A History of Corporate Social Responsibility: Concepts and Practices

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A HISTORY OF CORPORATE SOCIAL RESPONSIBILITY

CONCEPTS AND PRACTICES

ARCHIE B. CARROLL

THOUGH the roots of the concept that we know today as corporate social responsibility have a long and wide-ranging history, it is mostly a product of the twentieth century, especially from the early 1950s up to the present time. In spite of its recent growth and popularity, one can trace for centuries evidence of the business community's concern for society. To help appreciate the context in which corporate social responsibility (CSR) grew and flourished, we will consider the late 1800s, or the Industrial Revolution, as a reasonable beginning point for purposes of discussion.

The purpose of this chapter on corporate social responsibility concepts and practices, referred to as just 'social responsibility' (SR) in the period before the rise and dominance of the corporate form of business organization, is to provide an overview of how the concept and practice of SR or CSR has grown, manifested itself, and flourished. In addition to considering how the concept has changed and grown

in terms of its *meaning*, we will consider its *practice* as well. That is, we will consider how the concept has, in practice, expanded from its focus on a few stakeholders, close at hand, to be more far reaching and inclusive, eventually becoming global in scope.

In addition, we will briefly consider what organizational activities and changes have taken place to accommodate these new initiatives, to the point at which it has become fully institutionalized today. It will become apparent that today, well into the first decade of the 2000s, CSR in many firms is moving towards full integration with strategic management and corporate governance. This has included firms developing management and organizational mechanisms for reporting and control on business's socially conscious policies and practices. It will also become apparent that the range of stakeholders and issues defining CSR has broadened, especially in the past several decades.

Formal writings on social responsibility are largely a product of the twentieth century, especially the past 50 years or so. Though it is possible to see evidence of CSR throughout the world, mostly in the developed countries, most early writings have been most obvious in the United States where a sizable body of literature has accumulated (Cavrou, 1999). In the past decade, however, Europe has become captivated with CSR and there is considerable evidence that scholars and practitioners in Europe are taking seriously this social concern, often manifested in the form of formal writings, research, conferences, and consultancies. More recently, countries in Asia have begun increasing their attention to CSR policies and practices. At the same time, it must be acknowledged that CSR and related notions have been developed in practice and thought in a number of other countries and at different times. With this background in mind, this review of CSR's history will focus primarily on developments in the United States and Europe.

Social Initiatives and Practices prior to 1950

Since a good argument can be made that CSR began to take form in the 1950s, it is useful to consider some developments before that time in the way of providing context rather than detailed content. It is beneficial to begin with some of the activities and practices originating in the Industrial Revolution as a useful starting point. In examining the mid-to-late 1800s, it is apparent that emerging businesses were especially concerned with *employees* and how to make them more productive workers. Then, and now, it is sometimes difficult to differentiate what organizations are doing for business reasons, i.e. making the workers more productive, and what

the organizations are doing for social reasons, i.e. helping to fulfill their needs and make them better and more contributing members of society.

According to management historian, Daniel A. Wren, there were criticisms of the emerging factory system in Great Britain, particularly regarding the employment of women and children, and these same issues occurred in America as well. Reformers in both countries perceived the factory system to be the source of numerous social problems, including labor unrest, poverty, slums, and child and female labor. Wren depicted the industrial betterment/welfare movement of this early period as an uneven mixture of humanitarianism, philanthropy, and business acumen. He points to industrialists such as John H. Patterson of National Cash Register as one executive instrumental in setting the course for the industrial welfare movement. Welfare schemes emanating from this movement sought to prevent labor problems and improve performance by taking actions which could be interpreted as both business and social. Examples included the provision of hospital clinics, bath-houses, lunch-rooms, profit sharing, recreational facilities, and other such practices (Wren, 2005: 269–70). Was the creation of these schemes to improve the workers' conditions appropriately thought of as business decisions or social decisions? Did they reflect companies taking some responsibility for their workers that extended beyond normal business requirements? It is impossible to decisively answer these questions, though both motives were apparently evident.

In addition to concern for employees, *philanthropy* was appearing on the scene in the late 1800s, but sometimes it was difficult to determine whether the philanthropy of such individuals as Cornelius Vanderbilt or John D. Rockefeller was *individual* philanthropy or *business* philanthropy. Muddying the waters were activities of questionable character that led to these individuals and others being dubbed 'robber barons' for some of their unscrupulous practices.

As Wren noted, many of these early business leaders were very generous and such philanthropy by business people had origins that began centuries earlier, including patrons of the arts, builders of churches, endowers of educational institutions, and providers of money for various community projects. Wren also pointed out that one of the major issues of the day was a legal question. Could the idea of (1) limited charter powers and (2) the concept of management as trustee of the stockholders' property work together to create the nineteenth-century legal basis for *corporate* philanthropy (pp. 109–10)?

Two cases cited by Wren depicted the ongoing debate over this legal question. The first occurred in Great Britain in 1883 when the West Cork Railroad Company tried to compensate its employees for job losses brought about by the dissolution of the corporation. In this case, Lord Justice Byron ruled that charity had no business at the table of the board of directors and that they could spend the company's money only for purposes of carrying on the business.

In another case involving Steinway, by contrast, the court permitted the piano manufacturer to buy an adjoining tract of land to be used for a church, library, and

school for its employees. In this case, the court saw 'improved employee relations' as a major benefit accruing to the company. These are some of the early struggles with corporate philanthropy and it would be decades later before company managements could engage in philanthropy that provided benefits to the general community or community groups (p. 110). In spite of this, individual entrepreneurs and business owners for years gave of their own money to support social causes that today might be categorized as socially responsible.

Another early practice illustrated how business people were thinking about social causes and striving to do something about them within the context of their businesses. Morrell Heald illustrated how company expenditures on community causes were quite evident in the late 1800s. He cites the case of the R. H. Macy Company of New York City that might have reflected a social sensitivity on the part of its management. The firm's records show that there were enough cases of company assistance rendered to social agencies to document a sense of relationship to the community that extended beyond the walls of the company. In 1875, Macy's contributed funds to an orphan asylum. In 1887, company gifts to charities were listed under Miscellaneous Expenses in the company's books (Heald, 1970: 7).

Heald highlights two other early programs at the turn of the century that suggested some degree of social responsibility was being taken on by companies, though they were never called social responsibility. First, there was the example of *paternalism.* An excellent example of paternalism was manifested in what historians have called the Pullman experiment. In 1893, a model industrial community at Pullman was created south of Chicago. George M. Pullman of the Pullman Palace Car Company created a community town that was quite a showplace and was considered by some to be an example of enlightened business policy. The town was built with standards of housing, appearance, lighting, and maintenance that were far more advanced than the times. The community was populated by parks, playgrounds, a church, an arcade, a theatre, a casino, and a hotel. One person who knew Pullman, and who had visited the town often, testified to George Pullman's genuine interest in improving living conditions for his employees and their families as well as creating an improved capacity for attracting and retaining employees (Heald, 1970: 7–9).

