Corporate social responsibility: The centerpiece of competing and complementary frameworks

Archie B. Carroll

In its modern formulation, corporate social responsibility (CSR) is a product of the post-World War II period. Given impetus by the changes in social consciousness that came to a crescendo in the 1960s, especially the civil rights, women’s, consumer’s and environmental movements, CSR has grown in relevance and stature ever since. Today, CSR is a global concept that has progressed from the interplay of thought and practice. CSR represents a language and a perspective that is known the world over and has become increasingly vital as stakeholders have communicated that modern businesses are expected to do more than make money and obey the law. Today, ethics and philanthropy help to round out the socially responsible expectations placed on modern organizations striving to be sustainable in a competitive, dynamic, global marketplace. Socially responsible firms make a special effort to integrate a concern for other stakeholders in their policies, decisions and operations.

Other related competing and complementary concepts such as business ethics, corporate citizenship, stakeholder management, and sustainability have contended for the public’s acceptance. The concept of Creating Shared Value also has entered the discussion. All of these are interrelated and overlapping terms that have been incorporated in CSR, which is the benchmark and centerpiece of the socially conscious business movement. Businesses of all sizes have now embraced the concept of CSR, and thus this discussion serves a wide audience. Whether you are new to the field or a veteran, this overview intends to serve as a valuable resource that will serve as a compass to the broad field known as corporate social responsibility (CSR).

CSR OVER PAST HALF CENTURY

One could easily go back hundreds of years to identify the roots of CSR. For practical purposes, however, a brief consideration of the past half century or so captures most of what is relevant to executives today. The modern era of CSR was stimulated by Howard Bowen’s publication of his landmark book Social Responsibilities of the Businessman in 1953. As the title of Bowen’s book suggests, there were not enough business women around then to be inclusive in his book’s title. Bowen set the stage for executives to think about their roles in society when he posed the question “what responsibilities to society may business men reasonably be expected to assume?”. The 1950s were a relatively placid period, but the rising power of business was apparent and the idea of social responsibility grew partially in response to this. CSR was often referred to as social responsibilities (SR) during this early period, and Bowen’s initial idea of what this meant was that business people had obligations to pursue policies, decisions, and actions that were seen as desirable by society.

The business community was not overly alarmed at this idea during this period as it was continuing its decades’ old nominal practices of corporate giving and supporting education, two realms which it had concluded were desirable and acceptable community relations practices. As the myriad expectations on business grew, resistance would also become stronger until executives calculated that CSR was indeed in their best long term interests and that it could be pursued without significant harmful effects to the bottom line.

A rising social consciousness in the 1960s brought about closer examination of business behavior and greater
challenges to corporate social responsibility. This societal drift posed a remarkable contrast to the general acceptance of corporate legitimacy of the 1950s. The emergence of social movements in the realms of civil rights, women’s rights, consumer’s rights and a desire for environmental protection grew to such a level of activism that they take their place as the most important precursors to the modern CSR movement. These social movements were driven by a revolution of rising expectations that came to characterize the decade. Each succeeding generation was expecting more from business and life. During this time, workers’, consumers’ and citizens’ expectations gave stronger shape to the idea that businesses had responsibilities to certain stakeholders other than the traditional stockholders. The most significant legislation formalizing these responsibilities for business came in the form of the Civil Rights Act of 1964. Regrettably for business during this decade, a few landmark cases that came to be seen as corporate irresponsibility occurred and captured the news. Among these were G.E.’s price-fixing scandal (early ’60s), G.M.’s Corvair motor car debacle and auto safety expose (mid ’60s), and the appearance on the scene of one demanding consumer activist—Ralph Nader. Because of these events, the 1960s could easily be marked as the beginning of the modern CSR movement, even though evidences of its beginnings are traceable further back.

Some of the business criticism was moderated by companies continuing their commitments to philanthropy and community relations. During the ’60s, business giving transitioned from personalized charity driven by industrial magnates donating to their pet projects to more formalized giving programs representing company-wide interests. On the cutting edge of firms dedicated to corporate philanthropy during this time were Dayton Hudson in Minneapolis (which later became Target Corporation) and Cummins Engine Co. of Columbus, Indiana. Both companies became well known for their “Five Percent Clubs” in which they gave five percent of their pre-tax profits to charities. Also during this time, Control Data Corporation (CDC) became highly visible for its community relations initiatives. Later, IBM and Xerox carried forward with community relations innovations. In response to the social movements, some companies began to take initiatives on the civil rights, consumerism and environmental protection fronts, but this unfolded gradually.

