Home Depot, the world's largest home improvement retailer, operates in the US, Canada, Mexico, and China. Home Depot supports "Team Depot," a volunteer program led by store associates that participates in community programs. Courtesy of Volunteer Canada

1

Conceptualizing Corporate Social Responsibility

Apartheid is an historical artifact for many people reading this book rather than a current issue or reality. Apartheid was a severe, state-sanctioned racial segregation practiced in South Africa and what was then called Rhodesia (now Zimbabwe). A white minority used apartheid to oppress the indigenous black populations. In the 1970s, Dr. Leon Howard Sullivan, a US minister, plotted a corrective course of action that became known as the Sullivan Principles. The Sullivan Principles were designed to help end apartheid in South Africa by placing requirements on US corporations wanting to conduct business in South Africa. Box 1.1 lists the final seven points to the Sullivan Principles (Leon H. Sullivan Foundation, n.d.). The Sullivan Principles, along with the divestment campaign of the 1980s, did exert some pressure on the South African government. The divestment campaign worked in tandem with the Sullivan Principles. Investors were asked to divest (remove investments) from any US companies that did not adopt the Sullivan Principles. College campuses were a hotbed of activity for divestment pressures in the 1980s. Campus protests brought attention to the issue and pressured universities to cease investing in corporations doing business in South Africa. While the Sullivan Principles alone precipitated very little change, the divestment campaign is credited with having a significant effect on eradicating apartheid in South Africa.

The Sullivan Principles and related divestment efforts are indicators of corporate social responsibility (CSR) making a difference on a global scale. Fair treatment of workers and socially responsible investing are recognized today as CSR. The Sullivan Principles provide a foundation for socially

Managing Corporate Social Responsibility: A Communication Approach, First Edition.
W. Timothy Coombs, Sherry J. Holladay.

Box 1.1 The Sullivan Principles

1. Non-segregation of the races in all eating, comfort, and work facilities.
2. Equal and fair employment practices for all employees.
3. Equal pay for all employees doing equal or comparable work for the same period of time.
4. Initiation of and development of training programs that will prepare, in substantial numbers, blacks and other nonwhites for supervisory, administrative, clerical, and technical jobs.
5. Increasing the number of blacks and other nonwhites in management and supervisory positions.
6. Improving the quality of life for blacks and other nonwhites outside the work environment in such areas as housing, transportation, school, recreation, and health facilities.
7. Working to eliminate laws and customs that impede social, economic, and political justice. *(added in 1984)*

Source: Leon H. Sullivan Foundation (n.d.).

responsible investing and, therefore, comprise a form of CSR as well. The focus of the Sullivan Principles was social improvement through the elimination of apartheid. The Sullivan Principles were not the first CSR effort or the first socially responsible investing guidelines to appear in the business world. However, the anti-apartheid efforts illustrated the potential power of CSR. Corporations were pressured to change their behavior not because their actions were illegal but because their actions failed to meet expectations for responsible behavior.

On December 3, 1984, the Union Carbide India Limited facility in Bhopal, India, leaked tons of deadly methyl isocyanate (MIC) gas. Bhopal quickly became the worst industrial accident in the history of the world. Estimates place the death toll at between 3,000 and 10,000 people in the first 72 hours. One estimate places the number of those who have died since being exposed at around 15,000. Between 120,000 to 500,000 people suffered permanent medical conditions from the exposure (Amnesty, 2009). Investigative reports since the accident all noted lax safety as the cause. Union Carbide's own investigation identified procedural violations and operating errors (Diamond, 1985). Many safety systems did not function, and overall the facility was in disrepair. This created a very unsafe operating environment that led to tragic consequences for employees and those living near the facility (Bedford, 2009).

People in the United States were concerned because Union Carbide was using the same chemical at a US facility. Union Carbide reassured US citizens that the facility in the United States was safer. That led some people to question the original safety commitment in Bhopal (Diamond, 1984). Here is one description of the safety discrepancies between Bhopal and the United States.

> Carbide had dropped the safety standards at the Bhopal plant well below those it maintained at a nearly identical facility in West Virginia. It is also important to note here that Carbide was able to operate its deteriorating plant because industrial safety and environmental laws and regulations were lacking or were not strictly enforced by the state of Madhya Pradesh or the Indian government making them indirectly responsible for the tragedy at Bhopal. (Trade Environmental Database, 1997)

The US facility was slightly different as it had fewer control systems and relied more on manual rather than automatic systems (Shabecoff, 1984). In fact, Union Carbide documents released during litigation indicated the Bhopal facility was built using some untested technologies (Trade Environmental Database, 1997).

Bhopal should not be forgotten so that it is never repeated. Bhopal stands as an appalling example of the exploitation of developing countries. The same deadly chemical was present in Bhopal, India, and in the United States. In Bhopal, the safety standards were lax from the start and were allowed to deteriorate. In the United States, the safety standards were maintained to a higher standard. Why the neglect in Bhopal? The answer is financial gain. Union Carbide saved money by requiring less rigorous safety standards in India and by not investing in preventative maintenance (Bedford, 2009). We cannot assume corporations will naturally act in a responsible or even a humane manner. This is not to say that all corporations are inherently evil and callous toward constituent safety. Bhopal reminds us that CSR may not be naturally occurring within the corporate environment. The allure of profit sometimes can be deadly for constituents.

Nike remains the leader in the athletic shoe and garment market globally. The brand is widely recognized around the world and associated with winning. In the 1990s, Nike became associated with sweatshops and exploitation of workers. Many nongovernment organizations (NGOs), such as Global Exchange and Sweatshop Watch, began to complain about the treatment of workers in facilities that supplied Nike with products and materials. This mix of religious, student, and labor groups noted problems with corporal punishment, low wages, forced overtime, inhumane working conditions, and child labor (Team Sweat, 2008). An awareness campaign used public relations to inform constituents about the origin of Nike products. Combining the Internet with traditional news exposés, the NGOs were able to exercise a significant amount of pressure on Nike to reform its practices. Constituents increased public awareness of supplier practices, and this created negative publicity and pressure for Nike to change (Carty, 2002). We should note that the sweatshop issue was (and continues to be) endemic to the entire garment and shoe industry, not just Nike. Nike was targeted because activists know that confronting the market leader maximizes the attention that activists attract for their efforts.

NGOs included universities in the United States as their targets for the Nike effort. Students used various public relations tactics to pressure administrations into changing contracts if Nike did not alter its business practices. US universities have lucrative athletic shoe contracts with major shoe manufacturers such as Nike, Adidas, and Reebok. The Nike labor case illustrates how public relations becomes translated into political pressure via financial threats. Negative attention on the supply chain created policy changes (Bullert, 2000). O'Rourke (2005) notes that the NGOs used public relations and marketing campaigns to alter global production and consumption. The public relations efforts shifted demand from "problematic to improved products" (O'Rourke, 2005, p. 116). In essence, socially responsible consumption was creating more socially responsible corporate behavior – consumers were pushing for CSR.

