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Corporate Social Responsibility as an International Strategy

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FOREWORD

Corporate Social Responsibility has turned out to be one of the most persistent "management fashions" and business key words of the last decade CSR is considered by corporation's world wide as an increasingly necessary practice, following huge corporate (ethical) scandals and company breakdowns that have surfaced among once highly reputable firms.

It appears that the more notorious CSR becomes, the more misconceptions are drawn around its meaning. One may argue that these misconceptions are due to the inconsistencies in the growing academic debate around not only Corporate Social Responsibility, but also Corporate Governance, Corporate Citizenship and so on. Still, the root of this problem may lie deeper.

The "social" in Corporate Social Responsibility has divided both opponents of and advocators for any such inclusion of social and environmental concerns in corporate activity into two strict camps, none of which is satisfied with CSR as a concept so far.

There is a corporation-critical ideological camp which is in favour of greater state control over private corporations, and therefore perceives CSR as the opportunity of shifting the responsibility for many of the world's most "burning" problems like global poverty, injustice and environmental degradation on corporate shoulders as part of their political vision, this leading to their perception of CSR as it is now to thinking it is nothing more than a fig leaf, and not carrying matters far enough at all.

Strictly opposed to this, traditionalist economists push back from the word "social" as a matter of principle, as they fear regulation, public intervention, social welfare states, and thus the outright end of corporate freedom as the "foundation of free societies" when thinking of CSR.

These matters occupy the largest part of the public debate on whether legitimate social and environmental concerns are currently included in corporate decision-making and accounted for to a sufficient extent, and, arguably, the answer being no, what ought to be done about this.

This forms not only an undesirable deadlock situation, characterized by emotionality and ideological narrow-mindedness on both sides, but also currently traps a potentially fruitful CSR debate in the public eye between

the extreme ends of blaming corporations for every social ill plaguing this world, and outrightly denouncing CSR as a dangerously "subversive" idea.

By confining the potential of CSR, one is effectively putting an obstacle to a freer, less "prejudice-laden" approach to corporate business management; furthermore, suppressing what ought to be the main focus within the corporate world; which is 'actual business arguments'.

Decisions on what can be useful and beneficial to a corporation ought not to be rendered *prior* to having an honest look at them, and objectively weighing the respective opportunities and threats. Such ideologically biased thinking might hinder the exploitation of opportunities arising in today's faster than ever changing environments detectable only among "free spirits", true innovators, something that would ultimately do what is desirable for all involved in business, namely the best for private companies, for vivid, fair, and thus "sane", competition, and for societies at large.

The major goal of this work therefore is to have a look at this often used, but little known and understood concept of Corporate Social Responsibility as an increasingly important international corporate strategy.

For understanding CSR, its development closely linked to the history and social change of the 20th century has to be dealt with first. But equally important is a matter-of-fact approach to CSR for not only understanding it in theory, but for encircling *what* CSR is in concrete, in practice. This book thus has a look at the clear benefits a CSR strategy can offer to a company, as well as what is open to corporations when it comes to planning and implementing a CSR program other than a mere establishment of corporate codes of ethics. Can such value statements and sporadic charitable giving ever be enough to deserve the name "Corporate Social Responsibility engagement"? How much engagement is thus needed and *what* has to be done to render it effective rather than a "colossal waste" of time and money, as Bernie Ebbers, former World.com CEO cynically stated – *before* the huge corporate ethical scandal which made him and also his company stumble, obviously.

As for the practicability of CSR, driving and hindering factors impacting upon the respective success or failure of a company's CSR aspirations are, to my knowledge, for the very first time comprehensively elaborated here.

I want to make clear that while I do think sociological, philosophical, and socio-political as well as socio-legal viewpoints are all legitimate, and fruitful in their own respect, I deliberately want to stick to strictly business-oriented aspects here, for I believe that the former ones distract far too often from the actually very convincing business case supporting CSR, which will hopefully help further softening the strict viewpoints of determined CSR critics in the future.

The fundamental interest corporations take in avoiding ethical scandals as well as "mere" individual wrong-doing within their scope of activity is evident, as no one will deny the inherent threat of such malfeasance, and the consecutive damage done to the entire organisation's reputation and goodwill, inevitably leading to the destruction of corporate intangible assets. Due to this organisational dependence on organisational, but also on the harder-to-manage individual ethical behaviour of every member and associate of the corporation, social responsibility and professional ethics enhancement clearly work to the advantage of the corporation, even if they come at a short-term cost at first.

Aside such negative incentives for corporations to behave in socially responsible ways, more positive incentives considered here include the building of organisational commitment, intangible assets, positive corporate climate, employee motivation, and, through these, enhanced financial performance, attraction of ethically conscious consumers and investors, and achievement of considerable competitive advantage, all of which are underestimated so far in the CSR debate in my opinion.

Hopefully, the understanding business is "not an island", and can never be, as has been infamously stated many times, will be further enhanced for the sake of building and maintaining good stakeholder relations as well as a sane social and natural environment in which private business can prosper.

To sum up, the target of this book is to have a critical, yet friendly view on CSR from a business stance. The question to be dealt with here is how firms can, or should, help advance societal interests whilst acting in line with their own best self-interest, with due consideration granted to civil society's legitimate interests in counter-balancing unlimited exercise of power and influence by large corporations, which inevitably carry a potential of power abuse through considerably shaping the social climate and environment they are operating in within societies of the beginning 21st century – priorly just a vague fear to many, which has proven all too justified during the past two decades.

To conclude, it remains to be said that after initial academic thoughts on CSR dating back to the first half of the last century, and the recently increasing attention paid to it by business practitioners, CSR has worked its way in the conscience of the broader public.

Despite, or maybe rather precisely for its recent excessive presence in popular and professional media, CSR related theoretical concepts and practical strategies deserve much more attention now, namely in *substance,* not in amount of lip service paid, an end for which this book intends making a contribution.

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