Second, Heald cites the case of the YMCAs (Young Men's Christian Associations) as a good example of early social responsibility initiatives. Begun in London in 1844, the YMCA movement quickly spread to the United States. The YMCAs were supported not only by individuals, but by companies as well. Just before World War I, there appeared growth of company giving for community-related welfare and social programs became closely associated with the YMCAs, especially linked to the railroad companies (Heald, 1970: 13–14).

During the period 1918–29, Heald has suggested that the 'community chest movement' also helped to shape business views of philanthropy, one of the earliest forms of CSR. As business executives came into contact with social workers, new views

of corporate responsibility began to emerge. Business leaders began to be exposed to others' views as to what constituted social problems in society and became somewhat conscious of the mission of social agencies. As professional voices arose from the social service communities, business people were hearing from individuals whose education and professional training merited respect, and their views on the relationship between business and society could not be easily dismissed (pp. 118–19).

Though there was some evidence of socially responsible business behavior as noted above, this was not always the general case. Nicholas Eberstadt has observed that in the late 1800s a charter of incorporation was a favor bestowed only on those businesses that were socially useful. But, by the end of the Civil War, charters were available under any business pretext, and were nearly impossible to revoke. Large corporations began to dominate the economy and many of these firms had the power of governments. Concentrated economic power was drawn into the hands of a few, and this raised up a corporate ruling class with almost limitless power. Power corrupted, and many business leaders and captains of industry began holding their fellow citizens and the government in contempt. The monopolies and trusts that these leaders were able to create and cultivate frequently defied the rules of market pricing and even stockholders were sometimes cheated by these business leaders. Eberstadt observed that 'indeed, business might never have turned back toward responsibility and accountability if the culmination of corporate irresponsibility had not been the collapse of the economic system' (Eberstadt, 1973: 21–2). What followed, of course, was the Great Depression and massive unemployment and business failure and the post-Depression period ushered in the next period of business and society relationships.

Robert Hay and Ed Gray characterized the period we have been describing up to this point in time as the 'profit maximizing management' phase in the development of social responsibility. The second phase, which they dubbed the 'trusteeship management' phase, emerged in the 1920s and 1930s, resulting from changes occurring both in business and society. Trusteeship, in their view, saw corporate managers taking on the responsibility for both maximizing stockholder wealth and creating and maintaining an equitable balance among other competing claims, such as claims from customers, employees, and the community (Hay and Gray, 1974). Thus, the manager started to be viewed as the 'trustee' for the various groups in relationship with business and were not seen just as agents of the company. Hay and Gray believed two major trends brought these changes about: (1) the mounting diffusion of stock ownership, and (2) a gradually more pluralistic society.

Philanthropy, or corporate contributions, have assumed a central role in the development of CSR since the beginning of the time periods being examined. According to Sophia Muirhead (1999) in a research report for The Conference Board, the period of the 1870s to 1930s should be considered the 'prelegalization period' of corporate contributions. Prior to the 1900s, corporate contributions were perceived by many in a negative light, being seen as giving away stockholders' assets without

their approval. Also, corporate contributions were legally restricted to causes that benefited the company. During this period, the beneficiaries were primarily related to World War I, to include the YMCA/YWCA, United Way Campaign, Boy Scouts, Salvation Army, and Community/War Chests.

In the increasingly 'corporate period,' (1930 to the present), according to Eberstadt, the corporations began to be seen as institutions, like the government, that had social obligations to fulfill (Eberstadt, 1973: 22). As business grew in the 1940s, and World War II, Eberstadt argued that companies thought they were being socially responsible by standing up as an anti-Communist institution.

If we consider the writings on social responsibility that were influential in the pre-1950s consideration of the topic, it should be noted that references to a concern for social responsibility appeared, for example, during the 1930s and 1940s in the United States. Works from this period worth noting included Chester Barnard's *The Functions of the Executive* (1938), J. M. Clark's *Social Control of Business* (1939), and Theodore Kreps's *Measurement of the Social Performance of Business* (1940), to point out just a few.

From a more practical point of view, it should be noted that as early as 1946 business executives (they were called *businessmen* in those days) were polled by *Fortune* magazine asking them about their social responsibilities. The results of this survey suggest what was developing in the minds of business people in the 1940s. One question asked the businessmen whether they were responsible for the consequences of their actions in a sphere wider than that covered by their profit-and-loss statements. Specifically, the question was 'do you think that businessmen should recognize such responsibilities and do their best to fulfill them?' Of those polled, 93.5% said 'yes'. Second, they were asked 'about what proportion of the businessmen you know would you rate as having a social consciousness of this sort?' The most frequent responses were in the categories of 'about a half' and 'about three quarters' (*Fortune*, Mar. 1946, 197–8, cited in Bowen, 1953: 44.). These results seem to support the idea that the concept of trusteeship or stewardship was a growing phenomenon among business leaders.

There is no easy way to summarize how the concept of social responsibility was growing in the industrialized world prior to the 1950s. The previous discussion, however, touched upon some of the developing themes and examples which set the stage for CSR's formal birth and growth in the 1950s.

CSR TAKES SHAPE IN THE 1950S

Before discussing the 1950s, it is useful to set forth what Patrick Murphy (*University of Michigan Business Review*, 1978) classified as four CSR eras that embraced the

period before and after the 1950s. In a simplified scheme, Murphy argued that the period up to the 1950s was the 'philanthropic' era in which companies donated to charities more than anything else. The period 1953–67 was classified as the 'awareness' era, in which there became more recognition of the overall responsibility of business and its involvement in community affairs. The period 1968–73 was termed the 'issue' era in which companies began focusing on specific issues such as urban decay, racial discrimination, and pollution problems. Finally, in the 'responsiveness' era, 1974–8, and, continuing beyond, companies began taking serious management and organizational actions to address CSR issues. These actions would include altering boards of directors, examining corporate ethics, and using social performance disclosures. Though it is difficult to delineate specific dates regarding such era classifications, Murphy's interpretation is useful and generally consistent with our discussion to this point and to come.

As stated previously, corporate social responsibility was often referred to more as social responsibility (SR) than corporate social responsibility (CSR) for many years. This may be because the age of the modern corporation's prominence and dominance in the business sector had not yet occurred nor been noted. Howard R. Bowen's publication of his landmark book *Social Responsibilities of the Businessman* (1953) best marks the beginnings of the modern period of literature on this subject. As the title of Bowen's book suggests, there apparently were no busines*swomen* during this period, or at least they were not acknowledged in formal writings.