These three vignettes are all pieces of the mosaic that comprise corporate social responsibility. They offer different insights into CSR and its transformative potential while reminding us that CSR transpires within a business landscape, not some abstract utopia. In these three cases, corporations engaged in "bad behavior" while experiencing economic success. But the public scrutiny of their actions contributed to outrage and pressure for change. As we shall see, pressure for "responsible behavior" may originate from inside the organization (e.g., it is seen as central to its mission), or they may emanate from pressures outside the organization as we saw in the three cases at the beginning of this chapter.

The challenge in discussing CSR is that it is not reducible to one simple concept. Our examples illustrate how irresponsible corporate behavior may take many forms. Similarly, *responsible behavior* is not easily defined. Nor can concerns surrounding CSR be traced to one common history. CSR is a composite of activities drawn from different academic and professional disciplines. Moreover, what constitutes CSR actions will differ from country to country. The complex nature of CSR results in a challenging first chapter that explains the conceptualization of CSR we have developed for this book, identifies costs and benefits for the corporation and society, and demonstrates the value of a communication-centered approach to CSR.

Throughout this book, we refer to stakeholders, their relationship to CSR and the corporation, and their role in the CSR process. Edward Freeman (1984) provides the classic definition of a *stakeholder* as "any group or individual who can affect or is affected by the achievement of organizational objectives" (p. 46). How the group or individual affects or is affected by the organization is the *stake* that binds them to the organization. We acknowledge that this is a broad definition and can even include nonhuman entities such as the environment. Our communication approach to CSR focuses on the importance of stakeholders and the stakeholder engagement process in conceptualizing, implementing, and evaluating CSR initiatives.

Thinking in terms of stakeholders represents a way of classifying or segmenting people – dividing people into similar groups. That is why writers often refer to types or categories of stakeholders. The *stake* is used to create the categories for segmentation. Typical stakeholder categories include employees (for whom employment is the stake), members of the community (for whom living near the organization is the stake), customers (for whom the product or service is the stake), and investors (for whom financial interest is the stake). Stakeholders also can be conceptualized in terms of CSR concerns or interests. For example, some stakeholders are especially concerned about and segmented according to environmental issues like air and water pollution, depletion of natural resources, or organizational impacts on endangered species. Their interest in environmental concerns is the stake that binds them to the organization. Other stakeholders are concerned with human rights and labor issues. They may focus on issues like child labor, the rights of workers to unionize, or workplace safety. The concerns of stakeholders can change and lead them to redefine their memberships. For example, those living near or working at Union Carbide's Bhopal facility may have thought of themselves as having an economic stake in its success. But that stake may have shifted dramatically following the Bhopal industrial accident and be broadened to include health and life-and-death concerns. Stakes also can shift when people are made aware of the relevance of the corporation to their interests. For instance, campaigns have helped to inform consumers of the conditions under which their apparel is manufactured and have led them to demand change. Stakeholders, their relationships with corporations, and communication's role in this relationship and the CSR process comprise the major theme woven throughout this book.

Corporate Social Responsibility: Seeking Parameters

When introducing a concept, it is important to define that concept and to articulate its parameters. We cannot assume everyone is working from the same conceptualization. That is especially true for CSR since it lacks one accepted definition and is a concept utilized in a variety of academic and professional disciplines. Moreover, the actions that constitute CSR can vary widely. Conceptualizing CSR is much like trying to map sand dunes in a desert. We can see the dunes, but they shift over time in both location and the grains of sand that comprise the dunes. What we can understand about dunes is that they are composed of sand and that certain forces, such as wind, serve to shape them. As we conceptualize CSR, we need to take a macro rather than a micro view to identify common elements within CSR. In a way, we are treating CSR as a *philosophy* and a *process* that anchors practices that can transform organizational behavior. We realize not everyone will agree with this approach and how we conceptualize CSR. However, we need to make a stand somewhere, and hopefully our conceptualization will stimulate discussion – even if part of that discussion targets what people feel we have failed to include.

At its most abstract, CSR is about the role of business in society. Nobel Prize-winning economist Milton Friedman (1962) is the most notable voice to claim that the primary role of business is to make money. We cannot deny this conclusion because if businesses do not make money they cease to operate, resulting in lost jobs, tax revenues, and investments. But a CSR orientation challenges the notion that the pursuit of financial concerns should be the sole or even the dominant concern of corporations. Instead, businesses are urged to consider their effects on the entire range of stakeholders connected with their operations, not just the financial stakeholders. In addition, businesses must consider their effects on the natural and social environments. The CSR philosophy encourages businesses to use their expertise and other resources to improve society.

Defining CSR

Our conceptualization of CSR is influenced by definitions that have preceded this book. For example, we appreciate Werther and Chandler's (2006, 2011) characterization of CSR as both a means and an end. They explain that CSR is a means because it "is an integral element of the firm's strategy: the way a firm goes about delivering its products or services to markets" (2006, p. 8). CSR is an end because it "is a way of maintaining the legitimacy of its actions in the larger society by bringing stakeholder concerns to the foreground" (2006, p. 8). We concur and believe that CSR is both a means and an end, a process and an outcome. Being socially responsible necessitates a focus on business practices and the outcomes associated with those practices. Those outcomes are not merely financial; rather, outcomes include sensitivity to the impacts on stakeholders. CSR can best contribute to the societal good when CSR acknowledges and incorporates the concerns of the wider society.

Along the same lines, the European Commission (EC) defines CSR as follows: "A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis" (European Commission, 2010). This definition also joins business practices with stakeholder concerns. As reflected in the EC's definition and Werther and Chandler's (2006, 2011) work, we endorse the idea of *strategic* corporate social responsibility. A corporation's CSR initiatives should be driven by the organization's vision and purpose. What needs does the organization seek to meet? An organization may develop a mission statement and develop strategies for pursuing the mission that include CSR objectives. As Vogel (2005) states, many corporations are "doing good to do well" (p. 19). We see CSR as complementary to, not competing with, the corporation's mission.

We also concur with the European Commission and Werther and Chandler's (2006, 2011) view that strategic CSR focuses more on voluntary ethical and discretionary concerns that lack clear mandates for performance. We do not consider behaviors that are required by law to be part of corporate social responsibility. We assume corporations must conform to legal requirements, and CSR extends beyond those legal requirements to include additional voluntary initiatives consistent with the public good. We view specific *CSR initiatives*, the enactment of particular forms or means of pursuing CSR, as *voluntary*. That is, corporations select which (if any) CSR processes and activities to engage in and how to enact those. However, as noted earlier, the expectations of relevant internal and external stakeholders, irrespective of where those stakeholders may be located, may have a strong influence on CSR strategy. For example, corporations may be pressured by stakeholders to conform to certain expectations and be rewarded for doing so (through purchase decisions, support, etc.) and be punished for violating those expectations (e.g., through boycotts, negative word of mouth, or negative media attention). In a global society filled with multinational corporations (MNCs), a macro view of CSR would hold that the larger society itself functions as a stakeholder for the corporation. Along the same lines, many people may view the environment as a stakeholder. While it may seem too broad to conclude that we are stakeholders of every corporation in our known world, we may feel that as members of humanity we have a vested interest in the operations and effects of all corporations. Later in this chapter, we explore the tension between localization and globalization in a corporation's CSR orientation.