CSR advanced on several fronts during the 1970s. First, the early ’70s marked the federal government’s most significant response to the issues of the ’60s with the creation of the Environmental Protection Agency (EPA), Consumer Product Safety Commission (CPSC), Equal Employment Opportunity Commission (EEOC) and the Occupational Health and Safety Administration (OSHA). These new laws came to be known as social regulations because they addressed and formalized some responsibilities of business in the realms of the social movements. The social transformation of business gained fuller force in the 1970s as companies, whether due to enlightened self-interest or in response to regulatory requirements or activists’ protests, entered an era that might be called “managing corporate social responsibility,” as they began to formalize and institutionalize their responses to social and public issues.

With President Ronald Reagan’s election in 1980, the CSR movement was further legitimized as Reagan called upon companies and private initiatives to address social problems. Though Reagan’s primary emphasis was invigorating the economy and stimulating economic growth, he did call upon companies to pick up the slack as he urged cuts in federal and state funding of social service programs. Reagan did issue calls for volunteerism and he was more interested in the private sector rather than the federal government helping with community initiatives. This was a momentous decision on Reagan’s part because it emphasized that business rather than government should be the driving force in social responsibility. During this decade, CSR stabilized even as a preoccupation with business growth became the order of the day. Business ethics scandals became more prevalent, and the public’s attention turned to the causes and cures of illicit corporate behavior rather than the philanthropy and community relations activities that were the bread-and-butter issues of CSR.

Beginning in the 1990s and carrying forward, three strong trends in CSR emerged, grew and continue with us to this day: globalization, institutionalization, and strategic reconciliation. The story of CSR in the 1990s and beyond emphasized growth on two fronts—at home in the U.S. and abroad. In the U.S., multinational corporations extended their businesses globally; at the same time, CSR was exported abroad as global capitalism expanded rapidly during the decade, never to turn back. The challenge managers faced was to identify and respond to social issues abroad by utilizing both accepted and novel policies and practices that would be suitable in host nations. In both developed and developing countries, publics were interested in the same kinds of societal issues that were faced in the U.S. However, many of them were more challenging due to an absence of a legal infrastructure and formalized protest groups in the developing countries. With the rising global competitiveness of corporations, reputational risk increased as global visibility and vulnerability of corporations’ international images gave them a strong incentive to plan carefully their responsibility and ethics initiatives wherever they were doing business. All this was greatly exacerbated by the technological changes that seemed to grow rapidly during the decade—the rise of the Internet and E-commerce. The availability of cheap labor and rising technology led to the outsourcing of many developed countries’ jobs and a drive toward the creation of a “flat” world later made famous by Thomas Friedman in his influential book The World is Flat: A Brief History of the Twenty-First Century.

As questions of corporate responsibility crossed borders and cultures as never before, the challenges to business managers and companies grew significantly. The dilemma of global businesses became one of balancing and reconciling the conflicting pressures, demands, and expectations of home and host country stakeholders. Companies wanted to achieve legitimacy in the eyes of other countries, especially developing countries, and this became a central challenge in the 1990s and beyond. Being a socially responsible enterprise was the surest path to legitimacy in these countries.

The growing focus on the global dimension of business did not supplant domestic business concerns. Domestically, the second major trend of this period was developing strongly, that of institutionalization of CSR. During the 1990s, CSR practices became commonplace, more formalized, varied, and more deeply integrated into business practices. This
process of institutionalizing CSR into business thinking, policies, organization charts, and practice was a multi-decade transformation; some companies were ahead of the curve, and many fell behind. The primary fronts on which CSR practices grew expanded beyond philanthropy and community relations to embrace advancement of minorities and women, consumer practices, and environment and sustainability initiatives. Another stakeholder group became active in the 1990s—investors. As the challenge of CSR became framed as what companies were doing for themselves (owners, investors) versus what they were doing for “others”—“outside” stakeholders (consumers, minorities/women, environment), these investor groups became more vocal and visible. This underscored the balancing act executives had to play in satisfying stakeholders. Symbolic of business’s institutionalized interest in CSR was the founding in 1992 of the business association known as Business for Social Responsibility (BSR). BSR was formed to fill what it called an urgent need for a national business alliance that fosters socially responsible business practices. Larger organizations, in particular, began creating high echelon corporate officers who were responsible for the firm’s CSR policies and practices.

Though the issue of corporate governance was not a central issue in the 1990s, it became increasingly important, especially the role and responsibility of boards of directors, as businesses transitioned into the 21st century. This was due in no small part to the ethics scandals of the early 2000s, especially the Enron scandal and eventual collapse. The Enron era included both companies and CEOs or CFOs (chief financial officers). Among the most well known of these were Enron (Kenneth Lay, Jeffrey Skilling, Andrew Fastow), WorldCom (Bernie Ebbers), Tyco (Dennis Kozlowski), Adelphia (John Rigas), and Global Crossing (Gary Winnick).