Bowen's treatment of CSR proceeded from the belief that the several hundred largest businesses at the time were vital centers of power and decision making and that the actions of these firms touched the lives of citizens in many ways. Among the many questions raised by Bowen, one is of special relevance here. He inquired: 'What responsibilities to society may businessmen reasonably be expected to assume?' (p. xi). Interestingly, we are still asking this same question today.

What did Bowen mean by SR or CSR? Bowen was one of the first to articulate a definition as to what SR means. He set forth an initial definition of the social responsibilities of businessmen as follows:

It (SR) refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society. (p. 6)

Bowen's book was specifically concerned with the doctrine of social responsibility. Thus it is easy to see how it commenced the modern, serious discussion on the topic. Bowen goes on to argue that social responsibility is no panacea for all business social problems, but that it contains an important truth that must guide business in the future. Because of Bowen's early and seminal work, Carroll has argued that Howard Bowen should be called the 'Father of Corporate Social Responsibility' (Carroll, 2006: 5).

Bowen's book and definition represented the most noteworthy literature from the 1950s.

For further evidence of the extent to which business people were adopting and practicing CSR during this time, and earlier, Morrell Heald's (1970) *The Social Responsibilities of Business: Company and Community, 1900–1960*, is a thorough source. Though Heald does not succinctly state definitions of social responsibility, he provides an interesting and provocative discussion of the theory and circumstances surrounding CSR during the first half of the twentieth century.

It is clear from Heald's discussions that CSR was defined consistently with the Bowen characterization previously presented. Other important literature from the 1950s included Selekman's *Moral Philosophy for Management* (1959); Heald's 'Management's Responsibility to Society: The Growth of an Idea' (1957), and Eels's *Corporate Giving in a Free Society* (1956).

In summarizing what CSR meant in the 1950s, William C. Frederick, one of the early pioneers of CSR, asserted that there were three core ideas in the 1950s: the idea of corporate managers as public trustees, the idea of balancing competing claims to corporate resources, and the acceptance of philanthropy as a manifestation of business support of good causes (Frederick, 2006). The idea of trusteeship commenced in the 1920s and matured as it was practiced into the 1950s. The idea of balancing competing claims prefigured the stakeholder era. Philanthropy, probably one of the most tangible CSR practices, grew into popularity from the Community Chest movement, later called the United Way. It, too, began in about the 1920s.

Philanthropy, or corporate contributions as manifestations of CSR, was said by Muirhead, who wrote a history of corporate contributions, to be in a period of 'innovation and legalization' during the 1940s and 1950s. During this period, giving continued to be ad hoc, somewhat subject to executive whim, and primarily in response to requests by beneficiary organizations. Recipients included the YMCA, American Red Cross, local community chests, and local hospitals (Muirhead, 1999: 15).

The decade of the 1950s was one of more 'talk' than 'action' with respect to CSR. It was a period of changing attitudes, with business executives learning to get comfortable with CSR talk. There were very few corporate actions, beyond philanthropy, to report that stood out in terms of accommodating this new theme, though Howard Bowen demonstrated how he was ahead of his time by calling for specific management and organizational changes for improving business responsiveness to the growing social concern. Bowen's proposals included changes in the composition of boards of directors, greater representation of the social viewpoint in management, use of the social audit, social education of business managers, development of business codes of conduct, and further research in the social sciences (Bowen, 1953: 151–63). There was not much evidence that any of this was done in the 1950s, or even soon thereafter, but Bowen placed on the table for further thought and reflection a number of interesting management strategies that years later would surface and become standard practices with respect to managing CSR.

CSR Concepts and Practices Proliferate in the 1960s

If there was limited evidence of CSR thought in the 1950s and before, the decade of the 1960s marked a momentous growth in attempts to formalize or more precisely state what CSR meant. In the 1960s, we began to see scholars striving to best state what CSR meant. One of the first, and most prominent, writers in this period to define CSR was Keith Davis, who later extensively wrote about the topic in his business and society textbooks, later revisions, and articles. Davis set forth his definition of social responsibility by arguing that it refers to: 'Businessmen's decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest' (Davis, 1960: 70). Davis argued that social responsibility was a nebulous idea but should be seen in a managerial context. Further, he asserted that some socially responsible business decisions can be justified by a long, complicated process of reasoning as having a good chance of bringing long-run economic gain to the firm, thus paying it back for its socially responsible viewpoint (p. 70). Davis was on the cutting edge with this insight, inasmuch as this view became commonly accepted by the late 1970s and 1980s. Davis's contributions to early definitions of CSR were so important that he should be considered as the runner-up to Howard Bowen for the 'Father of CSR' designation.

Another influential contributor to the early definitions of social responsibility was William C. Frederick (1960, 1978, 1998). One of his views is stated below:

Social responsibility in the final analysis implies a public posture toward society's economic and human resources and a willingness to see that those resources are utilized for broad social ends and not simply for the narrowly circumscribed interests of private persons and firms. (1960: 60)

Clarence C. Walton, an important thinker on business and society, in a book entitled *Corporate Social Responsibilities* (1967), addressed many facets of CSR in a book series addressing the role of the business firm and the business person in modern society. In this significant book, he presents a number of different varieties, or models, of social responsibility. His fundamental definition of social responsibility is found in the following quote:

In short, the new concept of social responsibility recognizes the intimacy of the relationships between the corporation and society and realizes that such relationships must be kept in mind by top managers as the corporation and the related groups pursue their respective goals. (p. 18).

Walton goes on to emphasize that the essential ingredients of the corporation's social responsibilities include a degree of voluntarism, as opposed to coercion, an indirect linkage of certain other voluntary organizations to the corporation, and

the acceptance that costs are involved for which it may not be possible to gauge any direct measurable economic returns (p. 18).

Philanthropy continued as the most noticeable manifestation of CSR during the 1960s. In fact, Muirhead (1999) categorized the period from the mid-1950s to mid-1980s as a period of 'growth and expansion' of corporate contributions. Many previous groups continued to be supported, and gifts expanded to groups representing health and human services, culture and the arts, and civic and community (1999: 15).

Towards the end of the 1960s, business practices that might be categorized as social responsibility embraced such topics as philanthropy, employee improvements (working conditions, industrial relations, personnel policies), customer relations, and stockholder relations (Heald, 1970: 276). In the 1960s, there was still more talk than action on the CSR front (McGuire, 1963).