Based on the previous discussion of central concerns, we propose this definition of CSR: *CSR is the voluntary actions that a corporation*

Box 1.2 Definition of CSR

CSR is the voluntary actions that a corporation implements as it pursues its mission and fulfills its perceived obligations to stakeholders, including employees, communities, the environment, and society as a whole.

implements as it pursues its mission and fulfills its perceived obligations to stakeholders, including employees, communities, the environment, and society as a whole.

Our definition is sensitive to the "triple bottom line": concern for people, the environment, and profit. We believe that CSR initiatives involve voluntary actions. As mentioned above, if a corporation is required by law to perform an action, it does not qualify as a CSR action. Corporations must choose to exceed the minimum legal expectations. Some readers may notice that our definition (like many others) sidesteps the issue of specific business motivations for engaging in CSR. Although we have not included motivations for pursuing CSR as part of our definition, we note that CSR actions must be consistent – or at least not inconsistent – with an organization's mission. The mission is what the organization does to provide products and services that meet others' needs.

Our definition also acknowledges the importance of stakeholder expectations in influencing CSR initiatives. Corporations have obligations to stakeholders, and these include the obligation to understand and be responsive to stakeholder expectations. The phrase *perceived obligations* is included to denote that corporations can act only on what is known and accepted as legitimate. For example, stakeholders concerned with animal rights may believe that any corporations that serve meat are irresponsible. However, the fast food industry is built around supplying meat products to consumers. The industry would not survive without serving meat products. So the expectations of serving no meat would be perceived as unrealistic and would be rejected as inconsistent with their mission. However, the industry could meet with animal rights representatives to explore ways of trying to satisfy some expectations. In fact, this is what McDonald's, Burger King, and Wendy's have done to address issues related to the humane treatment and slaughter of animals they use for meat. We will explore these and other issues implicated in our definition of CSR in more detail in chapter 2 on strategic corporate social responsibility.

Benefits and Costs of CSR

The discussion of the benefits and costs of CSR is complex and riddled with ideology. The complexity stems from two factors. First, the benefits and costs of CSR must be considered from both the corporation's perspective and society's (stakeholders') perspective. Where is there congruency and where is there conflict between the benefits and costs for a corporation and society? Moreover, as chapter 1 illustrates, CSR is not simply one thing but a wide variety of activities. Second, the same argument is often used as both a benefit and cost of CSR. For instance, CSR is said to both reduce the competitiveness of a corporation (a cost, because engaging in CSR can consume resources) and increase the competitiveness of a corporation (a benefit, because the CSR effort can attract positive attention). The interpretative frame is largely a function of ideology. Those who favor the free market and profit view of corporations may view CSR as decreasing competitiveness, while those who support the business case for CSR favor CSR as increasing competitiveness. Although there is a lack of consensus in the existing data on CSR costs and benefits, trends are emerging. This section navigates the complexities of CSR costs and benefits by reviewing the arguments that managers should consider when developing their cost-benefit analysis for CSR.

Two Sides of CSR Cost-Benefit Analysis

Managers should construct a CSR cost-benefit analysis around their own organization. How is CSR – as a process and as a general outcome or end – a benefit for their corporations, and how is it a cost? This analysis is complicated by the fact that CSR is not unidimensional. Myriad initiatives count as CSR. But we recommend that managers begin with the general idea of CSR (the philosophy) and then move to considerations of specific activities that might mesh well with the corporation's mission and stakeholder expectations (the means or process).

But that is only half of the CSR picture. Managers also must consider the effects of CSR on society. How will engaging in CSR benefit society, and how will engaging in CSR activity cost society? CSR is about infusing a variety of stakeholder interests into the corporation's thinking and strategy. Focusing solely on the corporation's concern recreates a corporate-centric perspective that marginalizes social interests while privileging financial concerns. A corporate-centric perspective not only devalues society but also may alienate nonfinancial stakeholders, lead to criticism, and make it more difficult for the corporation to operate. Therefore, management must consider the CSR costs and benefits associated with society and stakeholders. The two cost-benefit analyses are related. For instance, a failure to address CSR concerns can create stakeholder churn – where stakeholders mobilize against an organization (Marquez & Fombrun, 2005; Sethi, 1977) – and create costs for the corporation.

We have developed a summary table for the CSR cost-benefit analyses. Table 1.1 includes separate lists of primary costs and benefits for the corporation and for society. The list, though clearly not exhaustive or mutually exclusive, provides a starting point for the discussion of CSR costs and benefits.

CSR Costs for Corporations

The CSR costs for corporations often are seen as rooted in Milton Friedman's view, mentioned earlier in this chapter, that the primary purpose of a business is to make money for shareholders (Friedman, 1962, 1970). Let us reconsider that view before reviewing CSR costs. In Friedman's (1962) words,

> There is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profit so long as it stays within the rules of the game, which is to say, engages in open and free competition, without deception or fraud. (p. 133)

Friedman is advocating for the free market ideology, and that does not entirely rule out social concerns. For example, the market (stakeholders) shapes the actions of business through their investing and consumer behaviors. That means the market can demand social responsibility from businesses, thus creating a scenario where social and financial concerns become complementary if not isomorphic. The business case for CSR is tied to free market ideology as well. However, businesses are not compelled to address social and environmental concerns if strong market pressures are absent.

We have distilled our discussions of CSR costs for corporations into three major themes. First, the dominant theme associated with costs for corporations is that CSR initiatives detract from the business's focus on profits. Profits, efficiency, and competitiveness are reduced by CSR spending; customers ultimately will bear the costs of CSR; management is distracted by CSR and does not focus on strategic organizational goals; and shareholders suffer less return on their investments. From this perspective, CSR is essentially a financial burden for the corporation and its stakeholders. Moreover, managers must devote part of their time to CSR, and this detracts from profit making. The new demands of CSR become a distraction, represent a financial loss for the business, and are a time drain on management.

