Corporate Social Responsibility for a Sustainable Business

Waseem Bahadur[*] and Omar Waqqas

COMSATS Institute of Information Technology, COMSATS Road, Off G.T. Road, Sahiwal, Pakistan
*Email: waseembahadur@ciitsahiwal.edu.pk

Over the years businesses have adopted new dimensions that included corporate social responsibility, corporate governance, service dominant logic and sustainable business. Earlier it was argued that the only obligation of an organization is to provide financial benefits to its stakeholders and neglected the societal well being part of responsibility of the organizations. The other very important aspect which was ever taken for granted is being given due importance is ecology. The notion of a 'business case' for corporate sustainability has increasingly been used by the corporate sector, environmental organizations and by many others to seek justification for sustainable strategies by the organizations. No business can survive longer by disintegrating itself from these practices. So it has become the need of the hour to understand these terms and incorporate them in business social culture, to be part of responsible corporate citizenship in today's business world. This article will study corporate social responsibility (CSR) from theoretical perspective with a focus on triple bottom line (TBL) in terms of economic, social and environmental aspects. Triple bottom line will be a base in studying CSR for a sustainable business and the importance of TBL will be highlighted towards conducting sustainable businesses. The future of corporate businesses will be determined on the value that may be provided to customers by organizations.

Key Words: Triple bottom line; philanthropy; ethics; stakeholders

Introduction

Businesses are facing competition while providing services to customers both locally and internationally. At local and international level companies have to be concerned about the standards, competitors and about what they are providing to the customers. Today companies are moving towards internationalization and in that they have to meet the international standards to compete and succeed in the market. They also need to be concerned about environment, social and economic aspects if they want to meet the current market challenges. Companies are moving from products to services and are facing the issues of environment, social and economics that comes under the umbrella of Corporate Social Responsibility (CSR). These three elements or factors are very important for any company that wants to compete internationally and locally within the country.
CSR is — A concept whereby companies integrate social and environmental concerns in their business operations and interact with their stakeholders on a voluntary basis (Commission of the European Communities, 2006). This trend is clearly visible globally as more and more business owners have started to pay attention for social implications of their activities. Corporate social responsibility is a commitment by business towards ethical behavior

(Moir, 2001), when it all begins. It is not only about how companies manage the business processes to produce but an overall positive impact on the society (Baker, 2008).

Today those companies that are concerned with the Corporate Social Responsibility through its business are known around the world in service sector. H&M, IKEA, Starbucks, Lego and many other companies are working on the CSR aspects from years and are laying the foundations of CSR practices.

Conceptual framework of Corporate Social Responsibility

For decades it was under discussion, part of literature and topic of academic study that the activities that might be regarded as socially responsible need to be adopted by the companies (Heald, 1957, cited in Ullmann, 1985). Cannon (1992) debates the development of corporate social responsibility and relationship between business, society and government and identifies that the primary role of business is to produce goods and services that society wants and needs, however there is inter-dependence between business and society in the need for a stable environment with an educated workforce. Cannon, (1992:33) quotes Lord Sieff, the former chairman of

Marks and Spencer PLC: 'Business only contributes fully to a society if it is efficient, profitable and socially responsible'. Similarly, Wood (1991) states that 'the basic idea of corporate social responsibility is that business and society are interwoven rather than distinct entities'.

According to Blowfield and Frynas (2005) Corporate Social Responsibility can be used as an umbrella term for a number of theories and practices all of which accepts the following: (a) that companies have a responsibility for their impact on society and the natural environment, sometimes away from legal compliance and the responsibility of individuals; (b) that companies have a liability for the behavior of others with whom they do business (e.g. within supply chains); and (c) that business needs to manage its relationship with wider society, whether for reasons of commercial viability or to add value to society. This definition also gives the link between business and society through CSR.