CSR ACCELERATES IN THE 1970S

Morrell Heald's path-breaking book, *The Social Responsibilities of Business: Company and Community, 1900–1960* (Heald, 1970) ushered in the 1970s. Though Heald does not provide a succinct definition of the social responsibility concept, it is clear that his understanding of the term was in keeping with the definitions presented during the 1960s and earlier. In the Preface to his book, he asserted that he was concerned with the idea of social responsibility 'as businessmen themselves have defined and experienced it' (p. xi). He goes on to say that the 'meaning of the concept of social responsibility for businessmen must finally be sought in the actual policies with which they were associated' (ibid.). He then describes in an historical fashion community-oriented programs, policies, and views of business executives. His accounts suggest that business people during this period were significantly preoccupied with corporate philanthropy and community relations.

Harold Johnson's *Business in Contemporary Society: Framework and Issues* (1971), another of the first books of this decade to address CSR, presents a variety of definitions or views of CSR. Johnson then proceeds to critique and analyze them. Johnson first presents what he terms 'conventional wisdom'. Following is a definition that describes this conventional wisdom:

A socially responsible firm is one whose managerial staff balances a multiplicity of interests. Instead of striving only for larger profits for its stockholders, a responsible enterprise also takes into account employees, suppliers, dealers, local communities, and the nation. (p. 50)

It is worth noting that Johnson is alluding to a precursor of the stakeholder approach as he references a 'multiplicity of interests' and actually names several of these specific interests (groups). It is clear that the interests of employees and philanthropy-recipients are no longer exclusive with respect to company's CSR initiatives.

A ground-breaking contribution to the concept of CSR came from the Committee for Economic Development (CED) in its 1971 publication, *Social Responsibilities of Business Corporations.* The CED introduced this topic by observing that 'business functions by public consent and its basic purpose is to serve constructively the needs of society—to the satisfaction of society' (p. 11). The CED noted that the *social contract* between business and society was changing in substantial and important ways:

Business is being asked to assume broader responsibilities to society than ever before and to serve a wider range of human values. Business enterprises, in effect, are being asked to contribute more to the quality of American life than just supplying quantities of goods and services. Inasmuch as business exists to serve society, its future will depend on the quality of management's response to the changing expectations of the public. (p. 16)

The CED went on to articulate a three concentric circles notion of social responsibility:

The *inner circle* includes the clear-cut basic responsibilities for the efficient execution of the economic function—products, jobs and economic growth.

The *intermediate circle* encompasses responsibility to exercise this economic function with a sensitive awareness of changing social values and priorities: for example, with respect to environmental conservation; hiring and relations with employees; and more rigorous expectations of customers for information, fair treatment, and protection from injury.

The *outer circle* outlines newly emerging and still amorphous responsibilities that business should assume to become more broadly involved in actively improving the social environment. (For example, poverty and urban blight). (p. 15)

What was especially influential about the CED's views of CSR was that the CED was composed of business people and educators and thus reflected an important practitioner view of the changing social contract between business and society and businesses' newly emerging social responsibilities. It is useful to note that the CED may have been responding to the times in that the late 1960s and early 1970s was a period during which social movements with respect to the environment, worker safety, consumers, and employees were poised to transition from special interest status to formal government regulations.

George Steiner was another significant writer on corporate social responsibility in the 1970s. In the first edition of his textbook, *Business and Society* (1971), Steiner wrote at length on the subject. Steiner deferred to Davis's and

Frederick's definitions of CSR but he did state his opinion on the subject as follows:

Business is and must remain fundamentally an economic institution, but...it does have responsibilities to help society achieve its basic goals and does, therefore, have social responsibilities. The larger a company becomes, the greater are these responsibilities, but all companies can assume some share of them at no cost and often at a short-run as well as a long-run profit. (p. 164)

Steiner did not dwell on definitions, but he extended the meaning and circumstances under which CSR might be interpreted and applied. For example, he discussed specific spheres in which CSR might be applied and presented models for determining the social responsibilities of business (p. 157). He also presented criteria for determining the social responsibilities of business (pp. 159–63).

Keith Davis again entered the discussion of CSR in his landmark article presenting the case for and against business assumption of social responsibilities (Davis, 1973). In the introduction of the article he quotes two well-known economists and their diverse views on the subject. First, he quotes Milton Friedman whose famous objection is familiar to most. Friedman contended that 'few trends could so thoroughly undermine the very foundations of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their stockholders as possible' (1962: 133). However, Davis counters this view with a quote by Paul Samuelson, another distinguished economist, who argued that 'a large corporation these days not only may engage in social responsibility, it had damn well better try to do so' (1971: 24). Beyond these observations, Davis in 1973 defined CSR as follows: 'For purposes of this discussion it [CSR] refers to the firm's consideration of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm' (p. 312). Davis then goes on to present and discuss the arguments to date both for and against businesses being socially responsible (pp. 313–21). Davis made other contributions to CSR theory in the 1960s (Davis, 1967).

Though Richard Eels and Clarence Walton addressed the CSR concept in the first (1961), edition of their volume *Conceptual Foundations of Business*, they elaborated on the concept at length in their third edition (1974). Their favorite topics were business history, the concept of the corporation, ownership, and governance. However, they dedicate a chapter to 'recent trends' in corporate social responsibilities. Like Steiner, they do not focus on definitions, per se, but rather take a broader perspective on what CSR means and how it evolved. They observe:

In its broadest sense, corporate social responsibility represents a concern with the needs and goals of society which goes beyond the merely economic. Insofar as the business system as it exists today can only survive in an effectively functioning free society, the corporate social responsibility movement represents a broad concern with business's role in supporting and improving that social order (p. 247).

Eels and Walton go on to provide an extensive discussion of the CSR movement and the various ways in which academics and practitioners were coming to regard the topic at this point in time.

In the 1970s we find reference increasingly being made to corporate social *responsiveness* (Ackerman, 1973; Ackerman and Baner, 1976), corporate social *performance* (CSP), as well as corporate social *responsibility* (CSR). One major writer to make this distinction was S. Prakash Sethi. In a classic article (1975), Sethi discussed 'dimensions of corporate social performance', and in the process distinguished between corporate behaviors that might be called 'social obligation', 'social responsibility', and 'social responsiveness'. In Sethi's schema, social obligation is corporate behavior 'in response to market forces or legal constraints' (p. 70). The criteria here are economic and legal only. Social responsibility, by contrast, goes beyond social obligation. He states: 'Thus, social responsibility implies bringing corporate behavior up to a level where it is congruent with the prevailing social norms, values, and expectations of performance' (p. 62).

Sethi goes on to say that while social obligation is proscriptive in nature, social responsibility is prescriptive in nature. The third stage in Sethi's model is social *responsiveness*. He regards this as the *adaptation* of corporate behavior to social needs. This stage is anticipatory and preventive.