Table 1.1 CSR costs and benefits

CSR Costs		*CSR Benefits*	
Costs to the Corporation	*Costs to Society*	*Benefits to the corporations*	*Benefits to Society*
Businesses have a legal obligation to manage the company in the interest of shareholders – and not other stakeholders. Large capital investments (e.g., in green technology) may be difficult to justify to shareholders who invest for the short term. The pursuit of social goals dilutes businesses' primary purpose. Stock devaluation may occur if financial analysts see the CSR initiatives as too costly. The efficient use of resources will be reduced if businesses are restricted by CSR in how they can operate. Developing and implementing a CSR policy will be a complex, costly, and time-consuming activity. CSR costs will be passed on to consumers and reduce competitiveness. CSR places unwelcome responsibilities on businesses rather than on governments or individuals. Failing to meet stakeholder expectations will create churn. Stakeholders will place increasing CSR demands on organizations that commit to CSR. Employees may fear that CSR threatens their jobs.	Discourages government regulation and uniform application of rules. Stakeholders may be co-opted by the corporation. Marginalized stakeholders may remain marginalized. Environmental and social degradation may continue without CSR. Governments and social welfare organizations may allow corporations to determine what is in the public interest. CSR-related costs may simply be passed on to consumers.	CSR can help avoid excessive governmental regulation. CSR initiatives can enhance the social legitimacy of the corporation. Socially responsible actions can be profitable; CSR can create cost-saving improvements. CSR can improve the corporation's reputation. CSR initiatives will be attractive to some investors. CSR profiles will attract customers. Employee motivation and identification may be increased. CSR can enhance their identity and corporate culture through values reinforcement and an other-orientation. Discussions about CSR encourage employees to think in new ways and develop new skills. CSR initiatives may attract positive media coverage. An improved stakeholder environment will benefit the corporation by reducing churn. Partnering with other organizations and/or third parties to share ideas can enhance capabilities, credibility, visibility, and reputation.	CSR helps to correct social and environmental problems caused by business operations. CSR holds corporations accountable for their actions. CSR leads corporations to avoid externalizing costs. Dialogue and partnerships among diverse stakeholders are encouraged. CSR programs encourage corporations to see a wider range of perspectives. Successful CSR initiatives lead other corporations to imitate those initiatives. CSR contributes to social justice. CSR can supplement governmental and social welfare programs to improve social and environmental concerns.

Note: The inventories of costs and benefits presented here are not intended to be exhaustive. They represent common arguments for and against a CSR philosophy and/or initiatives.

A second major theme linked to CSR costs for corporations is that social issues are outside of the responsibility and expertise of businesses. Governments, not businesses, were designed to address social concerns. How can managers effectively identify and address social concerns? Corporations are not responsible for social concerns and lack the skills to confront them. Corporations should leave social issues to those best suited to addressing them (Friedman, 1970; McMillan, 2007).

The final theme is the corporation's loss of power and control. At various points throughout this book, we address how corporations' use of collaborative decision making requires sharing power and control over decisions with stakeholders. Also, simply adjusting business policies to accommodate stakeholder complaints cedes some power to stakeholders. Some critics of CSR consider power sharing a dangerous proposition because it represents a concession to stakeholders. They see concessions as signs of weakness that will encourage other stakeholders to make demands and push around the corporation. Corporations must be free to pursue their business operations, and accommodating stakeholders could interfere with that mandate.

CSR Costs for Society

The dominant concern surrounding CSR costs for society is that the success of CSR actually creates harm for many stakeholders. First, if CSR efforts are successful, there will be no government regulation of business. In essence, the CSR efforts become a form of industry self-regulation. Corporations favor self-regulation over government regulation because it is cheaper and corporations control the content and enforcement of the rules. Application can be spotty if the CSR is not codified into a specific set of self-regulatory guidelines. If CSR practices are assumed to be self-regulation but are not formalized, corporations are free to choose whether or not to engage in the suggested CSR practices. This includes the possibility that some corporations will simply ignore the rules in favor of operating in their own self-interest and produce negative consequences for society. CSR initiatives cannot substitute for government regulation of business. If CSR is ignored or is superficial, there will be social and environmental degradation. Society becomes a worse place due to business practices.

The second theme concerns the role of governments versus corporations in supporting social welfare and is interrelated with the first theme of self-regulation. Society may suffer if corporate efforts are expected to substitute for government efforts to address social problems. Corporations should not make decisions that previously were made by democratically elected governments and social welfare organizations. Ideally, governments should be more aware of and better suited to addressing the social concerns and problems of their people. Relying on corporations to adequately confront social problems essentially externalizes government costs to organizations. Corporate interests are relatively narrow compared to what should be the broader focus of a government designed to represent the interests of the people.

Third, the stakeholder engagement process that characterizes "best practices" in CSR has the potential to co-opt stakeholders. Stakeholders may begin to see the world from the perspective of the corporations and lose their own identity and vision for CSR. The stakeholders become part of the problem when they think they are helping to create a solution. Co-optation fears are real. This idea is elaborated in our discussion of stakeholder-corporate partnerships in chapter 6. In addition, marginalized stakeholders are likely to remain on the fringe. Their lack of power and voice makes them easy to overlook when engaging more salient stakeholders (e.g., Prieto-Carron, Lund-Thomsen, Chan, Muro, & Bhushan, 2006).

CSR Benefits for Corporations

Although there are numerous benefits for corporations that engage in CSR, we focus on two primary themes. Benefits for corporations reflect themes related to reducing business costs and enhancing reputations. Corporations are profit conscious and seek ways to minimize costs. Stakeholder support for a corporation can reduce the costs of doing business. CSR may reduce stakeholder churn, enhance the social legitimacy of the corporation, and help to avoid costly government regulation (Levine, 2008). CSR initiatives themselves may reduce costs when they focus on issues like sustainability, energy efficiency, and renewable resources.

Corporations benefit from a favorable reputation. A corporation's CSR initiatives may attract investors, employees, consumers, and positive media coverage. Socially responsible investors will be interested in corporations with a strong CSR identity. Talented potential employees (as well as current employees) could find working with a socially responsible corporation intrinsically rewarding. Aligning stakeholder interests and corporate interests builds identification with and support from stakeholders. This idea is elaborated in chapter 2's discussion of strategic CSR. In addition, consumers may be attracted to companies with a positive CSR record (Bhattacharya & Sen, 2004; Sen & Bhattacharya, 2001; Vogel, 2005). Consumers can support the corporation through purchases as well as positive word of mouth and online communication. Traditional and online media may highlight the activities of socially responsible corporations and help cultivate a positive reputation (Tench, Bowd, & Jones, 2007).

This is merely a brief inventory of positive outcomes that may derive from CSR initiatives. This book includes numerous illustrations of these benefits and offers recommendations for realistically appraising and confronting the challenges of implementing successful CSR programs.

CSR Benefits for Society

Society benefits when corporations take responsibility for their actions and impacts on society. For example, CSR initiatives can discourage corporations from externalizing their costs. *Externalized costs* are costs that are passed onto others in the environment. This includes profiting from externalities like pollution, the consumption of natural resources, and the exploitation of marginalized groups in society. Although the exploitation of shared (societal) resources can be externalized by the corporation, CSR initiatives help hold corporations accountable for these externalities. Corporations can be pressured by stakeholders to recycle, invest in more environmentally friendly technologies, and engage in labor practices that respect human rights.

Another common theme in discussions of CSR benefits to society is how recognizing shared social concerns can lead diverse corporations and groups to work together. Pursuing shared social concerns might unite corporations, including NGOs and other organizations interested in similar concerns. Partnering with other corporations can help to pool resources like expertise, financial capital, and social capital and thereby amplify the good that can accrue from these collaborations.

Imitation is not a bad thing when it comes to CSR initiatives. Corporations look to enhance their success and are quick to mimic successful businesses. If corporations see other corporations achieving positive outcomes such as increased profits, more favorable reputations, and positive media coverage when they pursue CSR initiatives, they may try to mimic the corporation, and more societal good will be done. Although criticism may arise when businesses seem to “jump on the CSR bandwagon,” following the lead of other corporations with successful CSR programs could magnify positive societal outcomes.

