stakeholders, non-government organizations and the surrounding environment.

Second reason for the failure of stakeholder theory indicates the managers are taking necessary trade-offs among the interests those are competing at different stakeholders. Donaldson (2002) states that the stakeholder theory makes purposeful decisions by managers with unaccountable actions through them were evaluated. It is hardly surprising that the manager's attention goes to "stakeholders" which lack a contractual relationship with the firm and that mean against the background. Managers tends to be limited attention in terms of firms self-interested "reputation risk" evaluation these are stakeholders responsibility (Bloch and Finch, 2005). CSR includes non-profit objectives these are imposed into business motives, alongside the profit maximization motive. CSR advocates are providing support to hold ethical view to work for the sake of society (Robins, 2008). Different theoretical approaches are applied for the investigation of CSR at business management activities. This system is called "Stewardship theory" and has management view which is known as "Stewardship theory of management". This theory deals with the forwarding activities of motivational uncertainties those are highlighted at "Agency theory". The managers may be less individualistic, trustworthy and pro-organization, self-dependent, opportunistic at collectivist by the agency theory discussion (Kotler Armstrong, 2005). Managers are able to achieve their own goals by servicing best for interests of organization that has developed at Stewardship hypothesis (Matten and Carne, 2005). The difference between stewardship theory and agency theory has focused by Vaisanen (2006) who concludes the values of theories are prospective to explain the full range of documented managerial actions. CSR is arguable to stewardship theory in case of morality for social response. Stewardship theory deals with organizational satisfactory performance with stakeholder groups have interests and well served by increasing organizational wealth, where CSR is absent to invest profits for no direct income generation for organization.

IV. INVESTORS OF CSR

The prominent question is the huge volume of writing on CSR has done by these is a strange fact with little attention has given to the costs of CSR and who pays this costs. The donor and investors of CSR are vital and CSR activities are Moskowitz worked for validation of empirical relationship in 1972 by selecting 14 firms with good CSR activities and attempted to analyze thorough the Dow Jones Industrial Index (Robins, 2008).

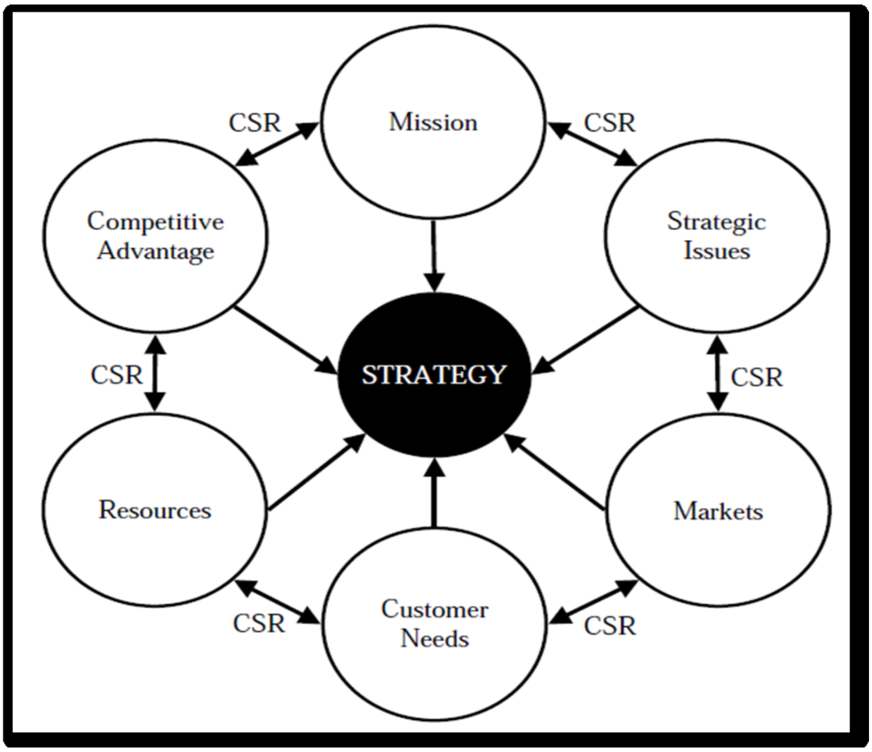
Another research has done as the opposite to the conclusion of that research that convincingly represents contradictory analysis. CSR activities run through costs that has assumed by the consequences designing with direct impact on corporate profitable ration of firm's income generator regulations (McWilliams and Siegel, 2001). The discretionary CSR must assume the expenditures those are funded out of gross profit and it can be counted as legitimate business expenses (Carlise and Faulkner, 2004). It may nonetheless be tax deduction from CSR funds at the same time and thus may remain viable for business organizations. If CSR is paid for both stakeholders and government, company pays tax for earnings, it become economic burden for company that is not reasonable (Kotler and Lee, 2004). Therefore, the firms are paying both tax and CSR expenses from their gross profit. As a direct consequence of CSR, a "de facto" payment is made for entrepreneurs and the government receives tax payments. It may be either good or bad but the universal system cannot be changed automatically (Hopkins, 2003). The problem with genuine CSR is that the expenses bearer is others where the business investments comes from the entrepreneurs own entitlements. The justification of CSR principles with universal applications indicates the distribution of corporate income is general case for all over the world.