In a book titled *Private Management and Public Policy: The Principle of Public Responsibility* (1975), Lee Preston and James Post sought to direct attention away from the concept of CSR and toward a notion of *public* responsibility. Their recitation of Dow Votaw's commentary on social responsibility is worth repeating. Votaw (1973) articulated the concern that many writers in this era had with CSR. He stated:

The term [social responsibility] is a brilliant one; it means something, but not always the same thing, to everybody. To some it conveys the idea of legal responsibility or liability; to others, it means socially responsible *behavior* in an ethical sense; to still others, the meaning transmitted is that of 'responsible for', in a causal mode; many simply equate it with a charitable contribution; some take it to mean socially conscious; many of those who embrace it most fervently see it as a mere synonym for 'legitimacy', in the context of 'belonging' or being proper or valid; a few see it as a sort of fiduciary duty imposing higher standards of behavior on businessmen than on citizens at large. (p. 11)

Preston and Post, following Votaw's thinking, said the following about social responsibility:

In the face of the large number of different, and not always consistent, usages, we restrict our own use of the term social responsibility to refer only to a vague and highly generalized sense of social concern that appears to underlie a wide variety of ad hoc managerial policies and practices. Most of these attitudes and activities are well-intentioned and even beneficent; few are patently harmful. They lack, however, any coherent relationship to the managerial unit's internal activities or to its fundamental linkage with its host environment. (p. 9)

Preston and Post then go on to state that they prefer the term *public responsibility* which is intended to define the functions of organizational management within the specific context of public life (pp. 9–10). They state that in the principle of public responsibility, 'the scope of managerial responsibility is not unlimited, as the popular conception of 'social responsibility' might suggest, but specifically defined in terms of primary and secondary involvement areas' (p. 95). They go on to say that they prefer the word *public* rather than *social*, 'in order to stress the importance of the public policy process, rather than individual opinion and conscience, as the source of goals and appraisal criteria' (p. 102). Though providing an important perspective, the term public responsibility has not supplanted the term social responsibility in the literature, and it has seldom been suggested as having an 'unlimited' scope.

Two examples of early research on corporate social responsibility were published in the mid-1970s. First, Bowman and Haire (1975) conducted a study striving to understand CSR and to ascertain the extent to which companies were engaging in CSR. Though they never really defined CSR in the sense we have been discussing, the researchers chose to operationalize CSR by measuring the proportion of lines of prose devoted to the topic of social responsibility in the annual reports of the companies they studied. While not providing a formal definition of CSR, they illustrated the kinds of topics that represented CSR as opposed to those that were strictly 'business' (p. 50). The topics they used were usually subheads to sections in the annual report. Some of these subheads were as follows: corporate responsibility, social responsibility, social action, public service, corporate citizenship, public responsibility, and social responsiveness. A review of their topical approach indicates that they had a good idea of what CSR generally meant, given the kinds of definitions we saw developing in the 1970s.

Another research study in the mid-1970s was conducted by Sandra Holmes in which she sought to gather 'executive perceptions of corporate social responsibility' (1976). Like Bowman and Haire, Holmes had no clear definition of CSR. Rather, she chose to present executives with a set of statements about CSR, seeking to find out how many of them agreed or disagreed with the statements. Like the Bowman and Haire 'topics', Holmes's statements addressed the issues that were generally felt to be what CSR was all about during this time period. For example, she sought executive opinions on businesses' responsibilities for making a profit, abiding by regulations, helping to solve social problems, and the short-run and long-run impacts on profits of such activities (p. 36). Holmes further added to the body of knowledge about CSR by identifying the 'outcomes' which executives expected from their firms' social involvement (ibid. 38) and the 'factors' executives used in selecting areas of social involvement.

In terms of specific issues that business executives thought were important CSR issues in the early 1970s, a survey conducted by Eilbirt and Parket (1973: 11) revealed a list of activities along with the percentage of large firms engaged in that activity (see Table 2.1).

Table 2.1 Important CSR issues in the early 1970s

CSR Activity	Percent of Firms Engaged
Minority hiring	100
Ecology (concern for environment)	95
Minority training	91
Contributions to education	91
Contributions to the arts	83
Hard-core hiring	79
Hard-core training	66
Urban renewal	62
Civil rights	58

Source: Eilbirt and Parket (1973: 11).

This list gives us a general picture of what businesses thought CSR was all about in the 1970s. Other important CSR activities were found to be: developing understandable accounting statements, truth in advertising, product defects, consumer complaints, consumer-oriented label changes, and guarantees and warrantees. In the late 1970s, Sandra Holmes identified the following issues to be popular CSR causes on the part of companies: pollution control, charities, community affairs, recruitment/development of minorities, and support of education (1978). Gerald Keim presented an analysis of the enlightened self-interest model (1978).

In 1979, Archie B. Carroll proposed a four-part definition of corporate social responsibility which was embedded in a conceptual model of corporate social performance (CSP) (Carroll, 1979). His basic argument was that for managers or firms to engage in CSP they needed to have (1) a basic *definition* of CSR that identified the different types of CSR businesses had; (2) an understanding/enumeration of the *issues* for which a social responsibility existed (or, in modern terms, stakeholders to whom the firm had a responsibility, relationship, or dependency) and (3) a specification of the *philosophy (or strategy) of responsiveness* to the issues (p. 499). Let us restrict our discussion here to the basic CSR definition.

Carroll offered the following definition:

The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time. (Carroll, 1979: 500)

Though Carroll's definition includes an economic responsibility, many today still think of the economic component as what the business firm *does for itself* and the legal, ethical, and discretionary (or philanthropic) components as what business *does for others*. While this distinction is attractive, Carroll's argument is that economic viability is something business does for society as well, in perpetuating the business system, though we seldom look at it in this way. It is for this reason

that the economic responsibility was included in Carroll's definition of the firm's CSR. His basic definition of CSR, embracing economic, legal, ethical, and discretionary/philanthropic responsibilities was later depicted as a 'pyramid of CSR' with the economic responsibility forming the base or foundation of the pyramid (Carroll, 1991).

The 1970s was a decade during which there began many writings suggesting the importance of a *managerial approach* to CSR (Carroll, 1977). A managerial approach to CSR is one in which business managers applied the traditional management functions to dealing with CSR issues. Thus, it was recommended that companies *forecast and plan* for CSR, *organize* for CSR, *assess social performance*, and *institutionalize corporate social policy and strategy*. As observed before, there was more talk, especially among academics, than action on the part of companies, but legislative initiatives during the 1970s mandated that companies create organizational mechanisms for complying with federal laws dealing with the environment, product safety, employment discrimination, and worker safety.