This discussion of the costs and benefits of CSR to both corporations and society has illustrated common concerns surrounding the development of CSR programs. Issues surrounding these costs and benefits are addressed at various points throughout this book.

Winning and Sustaining Support for CSR

One reason for reviewing the corporate costs of CSR is to prepare managers for attacks on proposed CSR efforts. The corporate costs represent the likely reasons why other managers will oppose CSR efforts. Pro-CSR managers must be ready to refute these arguments against engaging in CSR. The best option is to be aggressive from the start by formulating arguments in favor of the corporation's involvement in CSR, anticipating the attacks, and developing messages designed to counter the attacks against CSR. As we know from decades of persuasive research, people who oppose an idea are unlikely to be convinced to support it. Persuasive communication is designed to reinforce positive attitudes and to win support from those who are generally undecided or neutral on the topic. Presenting the case for CSR and specific CSR efforts can be more effective when the potential attacks are anticipated and incorporated into the initial messages.

When presenting the case for CSR, managers should acknowledge the potential costs to the corporation. The technical term for this strategy is a *two-sided message*. The two sides are the benefits and the costs of CSR. Other managers are educated, and educated audiences prefer two-sided messages (e.g., presenting both costs and benefits) over one-sided messages (e.g., presenting benefits only). The next step is to include refutation in the two-sided message. A refutational message includes reasoning that explains why the opposing argument (e.g., cost) is wrong or much weaker than the primary argument (O'Keefe, 2002). The message provides reasons for rejecting the cost-based attacks on the CSR efforts.

Refutational two-sided messages are persuasive initially and in the long run, in comparison to one-sided or nonrefutational two-sided arguments (Miller, 2002; O'Keefe, 2002). The long-term effect is important in the organizational setting. We want others to remain committed to CSR. The initial push for the CSR efforts can build a base of support. That base of support can erode over time as opponents begin to argue against the CSR efforts. However, the use of refutational two-sided arguments "inoculates" supporters against later critics who oppose CSR. A persuasive message is fortified (inoculated) against those arguments designed to weaken it (Miller, 2002; Pfau, 1992). By presenting and refuting the cost arguments from the beginning, the pro-CSR managers should gain support for CSR that remains robust over time. People in the organization have the information necessary to resist the arguments offered by the opposition (Miller, 2002). Follow-up CSR messages can reinforce support as well. An initial refutational two-sided argument coupled with occasional reinforcing messages should create sustained support for CSR efforts.

To help managers craft their pro-CSR messages, we have identified possible counterarguments to the most common attacks based on the organizational costs of CSR. The most common attack may be loss of profit or lack of return on investment (ROI). True, some studies fail to demonstrate any financial benefit from CSR. However, the bulk of the studies do prove there is a financial return. Hence, CSR is not just a cost. The likelihood of a financial return is enhanced when the CSR effort is strategic and communicated effectively.

A second point of attack against CSR is that social concerns are outside of corporate responsibility and expertise. But stakeholders now expect corporations to address social issues, especially those related to their businesses. It will be costly for a corporation to ignore this societal trend. They can no longer afford to deny the responsibility. Engaging stakeholders will provide added expertise to CSR efforts and contribute to success.

Finally, there is the concern over the loss of power and control. We need to ask, "Are stakeholders enemies or allies?" and "Is it better to consider stakeholders allies rather than enemies?" The amount of power and control that is shared is relatively minimal and should be beneficial to both sides. The CSR expertise of the stakeholders will improve the quality of and the benefits derived from the co-created CSR efforts. It is better to embrace stakeholders as allies than to fear them as enemies. The shared power and control can yield valuable returns for the corporation.

Other Conceptual Questions about CSR

A precise and comprehensive history of CSR is problematic. Experts disagree as to when CSR was first used, and no single academic or professional discipline can claim it. So we are left with some important yet bewildering questions:

- Is CSR a relatively modern development or a concept that has appeared sporadically throughout history to influence businesses?
- What behaviors count as CSR?
- Is CSR's "home" located in accounting, marketing, or public relations, or should it be a separate unit unto itself?
- Should CSR standards be localized or globalized?

Addressing these questions helps us to begin setting parameters for what constitutes CSR.

CSR: Modern or Historic?

Is CSR a relatively recent phenomenon or part of a long but sporadic chain of thought in business? The answer is both. CSR can trace its roots to a number of ideas, including social investing and social audits of businesses. The concept of *noblesse oblige* originated with concerns over the proper behavior of nobles toward others. The assumption was that privilege brings with it responsibility: "nobility obligates." The concept has evolved to the idea that responsibility is commensurate with wealth, power, and prestige. It should be noted that the term has been applied in a mocking fashion to CSR. However, the phrase demonstrates the roots of concern over obligation to society and how concerns with effects on society predate modern corporations (MerriamWebster.com, n.d.).

Social investing can be traced back as far as the 1700s. The early socially responsible investing (SRI) movement had religious origins with links to the Quakers (avoiding businesses in the slave trade) and Methodism (Wesley's urging to avoid companies that caused harm to workers such as the tanning of hides). However, it would be incorrect to say SRI was widespread globally since the 1700s (L'Etang, 2006). The concept of SRI requires stakeholder knowledge of corporate actions relative to some standard of social performance, thus introducing the concepts of social accounting, social auditing, and social reporting. *Social accounting* is the collection and measurement of social performance. *Social auditing* is the assessment of a corporation's performance against some specified criteria. *Social reporting* is the dissemination of the social performance evaluation to stakeholders (Hess, 2008).

Social accounting, audits, and reporting were developed to provide a richer picture of a business' responsible and irresponsible behavior. Stanford professor Theodore Kreps used the term *social audit* in the 1930s to describe businesses reporting their social responsibility. Kreps was seeking to extend the evaluation of a corporation's societal contributions beyond financial concerns to include social concerns such as health, education, and international peace. In the 1950s, Howard Bowen sought to develop a system that auditors could employ to assess concerns such as human relations, community relations, and public relations. Kreps envisioned social auditing as an external assessment of a corporation's contribution to society. Bowen, on the other hand, conceptualized social auditing as an internal mechanism to help managers understand their corporations better (Hess, 2008). This distinction actually marked the start of the tension between the public and private applications of social auditing. While the idea of CSR existed, it was not prominent in either the academic writings or businesses practices. It was not until the 1970s that the term CSR became widely used in discussion, but it was still with limited application.

The 1970s witnessed the crude introduction of social reporting by businesses. Some annual reports began to include sections on the environment. This development corresponded with the increased societal interest in the environment. The term *crude* is used to describe the reported use of information that focused on the value of the environment without providing information about corporate performance relative to the environment. In fact, it would be safe to conclude that most of these early social reports were *greenwashing*, efforts to benefit from a corporation's green efforts without truly committing to a green agenda (Marlin & Marlin, 2003). Hess (2008) reported that, in 1974, 76% of major corporations conducted social audits. However, most were produced for internal consumption and never made public. Ben & Jerry's led the move to hire social auditors for creating social reports. They hired a social auditor in 1989 to evaluate their corporate social performance. The use of social auditors marks what can be termed the *second phase of social reporting*.