Irrespective facto of CSR comes from the price which has to be paid, comes from the compensating rewards from business organizations. CSR is a zero-sum game and is always possible that the claims of CSR pay off for business (Porter and Kramer, 2006). The failure of finding empirical evidence is supporting the relationship between social responsibility and the financial performance of business organizations. The "Changing Our World" organization has reported at their Conference Board Leadership Conference on Global Corporate Citizenship, Hewson Baltzell, President of Innovest Strategic Value Advisors, 100 sustainable companies workforce develop on the basis of social, environmental, and strategic governance factors (Robins, 2008). The correlation between corporate citizenship and good financial performance cannot indicate that CSR directly causes financial success (Logsdon and Wood, 2002). The sensible note to income generation resulting from CSR activities has no direct consequences and thus goes against this background. CSR and revenue measurement is virtually estimated to precise benefit-cost relationships that are impossible (Merritt, 2004). The attempt to relate CSR expenditures to revenue is necessary to link with CSR with the influence of marketplace importance for business organization. Some arguments have found as managers are assuring the costs of CSR may not exceed the total benefits of the firm; others state that CSR is also an investment as much as cost "per selling" (Windsor, 2006). Corporate revenue and profits are balanced for maintaining the costs of CSR but the ultimate empirical question arise that what is the importance is not answering any case, but the answer is common, representative case. The weak positive correlation between price share and corporate social responsibility level correlation is not causality (Hopkins, 2003). It seems that the reasonable assume of CSR activities has convincing arguments at general case because CSR pays for itself.

V. DECISION MAKING ABOUT CSR

Decisions about CSR activities are vital those are taken by individual firms those are paying for them and are corporate managers for the firm. These are firm's most senior managers and they design the costs with their subordinates at local level (Bloch and Finch, 2005). The authority body for making decisions about CSR is experts those are self-appointed groups for making decisions about social and environmental issues of the community (Pearce and Doh, 2005). Public statements and international business organizations are illustrating the importance of CSR at society (Robins, 2008). Self-selected managers are taking decisions about CSR with the critical review of social and environmental conditions of the society and they are formerly responsible for their activities. The managers are taking decisions for CSR by following the firm's rules and regulations and they do not violate national law (Kotler and Lee, 2004). The decision making body comes from the society with social and environmental issues those are elected as the representatives of whole community. The best people of the community are making decisions and its helps to take wise judgments of social and environmental matters are affecting the community beyond the firm's activities.

Business organizational managers are working for distributing money for CSR with the discussion of local community people by understanding their problems and prospects (Kotler Armstrong, 2005). Managers assigning from the firm are relating CSR with firm's mission and other issues those has given at Galbreath's study. The figure of strategic decision making functions of firm's managers influencing factors has given below:



A. Figure: Impact of Corporate Social Responsibility for firm's decision making
Source: Galbreath, 2009, p. 113

The strategic decision is the central point of view of firm those are paying money for CSR and their mission to maximize profits has also relating with CSR activities (Mackey et al, 2007). Strategic issues, market area analysis and extension through CSR funding, developing customer needs by spreading propaganda that firm is paying money for social welfare, the usage of resource and competitive advantages of firms through CSR activities has reviewed by firm's managers (Galbreath, 2009). Customer oriented business functions are showing their activities for providing fund and to take strategic decisions along with social development are firm's manager's focusing point of view. Community people's representatives are thinking that the firm is paying large amount of money and they are also agreeing to provide few feedback through social marketing indirectly (Husted and Salazar, 2006). The social and economic bondage become strong through paying money for CSR and thus provides economic viability through local context.

VI. CUSTOMER DEMAND AND COMPETITIVE ADVANTAGES

Creating values for customers is a strategic mechanism of business policy that may serve indirectly through paying for CSR (Khurana et al, 2005). Market orientation and innovation of new techniques are vital for increasing customer's demand that may inform the community people through CSR payment to conduct social marketing. The impact of customer orientation dimensions at CSR activities with the design of social marketing is influencing the customers to the firm for their welfare activities at the society (Robins, 2008). This process shapes social related forces at markets and it extends with rising customer demands where social needs and issues appears. Competitive advantages refer to superior performance of firm's products and social welfare activities that can differentiate the firm from other firms (Bloch and Finch, 2005). Resource based view of firms are focusing through CSR activities and the firm become wide accepted to the community (Grayson and Hodges, 2004).