Complementary Themes to CSR Ascend in the 1980s

In the 1980s, the focus on developing new or refined definitions of CSR gave way to research on CSR and a splintering of writings on alternative or complementary concepts and themes such as corporate social *responsiveness*, corporate social *performance*, public policy, business ethics, and stakeholder theory/management, just to mention a few. The interest in CSR did not die out; rather, the core concerns of CSR began to be 'recast' into alternative or complementary concepts, theories, models, or themes. In the ever present quest to discover and accurately elucidate 'truth', this should not be too surprising. For our purposes here, we will continue to focus on the development of CSR in thought and action.

Thomas M. Jones entered the CSR discussion in 1980 with an interesting perspective. First, he defined CSR as follows:

Corporate social responsibility is the notion that corporations have an obligation to constituent groups in society other than stockholders and beyond that prescribed by law and union contract. Two facets of this definition are critical. First, the obligation must be *voluntarily adopted*; behavior influenced by the coercive forces of law or union contract is not voluntary. Second, the obligation is a *broad* one, extending beyond the traditional duty to shareholders to other societal groups such as customers, employees, suppliers, and neighboring communities. (Jones, 1980: 59–60)

Jones then went on to summarize the CSR debate by listing the various arguments that have been presented both for and against it (p. 61). One of Jones's major contributions in this article is his emphasis on CSR as a *process.* Arguing that it is very difficult to reach consensus as to what constitutes socially responsible behavior, he posits that CSR ought to be seen not as a set of outcomes, but as a process (p. 65). Perceiving CSR as a process is what Jones refers to as a revised or redefined concept. In a discussion of implementing CSR, he then goes on to illustrate how a firm could engage in a process of CSR decision making that should constitute CSR behavior (p. 66). Jones's contribution was an important one; however, it would not end the debate regarding the content and extent of CSR expected of business.

Frank Tuzzolino and Barry Armandi (1981) sought to develop a better mechanism for assessing CSR by proposing a need-hierarchy framework patterned after Maslow's need hierarchy. The authors accepted Carroll's 1979 definition as 'appropriate' for their purposes (p. 21), and then proceeded to say that it would be helpful to have an analytical framework to facilitate the *operationalization* of CSR. Their organizational need hierarchy did not redefine CSR; however, it sought to suggest that organizations, like individuals, had criteria that needed to be fulfilled, or met, just as people do as depicted in the Maslow hierarchy. The authors proceeded to illustrate how organizations have physiological, safety, affiliative, esteem, and self-actualization needs that parallel those of humans as depicted by Maslow. The authors presented the hierarchy as a 'conceptual tool whereby socially responsible organizational performance could be reasonably assessed' (p. 24). To some extent, Carroll's pyramid of CSR unfolded the firm's social responsibilities (economic, legal, ethical, discretionary) in a hierarchical way that somewhat resembled the Maslow hierarchy of priorities.

One excellent example of the quest in the 1980s to 'go beyond' CSR was the growing acceptance of the notion of 'corporate social *performance*' as a more comprehensive theory under which CSR might be classified or subsumed. We saw earlier references to CSP in the 1970s (for example, Sethi, 1975; Preston, 1978; Carroll, 1979), but the idea of a CSP 'model' continued to draw interest. In 1985, therefore, Steven Wartick and Philip Cochran presented their 'evolution of the corporate social performance model' which extended the three-dimensional integration of responsibility, responsiveness, and social issues that Carroll (1979) had previously introduced and Donna Wood (1991) had refined (Wartick and Cochran, 1985: 758). One of the major contributions of these two authors was to recast Carroll's three aspects—corporate social responsibilities, corporate social responsiveness, and social issues—into a framework of principles, processes, and policies. They argued that Carroll's CSR definition embraced the ethical component of social responsibility and should be thought of as *principles*, social responsiveness should be thought of as *processes*, and social issues management should be thought of as *policies* (p. 767).

Edwin M. Epstein (1987) provided an explanation of CSR in his quest to relate social responsibility, responsiveness, and business ethics. He pointed out that these three concepts dealt with closely related, even overlapping, themes and concerns (p. 104). He said:

Corporate social responsibility relates primarily to achieving outcomes from organizational decisions concerning specific issues or problems which (by some normative standard) have beneficial rather than adverse effects upon pertinent corporate stakeholders. The normative correctness of the *products* of corporate action have been the main focus of corporate social responsibility. (ibid.)

In addition to expounding on CSR, Epstein defined corporate social responsiveness and business ethics and then brought them together into what he called the *corporate social policy process*. He went on to say that 'the nub of the corporate social policy process is the institutionalization within business organizations of the following three elements . . . business ethics, corporate social responsibility and corporate social responsiveness' (p. 106).

Though it is difficult to catalog the CSR issues that business thought were most important during the 1980s, a 'social responsibility agenda for the 1980s' was set forth by William C. Frederick (2006: 58), and this agenda closely corresponds with, or was slightly ahead of, business concerns and practices during this period. The issues embraced as important for the 1980s included business practices with respect to environmental pollution, employment discrimination, consumer abuses, employee health and safety, quality of work life, deterioration of urban life, and questionable/abusiveness practices of multinational corporations. Another important research topic became research on the relationship between corporate social responsibility and firm profitability (Aupperle *et al.*, 1985).

Two very important 'alternative themes' to CSR that developed during the 1980s were *stakeholder theory* and *business ethics*. R. Edward Freeman published his classic book on stakeholder theory in 1984. Though the book was classified as one focusing on strategic management, it had its most substantial impact in later years in the fields of business and society, corporate social responsibility, and eventually, business ethics. The other alternative theme to appear and grow in the 1980s was business ethics. The 1980s was a period of widely reported ethical scandals that brought the public's attention to managerial and corporate wrong-doing. Examples of these scandals included the infant-formula controversy that spanned most of the 1970s and half of the 1980s, the 1984 Union Carbide Bhopal explosion in India, killing thousands of people, the controversy over companies doing business in South Africa, in apparent support of apartheid, and the Ivan Boesky insider trading scandal of the mid-to-late 1980s. Not coincidentally, perhaps, it has been argued that the fictional character of business executive-bad guy Gordon Gekko in the 1987 blockbuster movie, *Wall Street*, was patterned after a speech made by Boesky in which he argued that greed was good. Picking up on this same theme, the decade

of the 1980s was frequently portrayed as the decade of 'greed' or of 'me', accounting for the self-absorption that was so evident during this period.