In the 1990s, social auditing (and reporting) started the movement toward normative behavior in corporations. During this time, social investors and consumers began voicing their concerns, and this led to the refinement of environmental auditing. Most importantly, the Global Reporting Initiative (GRI) began in 1997. The GRI provides guidelines for what should be included in social reports (Hess, 2008). Additional information about the GRI and ISO 26000 performance indicators is provided in chapter 6. The third phase of social reporting involved the use of third-party certification of reports and certification by groups that compare corporate performance against specific social and environmental standards. The first of the third-phase reports appeared in 1998 and were created by Social Accountability International (SAI) (Marlin & Marlin, 2003).

The new millennium witnessed a growth in both certifying bodies and corporations creating social reports. In 2000, only 50 corporations made their social reports (social audit results) publicly available. By 2007, that number had reached over 1,000 (Hess, 2008). Among the certifying bodies are FairTrade, the Forest Stewardship Council (FSC), and the International Federation of Organic Agriculture Movement (IFOAM). Box 1.3 provides a summary of the standards utilized by the FSC. The certification process includes certified auditors conducting onsite inspections. A number of the certifying bodies have united to form the International Social and Environmental Accreditation and Labeling (ISEAL). The social audit and social reporting link CSR to accounting given the connection each has to SRI.

Overall, social reporting (the results of social audits) is designed to improve a corporation's social performance by verifying that it is contributing to social betterment. To put it another way, social reporting documents changes in corporate behavior to improve social concerns. Hess (2008) distills social reporting into three pillars: (1) dialogue, (2) development, and (3) disclosure. *Dialogue* involves understanding what social concerns are important to a corporation's stakeholders so that a corporation can address shared social concerns. Chapter 2 examines this topic in more detail under the guise of engagement. *Development* is how the corporation embodies these social concerns and improves society. *Disclosure* publicly displays a corporation's behavior so that stakeholders can determine whether or not the corporation has lived up to the espoused shared social concerns. The

Box 1.3 Forest Stewardship Council (FSC) Standards

Forestry Stewardship Council Principles and Criteria

Principle 1: "compliance with all applicable laws and international treaties"
Principle 2: "demonstrated and uncontested, clearly defined, long-term land tenure and use rights"
Principle 3: "recognition and respect of indigenous peoples' rights"
Principle 4: "maintenance or enhancement of long-term social and economic well-being of forest workers and local communities and respect of worker's rights in compliance with International Labour Organisation (ILO) conventions"
Principle 5: "equitable use and sharing of benefits derived from the forest"
Principle 6: "reduction of environmental impact of logging activities and maintenance of the ecological functions and integrity of the forest"
Principle 7: "appropriate and continuously updated management plan"
Principle 8: "appropriate monitoring and assessment activities to assess the condition of the forest, management activities and their social and environmental impacts"
Principle 9: "maintenance of High Conservation Value Forests (HCVFs) defined as environmental and social values that are considered to be of outstanding significance or critical importance "
Principle 10: "in addition to compliance with all of the above, plantations must contribute to reduce the pressures on and promote the restoration and conservation of natural forests."

Source: Forest Stewardship Council (n.d.).

ideas supporting these three pillars of social reporting are significant and woven throughout this book.

From the theoretical side, Sethi (1975) is among the earliest researchers to provide a detailed discussion of CSR. He used the term *corporate social performance*. Sethi (1975) identified three levels of corporate social performance: (1) social obligation, (2) social responsibility, and (3) social responsiveness. *Social obligations* included compliance with regulations and market demands. *Social responsibility* moved beyond compliance to the need to meet societal expectations. Here we see the early recognition of the importance of stakeholder expectations on CSR activities. This also included the realization that culture shaped CSR. *Social responsiveness* is anticipatory of emerging expectations that require an understanding (engagement) of stakeholders. Chapter 2's discussion of the idea of strategic CSR reflects Sethi's social responsiveness level of corporate social performance.

Carroll (1979) extends Sethi's work to create a four-dimensional model of corporate social performance. The four dimensions are (1) *economic*, in that a business produces goods and services to make a profit; (2) *legal*, in that a business must obey societal laws and regulations; (3) ethical, which are ill defined but are the ethical norms in society that must be followed even though they are not laws or regulations; and (4) *discretionary*, which are voluntary (such as philanthropy) and represent yet another set of societal expectations that are less defined than the legal or ethical ones (Carroll, 1979). The dimensions are not mutually exclusive, can be viewed as an evolution in business thinking, and can even be at odds with one another.

In 1991, Carroll refined his CSR thinking to embody the form of a pyramid. *Economic responsibilities* (to be profitable) comprised the base of the pyramid. The next layer was *legal responsibilities* (to obey laws) followed by *ethical responsibilities* (to do what is right and avoid harm). *Philanthropic responsibilities* were situated at the pyramid's apex and involved being a good corporate citizen. Carroll's CSR conceptualization has been examined using an international collection of businesses. The results support the belief that there are four distinction dimensions, and they are valued roughly as Carroll describes with the lower levels being considered more important than the upper levels of the pyramid. The one difference was that German and Swedish managers ranked legal responsibilities as more important than economic responsibilities (Pinkston & Carroll, 1994).

Forms of CSR

Thus far, we have provided several examples of CSR activities. We described how CSR may be viewed as a mosaic composed of myriad activities directed toward multiple issues. CSR initiatives may focus on *people* (human rights, children, the immediate community, labor rights, education, and/or those with financial or medical needs) and/or the *natural environment* (waste reduction, sustainable forest harvesting, recycling, noise reduction, restoration of indigenous plant life, and/or the sustainability of a manufacturing process). CSR initiatives can impact both simultaneously. For example, a manufacturing facility's focus on emissions reduction can benefit both people and the environment.

In addition to identifying the types (contents) of social concerns or causes that may be addressed through CSR initiatives, we also should consider the scope of the initiative. We use the term *scope* to refer to the boundaries that corporations establish for their CSR initiatives. For a large pharmaceutical corporation, the scope may be very broad – international – as it has the resources to develop initiatives to address poor health care throughout developing countries. For a smaller business, the scope may be more limited. For example, a smaller business may focus on helping a nonprofit construct a local playground. The issue of scope should not negate the importance of the CSR effort. A smaller corporation may not be able to save the planet, but it may be able to offer positive contributions to the youth in the community. In sum, the range of stakeholders and issues that are served through CSR initiatives may range from broad to narrow, depending on the corporation's resources and strategic decision making about where to focus their efforts. This issue of strategy will be examined in greater detail at the end of this chapter in our discussion of local and global business strategies.