The trend is clearly visible globally as more and more business owners have started to work on social implications of their activities. Corporate social responsibility is a commitment by business towards ethical behavior (Moir, 2001), when it all begins. It is not only about how companies manage the business processes to produce an overall positive impact on the society (Baker, 2008). But, as Carroll (1979) describes, it covers all the four kinds of responsibilities namely economic, legal, ethical and discretionary, which companies have to make a strategic decision. The development of the involvement of companies and the emergence of sustainability thinking in business together can be seen as a pro-active driving force (Edvardsson & Enquist, 2009).

CSR's role in tackling problems concerning corporate responsibilities of a company and its link with the society and environment has been a very controversial subject (Enquist, et al., 2007). It is normally professed that CSR is not what is written in company's code of conduct or annual reports. That is only one portion of total CSR plans used by the company. In general social responsibilities of an organization have to include all the three bottom lines: Ecological, Economic and Social.

Corporate social responsibility is not only about Philanthropy. The under lying theme of corporate social responsibility is that business and society are interlinked rather that distinct entities (Wood, 1991). CSR is also concerned with economic, social and environmental aspects and philanthropy is only a small part of social aspect. Corporate social responsibility is fast gaining importance as more and more firms are realizing its value (Chaudhry & Krishnan, 2007). Recently, business owners all over the world have started to think in terms of integrating CSR activities into their core business strategies and started to assess its repercussions gravely. Kotler and Lee (2005) mentioned CSR has to guarantee competitive advantage and strategic gains.

Sustainable Development

The real meaning of sustainable development is a constant affiliation among human actions, including the desires to get better their way of life and the sentiment of well-being on one hand, and the natural world's resources and ecosystem on the other. This concept aims not to reduce the prospects for future generations to enjoy a quality of life at least as good as our generations (Mintzer, 1992).

According to The Bruntland Report (1987) economic development, social development and environmental protection are the three dimensions that are concerned with the sustainable development. As per World Business Council for Sustainable Development (WBCSD) "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 the local community and society at large".

In 1981 Freer Spreckley first articulated the triple bottom line in a publication called 'Social Audit - A Management Tool for Co-operative Working' as he described what social enterprises should include in their performance measurement. The phrase was coined by John Elkington in his 1998 book Cannibals with Forks: the Triple Bottom Line of 21st Century Business (Brown, et al., 2006).

This concept aims to not diminish the prospects for future generations to enjoy a quality of life at least as good as our generations (Mintzer, 1992). In our opinion sustainable development is for the people itself, for everybody who uses the nature and wants to make nature long lasting for next generation. Nowadays people are using the nature in both direct and indirect ways which they may do not even know that they are going to destroy the environment, nature which finally will reverse to harm human itself, if the people in this generation do nothing. The influence of sustainable development is growing and accepted from all people. Moreover, due to the environmental issue, many researchers are concerning about environment that many natural resources can be run out if we do not use it wisely.

According to social, environment and sustainability reporting and organizational value creation by Gray (2006), organization can create value to the planet to be sustainable based on the logic of economic development. That mentions about the value creation in organization, we should consider the one

who can cooperate together, that are the stakeholders. It can be a group or individual affiliated to the organization, who perceive the value, share interest that can be both internal and external of the organization. However business sustainable society has complexity in implementing but it is the best solution to persuade the organization into better ways.

Corporate Social Responsibility

It is being noticed that Corporate Social Responsibility (CSR) has turn into an appealing topic; so far there is no accurate definition for this term. With regard to its nature it is a multi-disciplinary subject covering a broad range of issues in operating business. Different authors have introduced different definitions; some of them are as follows:

Carroll (1991) argues that these four categories as economic, legal, ethical and philanthropic of corporate social responsibilities can be represented as a pyramid, in which economic responsibilities are the foundations upon which all other responsibilities are based and without which they cannot be accomplished and philanthropic responsibilities are on the top of the pyramid.

Blowfield and Frynas (2005) defines CSR, as an umbrella term for a variety of theories and practices all of which recognize the following: (a) that companies have a responsibility for their impact on society and the natural environment, sometimes beyond legal compliance and the liability of individuals; (b) that companies have a responsibility for the behavior of others with whom they do business (e.g. within supply chains); and that (c) business needs to manage its relationship with wider society, whether for reasons of commercial feasibility, or to add value for the society.