CSR Serves as Basepoint for Complementary Themes in the 1990s

As a generalization, it should be observed that very few unique contributions to the concept of CSR occurred in the 1990s. More than anything else, the CSR concept served as the basepoint, building block, or point-of-departure for other complementary concepts and themes, many of which embraced CSR thinking and were quite compatible with CSR. The prominent themes which continued to grow and take center stage in the 1990s included the following: corporate social performance (CSP), stakeholder theory, business ethics, sustainability, and corporate citizenship. A fair amount of research sought to examine the relationship between corporate social performance and financial performance (Griffin and Mahon, 1997). Swanson (1995) sought to reorient the basic CSP model. We will not explore these themes in detail as they are outside the realm of our present scope of focusing on CSR concepts and practice, and each of these thematic frameworks has its own extensive literature.

Corporate citizenship, more than any other, became a concept that competed with CSR. Whether corporate citizenship actually becomes a distinct area of study, or simply another way of articulating or framing CSR, remains to be seen. Corporate citizenship may be broadly or narrowly conceived. Depending on which way it is defined, the notion seems to overlap more or less with the previously mentioned themes or theories. Sustainability was another important complementary theme that attracted significant interest in the 1990s. Though initially defined in terms of the natural environment, it evolved into a more encompassing concept that embraced the larger social and stakeholder environment. Each of these themes or topics has its own extensive literature, however, and it is beyond the scope of this chapter to provide a summary of each of these areas of research (Carroll, 1994).

The 1990s was concluded with a special issue of the *Academy of Management Journal* on the subject of 'stakeholders, social responsibility, and performance' (October 1999). This issue continued the quest to link CSR with other concepts such as stakeholders but added no new definitions to the CSR literature. Harrison and Freeman provided an overview of six excellent efforts to tackle fundamental ideas about stakeholders, social responsibility, and performance (Harrison and Freeman, 1999).

During the late 1980s and into the 1990s, philanthropy expanded considerably. Muirhead (1999) characterized this period of corporate contributions as

'diversification and globalization'. More global companies appeared in the economy, and management positions dedicated to corporate giving began proliferating on the organization charts of major companies. Managers of corporate giving, corporate social responsibility, and public/community affairs, became commonplace. The Ethics Officer Association was founded in the early 1990s. New concepts, such as global social investment, corporate reputation, community partnerships, corporate social policy, and others, became evident in large companies. In terms of management philosophy or policy, strategic giving, cause-related marketing, international donations, employee volunteerism, sustainability, and global corporate citizenship, emerged to characterize many CSR initiatives. The beneficiaries of CSR initiatives included the following: education, culture and the arts, health and human services, civic and community, international donees, community partners, and NGO partners (Muirhead, 1999: 15). During the 1990s, many of these beneficiaries had become global.

The most significant advances to CSR in the 1990s came in the realm of business practice. In 1992, a nonprofit organization called Business for Social Responsibility (BSR) formed to represent the initiatives and professionals having responsibility for CSR in their companies. BSR's web page (<http://www.bsr.org>) describes the organization in the following way:

Business for Social Responsibility (BSR) is a global organization that helps member companies achieve commercial success in ways that respect ethical values, people, communities and the environment. Through socially responsible business policies and practices, companies can achieve viable, sustainable growth that benefits stakeholders as well as stockholders. By providing tools, training and custom advisory services, BSR enables its members to leverage corporate social responsibility as a competitive advantage.

As the leading global resource for corporate social responsibility (CSR), BSR equips its member companies with the expertise to design, implement and evaluate successful, socially responsible business practices. Membership provides an extensive set of practical resources including training programs, technical assistance, research and business advisory services accessible through face-to-face sessions, custom publications and via the Web at www.bsr.org.

BSR defines CSR rather broadly to include topics such as business ethics, community investment, environment, governance and accountability, human rights, marketplace, and workplace. It also states that a variety of terms are used often interchangeably to talk about corporate social responsibility, and these terms include business ethics, corporate citizenship, corporate accountability, and sustainability. Taking a practical, managerial point-of-view, BSR asserts that 'CSR is viewed as a comprehensive set of policies, practices and programs that are integrated into business operations, supply chains, and decision-making processes through the company'.

In addition to the growth and acceptance of BSR, another major trend that characterized the 1990s and continues today is the emergence of many different

companies that have developed excellent reputations for CSR practices. Though some of these companies have gotten some skepticism questioning the sincerity or nature of some of their practices, companies such as The Body Shop, Ben & Jerry's ice cream, Patagonia, Esprit de Corp, Aveda, and Stonyfield Farms represent some of the smaller companies that grew larger while embracing CSR practices. Larger companies that developed CSR-related reputations included IBM, Johnson & Johnson, Nike, Merck, Prudential Insurance, Levi Strauss & Co., Coca-Cola, UPS, McDonald's, and Herman Miller.

The Twenty-First Century: Refinements, Research, Alternative Themes, Management Practice, and Global Expansion

By the 2000s, the emphasis on *theoretical* contributions to the concept and meaning of CSR had given way to *empirical research* on the topic and a splintering of interests away from CSR and into related topics such as stakeholder theory, business ethics, sustainability, and corporate citizenship. Some developmental and empirical research continued on the CSR construct, however. Time will need to pass before broad generalizations can accurately be made concerning the early 2000s. However, a mix of conceptual and empirical work provides a flavor for some of the developments in the early 2000s.

Bryan Husted (2000) presented a contingency theory of corporate social performance (CSP). He argued that CSP is a function of the fit between the nature of the social issue and its corresponding strategies and structures. This fit then leads to an integration of elements such as corporate social responsiveness, issues management, and stakeholder management. Husted's contributions would best be termed theoretical and applied.

In a special issue of *Business & Society* (December 2000) titled 'Revisiting Corporate Social Performance', a number of different perspectives, if not definitions, of CSR were set forth. In most instances, these were studies manifesting CSR as well as CSP. Rowley and Berman (2000) presented 'a brand new brand of corporate social performance'. The authors argued that the future direction of CSP needed to be built not on an overall concept of CSP but rather by reducing CSP to operational measures. Griffin (2000) discussed 'CSP: Research Directions for the 21st Century'. She argued that existing research in related disciplines (e.g. marketing, human relations) can help accelerate our understanding of CSP.

The period 2001–2 was dominated not by new concepts of CSR but rather empirical research linking CSR or CSP to other relevant variables. A few studies are illustrative. In an event study of family-friendly firms, Jones and Murrell (2001) examined how a firm's public recognition for exemplary social performance can serve as a positive signal of the firm's business performance to shareholders. Smith *et al.* (2001) examined the extent to which diversity characteristics and stakeholder role influenced corporate social orientation (CSO) perceptions on the part of individuals surveyed. Zyglidopolous (2001) studied the impact of accidents on firms' reputation for social performance. He found that accidents and their complexity play a role in social performance reputation perceptions. Backhaus *et al.* (2002) explored the relationship between corporate social performance and employer attractiveness. The researchers found that job seekers do consider CSP to be important in their assessment of firms and they found that the most important CSP dimensions were environment, community relations, employee relations, diversity, and product issues. The researchers did not have a conceptual model of CSP, but rather used a listing of relevant CSP dimensions as forming the construct.