Competitive advantages indicates to produce products with lower unit of costs rather than other competitors that generates high return and differ the firm from competitors. CSR provides competitive advantages from acting at social responsibility that works for social reform and people can think that the firm is their own. This sympathy and thinking about firm can make good market in the community and people can know about the firm extensively (Galbreath, 2009). Economic functions and operational management decisions are viable for marketing but CSR works for extensive social marketing indirectly that comes from the social responsibility of the firm (McWilliams and Siegel, 2001). The firm pays directly for CSR and they are not thinking for any direct return of CSR paying money and its tax payment. CSR activities with funding can differ from other firms and it provides competitive advantages silently and community people's acceptance of CSR funding firm raise a lot and that helps for firm's corporate branding strategy development.

VII. POLITICAL CONSEQUENCES OF CSR

CSR activities evaluation makes clear image at unchallenged workforce for social welfare and development that is also social and political term (Lantos, 2002). This is world's huge money availability to broad community services through business corporations. It is free for society and the gist from the firms as their social awareness of a quiet magnitude today (Husted and Salazar, 2006). Business donations from both individual and collective are in a position of influencing diffident social matters which indicates their social role (Pearce and Doh, 2005). The traditional rules of government are sharing equally at present times and the equal opportunity for business is open for all (Hirschland, 2005). CSR funds are paying for poorer ones, developing recreational facilities, managing disasters, reforming infrastructures and its development etc. CSR expenditures may not exceed especially at poorest countries is getting priority from strategic decisions of firms responsible managers (Robins, 2008). Global pharmaceuticals and publishing companies are assuming the most powerful influences from their donations to nation's public health and public educational services. The influencing matters from donations are paying for schools, hospitals and the demand of community peoples are reasonable for funding arrangements of firm.

Business organizations are taking direct financial benefits but when they pay for CSR they are investing money for indirect financial benefits that works as social business growth and branding image development (Kotler and Lee, 2004). The society accepts commercial activities of a firm when the firm pays high amount of money for CSR that seeks social development and its neo-classical economic theory for business growth (Windsor, 2006). Business never separate activity at society because it serves for financial benefits to community people and when it works for social development by paying for CSR systems then it become social organization (Carlise and Faulkner, 2004). The donation from firms is working for social welfare and thus is political issue to handle by government bodies to assure more safety to firm's business operations. Private business is linked with peoples mind due to assuring their social responsibility activities and providing funds for social benefits are associated with government and politics (McWilliams and Siegel, 2001). The risk of business comes to face by the government for nursing child firms to develop country's won business organizations and it also depends on political leaders decisions. CSR incorporates business-government rivalry with neo-economic effect in society for positive development along with political decisions.

VIII. CONCLUSION

CSR activities are moral and totally ethical that supports high ethical standards in business along with board of directors of business organizations. Business regulations favor and legal sanctions seeks stakeholder role with formal role from non-government activities with social leadership development at corporate sector (Pearce and Doh, 2005). CSR is the best way of forwarding the society and other factors remain silent due to social welfare initiatives are taken from business organizations (Windsor, 2006). Business conserves resources for sustainable production functions for environment that finds destination to a decent human society by CSR activities (Mackey et al, 2007). Individual managers sense of responsibility for arranging funds from firms due to CSR activities that has ethical standard of raised through legislations. The ethical standard of business tends to work for society by neglecting the commercial dishonesty and irresponsibility in law (Robins, 2008). The development and improvement of law enforcement mechanisms are found at society that assures criminal penalty for secondary issues. The best status and regulations has set and developing by the demand of local community that helps to remove the social problems through CSR activities.

CSR expenditure examples, world's top 100 companies are listed on London stock exchange gave 0.97 percent of their pre-tax profits to charities and community projects (Visanen, 2006). The companies are sharing only 1 percent from their 34 investors for CSR activities (McKinsey and Company, 2006). The authors of this research have made a qualitative survey on Bangladeshi corporate persons and 74 percent of them are supported CSR activities and 20 percent remain neutral and rest are negatively marked this. Total 50 respondents answers have reviewed and the findings mentioning that the CSR is important at Bangladeshi social development and corporate citizens are supported this concept (Logsdon and Wood, 2002). The accountability of firm's production functions and government's initiatives are vital for Bangladeshi perspective those are added by most of the corporate respondents. The leading companies have economic impact on society by their effective business activities that identify corporate strategy for selecting significant community. The identity of CSR beneficiaries indicates proper interests of society necessarily with significant community stakeholders (Porter and Kramer, 2006). Another observed factor is the capacity of business to contribute at social welfare along with their commercial role of creating value for customers and contributing to economic growth of nation.

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