Corporate social responsibility (CSR) is a citizenship function with social, ethical and moral responsibility among a company and its customers (Maignan & Ferrell, 2001).

These definitions are used to explain and understand the concept of CSR with other definitions by other authors and are used in terms of action and responsibilities to society and environment. This also explains about how an organization should incorporate social and environmental implication in their business procedures.

Tipple Bottom Line

Literature review shows that Triple Bottom Line (TBL) was first phrased by John Elkington in 1994 and subsequently in 1997 in his book Cannibals with Forks: the Triple Bottom Line of 21st Century Business (Elkington, 2004). TBL term was used by Elkington in public, together with an article in the California Management Review on "win–win–win" business strategies (Elkington, 1994), Sustainability's 1996 report Engaging Stakeholders and 1997 book Cannibals with Forks: The Triple Bottom Line of 21st Century Business (Elkington, 1997). TBL focuses on three aspects namely economic, ecological and social. TBL notion requires the responsibility of stakeholders rather than shareholders in order to increase the organization's value. This also consists of its profitability, shareholder values and its social, human and environmental capital (Savitz & Weber, 2006). Moreover, it attempts to put together not only the environmental and social aspects, but also the economic factors. TBL is a complicated approach; many companies are only in start to discover the real repercussions of its use and implementation. Also, it discusses about three important fundamentals together as environmental responsibility, social equity and economic performance. By implementing the TBL concept, several companies expect to be able to take more efficient and sustainable method to manage business risks, handle the concerns of society and to identify new business opportunities, as well as likely obstacles (Henriques & Richardson, 2004). TBL is mainly divided into three spheres that are also interlinked together as shown in Fig. 1 are discussed below:
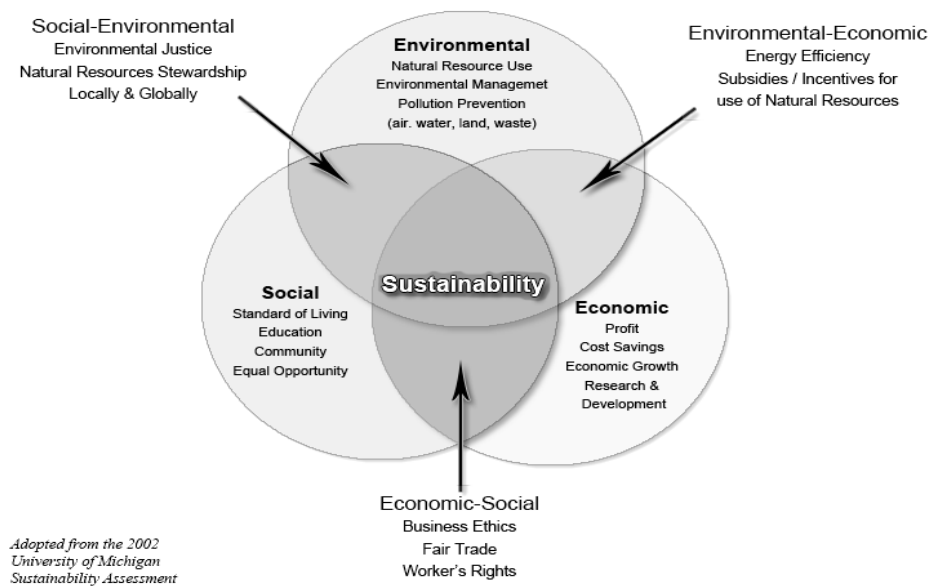
Figure 1: Triple Bottom line (Source: Sustainability Assessment and Reporting for the University of Michigan's, 2002, p.8).

i. Economic

TBL refers to both economic and financial bottom lines. Financial is concerning about money which is tangible, distributed and shared. On the other hand, economic is a concept that embraces the relationships between policies decision, institution, theories and choices that affects the production. Economic and social aspects cannot be separated and it is hard to reject the vital relationships that guide the economic institutions (Porter, 1998).