On the conceptual front, Schwartz and Carroll (2003) presented a three-domain approach to corporate social responsibility. The three-domain approach took Carroll's (1979, 1991) four categories of CSR and reduced them to three: economic, legal, and ethical. The model, presented as a venn diagram, offered an alternative to his earlier conceptualizations of CSR. The three-domain approach, deemed to be especially useful in discussions of business ethics, collapsed the philanthropic category into the ethical category and argued that philanthropy could be conceptualized in both ethical and discretionary terms. The three-domain model then more thoroughly discussed each of the three domains and suggested how each section of the venn diagram represented a set of organizational characteristics that could be useful in analyzing firms. By altering the size and dominance of each element of the model (economic, legal, and ethical), the authors visualized different CSR 'portraits' that could serve as benchmarks in analyzing companies.

From a business point-of-view, the interest in CSR 'best practices' moved center-stage. This was consistent with the relentless call on the part of the business community for the 'business case' for CSR. A major book cataloging these best practices, targeted at a business audience, was written by Philip Kotler and Nancy Lee (2005). The authors set out to demonstrate how the CSR approach establishes a new way of doing business that combines the success and the creation of value with a respectful and proactive attitude towards stakeholders (Perrini, 2005). The authors present 25 best practices that may well assist companies with their CSR programs. These best practices are categorized into six major types of social initiatives, along with practical examples, that frame effectively what CSR is all about in the 2000s. The categories include: (1) cause promotion (increasing awareness and concern for social causes); (2) cause-related marketing (contributing to

causes based on sales); (3) corporate social marketing (behavior change initiatives); (4) corporate philanthropy (contributing directly to causes); (5) community volunteering (employees donating time and talents in the community); and (6) socially responsible business practices (discretionary practices and investment to support causes) (Kotler and Lee, 2005; Perrini, 2005).

For the previous 20 years, but especially in the 2000s, the CSR movement has been a global phenomenon. The interest and growth of CSR has been most evident in the European Community. According to a report prepared by the Organization for Economic Co-operation and Development (OECD, 2001), voluntary initiatives in corporate social responsibility have been a major trend in international business in recent years. The OECD project on private initiatives for corporate responsibility revealed a number of key findings about CSR. Some of the important findings are worth noting. CSR is definitely a global phenomenon, though there are important intra-regional variations in practice. Some initiatives are more voluntary than others as some companies have been under legal and regulatory pressure to adopt them. There appear to be divergences of commitment and management practice, even in narrow areas of application such as labor standards, environment, human rights, and fighting bribery. First steps have been taken towards the development of consensus on social norms of business conduct, though the conversation is ongoing (OECD, 2001).

Considerable management expertise in legal and ethical compliance is being achieved. This is due partially to the institutionalized support that is emerging in terms of day-to-day company practices, management standards, professional societies, and specialized consulting and auditing services. The OECD did not reach definite conclusions on the costs of CSR initiatives, but the benefits for companies and for society have been established to be numerous. Finally, it was concluded that the effectiveness of CSR initiatives, especially in Europe, is closely associated with the effectiveness of broader systems of private and public governance (p. 10).

Jeremy Moon's discussion of how CSR evolved in the UK gives one significant example of its development in the European Union (Moon, 2005). He presents CSR as part of societal governance in the UK, embedded in a system intended to give direction to society. The roots of CSR in the UK may be found in nineteenth century business philanthropy, as previously described in the United States. Moon argues that although CSR was discussed in the 1970s, it was the period of high unemployment, urban decay, and social unrest of the early 1980s that was a defining moment for CSR in the UK. In the 1990s, the concept of CSR broadened from community involvement to an eventual and abiding concern for socially responsible products, processes, and employee relations. The explicit concern for CSR in the UK and among companies was characterized by growth in CSR staffs in companies, embedding of CSR in corporate systems via standards and codes, increased social reporting, and growing partnerships between companies and NGOs or governmental

organizations (pp. 56–7). In addition, these initiatives were augmented by the emergence and expansion of CSR umbrella organizations, the CSR consultancy industry, interest in the investment community, and growth of CSR initiatives in higher education. The institutionalization of CSR by corporate managements in the UK has paralleled that in the United States and in other developed countries of the world: senior level management and board-level responsibilities, reporting and organizational systems, and increased external stakeholder relations (p. 60).

A major volume, *Corporate Social Responsibility across Europe* (2005), edited by Habisch *et al.*, documents the spread of CSR across Europe as part of an intense debate about sustainability and globalization. They claim CSR was virtually unknown about a decade before, but now it is one of the most important topics for discussion for business people, politicians, trade unionists, consumers, NGOs, and researchers.

What is the future for CSR around the world? The most optimistic perspective seems to prevail and it is depicted well by Steven D. Lydenberg in his book *Corporations and the Public Interest: Guiding the Invisible Hand*. Lydenberg sees CSR as 'a major secular development, driven by a long-term reevaluation of the role of corporations in society' (Teach, 2005: 31.) Lydenberg says this re-evaluation is more evident in Europe, where the stakeholder responsibility notion is more readily assumed, but that US business people are more skeptical of this assumption. He goes on to argue, however, that the European influence will be very hard to resist over the long run (Teach, 2005).

By contrast with the optimistic perspective, David Vogel is genuinely skeptical of CSR and he develops this argument in his book, *The Market for Virtue: The Potential and Limits of Corporate Social Responsibility*, in which he critiques CSR's influence and success. Vogel is very much of the mind that CSR will not be successful until mainstream companies begin reporting some aspect of CSR as being critical to the company's past or future performance (Teach, 2005). In other words, CSR is successful only to the extent that it adds to the bottom line and can be specifically delineated as having made such an impact. In reacting to Vogel's skepticism, it must be observed that this convergence of financial and social objectives characterizes the trajectory that CSR has taken in the past two decades.

It is clear from CSR trends and practices that social responsibility has both an ethical or moral component as well as a business component. In today's world of intense global competition, it is clear that CSR can be sustainable only so long as it continues to add value to corporate success. It must be observed, however, that it is society, or the public, that plays an increasing role in what constitutes business success, not just business executives alone, and for that reason, CSR has an upbeat future in the global business arena. The pressures of global competition will continue to intensify, however, and this will dictate that the 'business case' for CSR will always be at the center of attention.

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