We also can identify traditional forms of CSR activities. These traditional ways of conceptualizing CSR can be enacted regardless of the specific content or scope of the initiative. For example, philanthropy can aid different types of causes. Social marketing campaigns can target a variety of problematic or risky behaviors. Employees can volunteer for numerous types of nonprofit organizations. Typical examples include the following:

- *Philanthropy:* the corporations contributes money, services, products, or the like directly to a cause or social concern.
- *Cause promotion:* the corporation contributes money or other resources to increase awareness of a cause or social concern.
- *Cause marketing:* the corporation contributes a percentage of its consumer sales of particular products or services to a cause (e.g., on a particular day 20% of the purchase amount of a particular product is donated to a charity).
- *Social marketing:* the corporation tries to influence behavior to promote a social good, such as recycling, seatbelt safety, or health.
- *Volunteering:* the corporation encourages its employees to volunteer and/or partner with specific organizations; the corporation may allow employees to volunteer during work time (e.g., Home Depot may partner with Habitat for Humanity to allow workers time off to volunteer several hours per week).

Although these forms of CSR are familiar to most people, this list of traditional CSR activities does not fully capture the range of practices associated with ethical corporate behavior and the complexities of contemporary CSR. CSR now commonly includes broader corporate initiatives designed to reduce the negative impacts of operations (e.g., the consumption of resources and production of waste) and increase the positive impacts (e.g., fair wages and working conditions, sustainability, and social justice). In this book we try to cover a breadth of activities that qualify as CSR, including management of environmental impacts, ethical investing, ethical sourcing, protecting human rights, supply chain monitoring, and sustainability initiatives.

Where Is CSR's Home?

"Where is CSR's home?" is both an academic and a practical question. Clearly CSR reflects a wide range of concerns and activities. Academics study CSR, and the research should help to advance its practice. But who should be studying CSR? Social investing creates a claim for finance and management. To benefit from CSR, managers must effectively communicate CSR initiatives to stakeholders. The discussion of CSR benefits brings marketing, public relations, corporate communication, and advertising into the discussion. CSR research lines are emerging in all of these disciplines. Each of the CSR research traditions provides value for understanding and improving CSR as a practice. Of course, where CSR is studied has implications for where it should be located in practice.

Should CSR be part of an existing organizational function or a specific function unto itself? Direct ties to public relations, corporate communication, advertising, or marketing could tarnish motives behind CSR. Links to any of these functions might create a strong impression of self-interested promotion, thereby obscuring the benefits to stakeholders. Because of the possibility of taint through association, it can be argued that CSR should be housed in its own distinct department. There is a practical reason for creating a separate CSR department as well. A specific unit would have responsibility for the strategic application of CSR. Situating CSR within its own department would facilitate the development of a consistent CSR approach. In contrast, when different departments enact CSR, this risks diverse and perhaps mixed CSR messages being delivered to stakeholders. The basic premise behind integrated marketing communication is the need for and value in creating consistent stakeholder messages (Harris, 1997). The same holds true for CSR. Inconsistent CSR messages can create more harm than good. A CSR department helps to avoid divergent CSR messaging.

While situating CSR in a separate department could create a buffer of integrity and promote consistent messaging, it could risk creating CSR initiatives that are detached from the lifeblood of the organization. CSR becomes the responsibility of "that department," not the entire corporation. As a result, CSR may not become part of the corporation's DNA but rather an entity attached to the business. CSR should be part of who the corporation is – its identity – and what it does, not some "thing" that a corporation has. Creating a separate CSR department may undermine its integration into the larger policy decisions and practices of a corporation. When CSR is infused throughout various departments, it becomes part of the corporation's culture, and ownership of CSR is advanced. CSR becomes "everyone's responsibility," thereby reinforcing its importance to the organization. Of course, the challenge of coordinating CSR to promote consistency remains. However, any manager with a communication function is aware of that concern, and savvy corporations have found ways to ensure coordination and integration of stakeholder messages across different departments. Marketing, public relations, corporate communication, and advertising departments still exist as separate units. If they were unable to coordinate messaging, most corporations would have integrated marketing departments by now.

We believe that CSR benefits from being part of a variety of academic and practical disciplines. Research from various disciplines brings multiple perspectives to bear on CSR. Managers know that decision making is enhanced when multiple points of view are considered (Kreps, 1991). The same should hold true for CSR. In addition, we can witness unique insights from each academic discipline serving to advance our understanding and practice of CSR. Review the citations for this book, and you will see the variety of fields fruitfully contributing to CSR. Similarly, CSR application should be the responsibility of various functions within an organization, not just one. All employees should feel that CSR is part of their job in some way. It should be infused throughout the corporate culture. The key is to build a coordinated system for CSR planning, execution, and communication. Often, this involves the creation of a CSR team that represents many departments and organizational functions. CSR is best served by being integrated into various departments. In that way, CSR is more likely to become part of who the organization is and what it does. The corporation's identity, processes, and outcomes reflect a CSR orientation.

For CSR to become a priority, strong visible support from the corporation's leadership is required. Leaders can create a mandate for CSR that permeates the corporation regardless of department or function. Leaders can provide a unifying vision for CSR that reflects the existing mission, values, and capabilities of the organization. Internal messaging from leaders must demonstrate that the commitment to CSR will be ongoing and not merely some management fad.

Should CSR Standards Be Localized or Globalized?

Obviously, this question is not new for managers involved in multinational corporations. All management functions have wrestled with the issue of localization or globalization (e.g., Wakefield, 2001). Prahalad and Doz (1987) were among the first to systematically examine localization and globalization's effect on international business strategy. They note that MNCs face two pressures that shape their strategy: (1) pressure for global integration and (2) pressure for local responsiveness. On one hand, managers have a need to standardize operations across their enterprise. Pressures for global integration include pressure for cost reduction, universal needs, and the importance of multinational customers. On the other hand, the pressures for local responsiveness include market structure, government demands, and adaptation. Managers must respond to the two demands as they formulate the most appropriate course of action for their international business strategy.

The two pressures have been converted into axes used to create a 2 × 2 integration-responsiveness grid (I-R grid). Figure 1.1 illustrates the I-R grid and its four international business strategies. When both global integration and local responsiveness are low, managers can use an international strat-

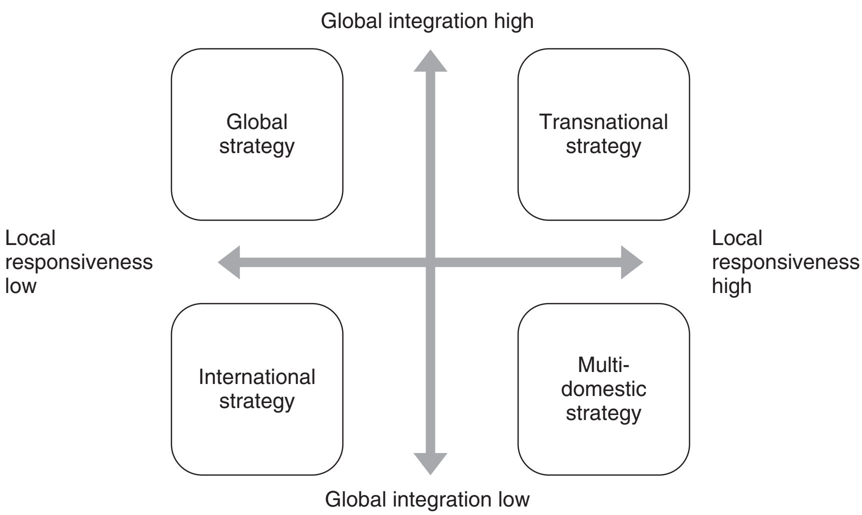

Figure 1.1 Integration-responsiveness grid

egy. The international strategy is when a corporation takes what it does successfully in the domestic market and tries to repeat it internationally. Practices in the home country are replicated in the host countries. When global integration is low and local responsiveness is high, managers can employ the multidomestic strategy. The multidomestic strategy involves locally adapting products (through marketing and production) to the host market and targeting country-specific consumer needs.