The Economic refers to the profits, cost savings, economic growth, research and development in an organization. The profit characteristic needs to be considered by a firm as the real economic benefit of the society. When economic aspect is integrated in social aspect (economic-social aspects) they come up with business ethics, fair trade and worker rights as per Fig. 1. TBL approach does not believe only in the organizational advantages but also the social profits where the ethics, behaviors and practices are reflecting the profit maximization to maintain the social and economic accountability and have a balance between economic and social elements.

ii. Social

Social aspect of Triple Bottom Line refers to standard of living, education, community and equal opportunity for all in the society. Furthermore the sustainable business helps towards the development of community and the region. This also take account of monitoring the labor, comply human rights, enhancing working conditions and making relationships with and among labor, as well as considering any indications of social responsibility which is achieved in the civil society movement (Bob, 2002). In Fig. 1, the social-environmental aspect discusses about environmental justice, natural resources stewardship locally and globally in the sphere of TBL.

iii. Environmental

Environmental aspect includes natural resource use, environmental management, and pollution prevention of air, water, land and waste as shown in Fig. 1. This element is related to the advantages of nature in order to uphold the available resources. The aim is to do no damage to environment and restrain environmental conditions as well as supervising and cautiously utilizing energy and resources at the same time decreasing manufacturing waste and contaminated materials before disposal so that the environment is safe and it is done in a lawful way (Schaltegger, et al., 2003). As in Fig. 1 environmental-economic aspect covers energy efficiency, subsidies or incentives for use of natural resources that can help the environmental resources to be sustainable and usable for the generations to come.

According to Henriques and Richardson (2004) by implementing the TBL concept, several companies expect to be able to take more efficient and sustainable method to manage business risks, handle the concerns of society and to identify new business opportunities

as well as likely obstacles. TBL focuses on three aspects namely economic, ecological and social. TBL notion requires the responsibility of stakeholders rather than shareholders in order to increase the organization value. This also consists of its profitability, shareholder values and its social, human and environmental capital (Sawitz & Weber, 2006).

Discussion and Conclusion

Organizations may engage in structured conversations to determine the meaning of this program for their businesses. It helps if they have first benchmarked against their competitors and industry peers. Companies need to pay attention to the "voice of the customers" and the voice of their stakeholders." The stakeholder engagement benchmark will also dictate how they define the term. There should be no standard definition, but one level of definition would be to consider documents such as ISO 26000, the UN Global Compact and other international guidelines. We need to move "beyond reporting" especially the use of only lagging indicators (results) in the reports. Performance frameworks (e.g., EFQM "Framework for CSR") need to be used to create leading indicators that will drive the results over the long term. Like in the stock markets, CSR needs to become a "looking forward" activity - not relegated to just reporting what is now in the past (lagging indicators). Many corporations would ultimately include CSR as a preventive approach to managing risk - ISO 31000. Many companies operate their CSR as a "bolt-on" activity. They may have separate sustainability and CSR groups. Structured conversations are the attempt to do what makes sense and to integrate all these activities and mainstream (embed) them into the day-to-day operations of all employees. Once we do this, we will be "off and running" with meaningful CSR programs. CSR leaders need to lead these structured conversations, but spend a lot of time listening and engaging.

A true CSR is to have companies fully embracing environmental and human challenges. For a company it is very difficult to change and integrate CSR in a short period of time therefore should be transparent on where the company is and share their 3-5 years plan. Ultimately, CSR would be fully part of companies' strategy and evaluation.

The concepts like triple bottom line (TBL), CSR Pyramid, Stakeholder theories and sustainable development come under the umbrella of CSR on a large scale. Their implications help the organizations to act in a responsible way towards a sustainable business practices.

There is a need to work in the area of sustainable business development by the organizations and to understand and implement them in the business processes. organizations should not only be considered in terms of economical perspective of business but other two important aspects social and environment must be incorporated in the business. The future of businesses would lie in customer satisfaction through providing them value that may be co-created by involving them in process of service development using CSR strategies.

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