When global integration is high and local responsiveness is low, managers can utilize a global strategy. The global strategy involves viewing the world as a single market and using one standardized approach. When both global integration and local responsiveness are high, managers can choose the transnational strategy. The transnational strategy involves combining global scale and local responsiveness. A fusion is created that attempts to avoid making trade-offs between the two (Bartlett & Ghohsal, 1989). Generally, the transnational strategy is considered to be the most effective strategy for MNCs. Although there is some empirical evidence to support the claim, the evidence is not overwhelmingly favorable (Wasilewski, n.d.). The strength of the transnational strategy rests in its ability to derive the benefits associated with both globalization and localization. A corporation creates consistency (globalization) while maintaining flexibility (localization). However, we should resist anointing one, perfect strategy. The point of the I-R grid is that proper strategy depends upon the nature of the pressures faced by the MNC.

Another lens for exploring the CSR globalization-localization discussion is the area of ethics in international public relations. Kruckeberg (1996) has written at length on this subject. The concern is that the internationalization of public relations forces corporations to confront differing ethical perspectives. The public relations ethics in a particular country will naturally reflect the culture's view of morality, or what counts as right and wrong. If public relations ethics is "local," conflicts may erupt as practitioners attempt to engage in public relations across national and cultural borders. One common example is whether it is acceptable to pay for a news story to be published. In some countries this practice is acceptable, but in other countries this is considered an unacceptable form of bribery. Should practitioners adapt to the ethics of a culture or apply their ethical beliefs regardless of the culture? The answer is that the higher ethical standard should apply. Just because a country has a more lenient view of ethics is not justification for engaging in "less ethical" behavior. Kruckeberg (1996) argued that as professions become more international, a shared global professionalism develops. In turn, the emerging profession eventually will develop a shared set of universal ethical standards. The profession will reach agreement on what constitutes professional (acceptable) behavior, and those will evolve into a shared set of ethical standards. There is a belief that certain ethical concerns should be universal and applied wherever public relations is practiced. This deontological perspective suggests we must focus on discharging our duties – following professional codes of conduct or rules and fulfilling obligations – when determining what is ethical (Bowen, 2005a, 2005b). Adhering to global professional standards should eliminate self- interested behavior (Stoker, 2005).

So how can these efforts to grapple with globalization versus localization contribute to our thinking about CSR? From international business strategy, we find value in both globalization and localization. The overall commitment to CSR should be global. Management should try to integrate CSR wherever it operates. CSR initiatives should not be reserved only for highly visible areas or locations with high CSR expectations. Stakeholder expectations and stakeholder ability to pressure for change vary from country to country. However, a country's lack of interest in CSR coupled with stakeholders' inability to pressure for CSR is not an invitation for neglect or abuse. Many critics feel the cultural differences relevant to CSR facilitated the Bhopal tragedy in India. There should be a global commitment to CSR and minimal standards for its application regardless of the location.

However, the emphasis on stakeholder definitions of what constitutes effective and acceptable CSR argues for localization. If CSR efforts do not match stakeholder CSR expectations, the CSR effort will be a failure for all involved. Stakeholders who are dissatisfied because they do not see the organization acting properly may engage in stakeholder churn, a topic explored in detail in chapter 4. Managers may be unhappy because stakeholders reject the CSR and engage in churn. CSR must adapt to local conditions – the demands of the stakeholders. The transnational strategy's ability to effectively fuse globalization and localization is ideal for the CSR function. There always will be pressure for both globalization and localization for CSR. Globally, an organization needs a consistent approach to CSR to avoid accusations of ignoring locations where CSR is not considered to be important. But at the same time, the CSR efforts must be tailored to fit the needs of the local stakeholder expectations. When both pressures are high, the transnational strategy is considered to be the best alternative.

The debate over international public relations ethics echoes the globalization concern of not lowering one's standards for CSR to fit a culture. Just because a country will not apply pressure for CSR does not mean CSR can be ignored there. MNCs have global stakeholders who will expect a certain level of commitment to CSR across locations. Consider how NGOs can pressure organizations that fail to address stakeholder concerns in a particular country even when stakeholders from the country in question cannot. We could argue that there are evolving universal standards for CSR. In some ways, the GRI system and ISO 26000 reflect the emergence of shared standards for CSR. The contents of these two reporting systems are described in more detail in chapter 6. While not overly prescriptive, the GRI does provide guidance on general approaches to CSR. Managers should stay alert to developments and possible changes in the emerging universal standards of CSR.

Conclusion

The concept, philosophy, and practice of CSR are as complex as the world in which corporations are embedded. This chapter described our definition of CSR and explained its relationship to a corporation's mission, stakeholders, and culture. We believe that corporations will be more successful in implementing CSR initiatives, achieving their CSR goals, and contributing to the betterment of society when they are true to their mission and recognize the value of stakeholder engagement. A commitment to CSR requires support from the corporation's leadership as well as coordination among different functional units that can contribute to CSR goals. Internal and external communication plays a significant role in the CSR process described in this book.

We anticipate that the tension between making a profit and making a difference in the world will continue. Many financially successful corporations have been criticized for creating and perpetuating the social and environmental problems their CSR programs are designed to address (e.g., Waddock, 2007). CSR initiatives should not be designed to misdirect public perceptions or conceal wrongdoings. CSR is not a cure for misdeeds or unethical conduct. Rather, the decision to embrace CSR is necessarily complex and should be predicated on knowledge that it will help develop and implement a sound underlying process. This book's process-oriented framework is grounded in a communication perspective that acknowledges a corporation's interdependence with stakeholders, culture, political systems, and economic systems.

The chapters that follow elaborate on our communication approach to the CSR process. Chapter 2 develops a rationale for strategic CSR by exploring issues that affect a corporation's approach to CSR, including its own characteristics, stakeholders, reputational concerns, and motivations for pursuing CSR. Chapter 2 concludes with a brief synopsis of the five phases in our CSR Process Model. The CSR process is designed to help corporations systematically research, design, implement, communicate, and evaluate CSR initiatives that reflect the reality of the corporation's environment. Chapters 3 through 7 detail the CSR Process Model. Chapter 8 offers concluding thoughts on the CSR process. Together, these chapters try to present a balanced view of the potential dialogues and dilemmas that confront corporations seeking to develop and implement successful CSR programs.