With the passage of the Sarbanes-Oxley Act (SOX) in 2002, the public may have been lulled into a false sense of security over the next several years—thinking that the governance issue had been resolved. SOX was not aggressively followed by companies, and it did not turn out to be the solution everyone had hoped for. The stock market collapse in 2008 began a recession that in terms of its impact on the world economy had not been seen since the Great Depression. This began a period that might be called the Wall Street financial crisis that ushered in a new set of companies and characters accused of questionable and irresponsible dealings. The new companies we began reading about included Fannie Mae, Freddie Mac, Bear Sterns, Lehman Brothers, AIG, Countrywide Financial and Merrill Lynch. Increasingly, the boards of directors were rightly blamed for not carefully overseeing top echelon executives, and the period of board governance taking center stage became a preoccupation during the first decade of the 2000s.

The third trend that occupied the decade of the 1990s and has continued forward was the strategic reconciliation in executives’ minds of CSR and profitability. Actually, the question of whether socially responsible firms were also profitable firms goes back to the beginning of its consideration. But, during the ‘90s the notion of the strategic, bottom line, relevance of social responsibility began to be framed as whether a “business case” for CSR could be made. Even with earlier CSR initiatives there was frequently the built-in premise that socially responsible firms would not only be enhancing the society in which they existed but that their efforts would be in their long-term, enlightened self-interest. Not all executives and companies saw it that way, however. With the passage of time and the growth of resources being dedicated to CSR, it was natural that critics would continue to ask whether CSR was paying its own way. A huge incentive for the development of the business case for CSR was in response to Milton Friedman’s continuing arguments against the concept—claiming that businesses must focus on long-term profits. If it could be demonstrated that businesses actually benefited financially from CSR, then perhaps Friedman’s opposition could be somewhat neutralized.

In short, the business case for CSR refers to the arguments that provide rational justification for CSR from a corporate financial perspective. Arguments in favor of the business case contend that CSR-oriented firms will be rewarded by the market in economic and financial terms. A narrow version of the business case justifies CSR when there can be demonstrated direct and clear links to the firm’s financial performance. A broad view of the business case justifies CSR when it produces direct and indirect links to financial performance. A fair number of research studies have been conducted on the relationship between CSR and firm profitability. This is complicated research because there are so many variables at work and their measurement is challenging. But, overall, there has been demonstrated a positive but highly variable relationship between CSR and corporate financial performance. But, executives are not interested in this type of academic research. They are more interested in the logical, well thought out arguments spoken in terms they can apply in their business thinking. Arguments that have been advanced to support the business case have typically fallen into four distinct categories—strengthening business’s legitimacy and reputation; reducing business’s costs and risks; building or strengthening strategic, competitive advantage; and, creating situations in which everyone benefits via synergistic value formation. If one considers surveys of business practitioners, the business benefits of carefully implemented CSR policies help companies win new business; increase customer retention; improve relationships with customers and suppliers; attract, motivate, and retain a satisfied work force; save money on operating and energy costs; manage risk; differentiate itself from competitors; provide access to investment and funding opportunities; and generate positive publicity and media opportunities.

In considering the extent to which companies of all sizes today have bought into and emphasize CSR, it could easily be argued that the business case has been won. In spite of this, the questioning will continue—as it always does with ideas thought to be controversial by some. CSR’s status also fluctuates with the state of the economy or the success of the business, with CSR receiving friendlier acceptance during positive and growing times. Regardless, it is clear that CSR has moved out of the category of altruism, at one extreme, and is moving toward instrumental, strategic rationalizations at the other extreme. In the first decade and a half of the 21st century, CSR has continued to be front and center, but in several instances has taken the form of alternative concepts, rationales and frameworks.
EMERGENCE OF COMPETING AND COMPLEMENTARY FRAMEWORKS

Though King Solomon observed thousands of years ago that "there is nothing new under the sun," this has not prevented the continued emergence, especially among academics and business practitioners of new terms, concepts or frameworks to capture the essence of business-and-society relationships or business's responsibilities toward society and stakeholders. Although debatable, over the past several decades several complementary and competing ideas or frameworks have appeared and have been adopted by sizable groups of corporations or observers. In most instances, once they were popularized they became a permanent part of the socially conscious business lexicon, and since they are so complementary and overlapping to the notion of CSR they merit consideration.

The primary contenders to capture the essence of business-and-society or business-in-society relationships and to address business's role or what it "owes" to society have framed its meaning in similar but slightly different ways. These primary frameworks include corporate social responsibility (CSR), which we have been discussing so far as a core concept, business ethics (BE), stakeholder management (SM), corporate citizenship (CC), and sustainability (SUS). To be sure, some adherents to these concepts see them as distinct and preferable. When you read through the business press or listen to business practitioners, however, you cannot help but conclude that those speaking often are referring to the same phenomenon but with a slightly nuanced emphasis. Whether in the business or academic communities, each of these concepts has gained in prominence such that they are now ubiquitous in nature either as a buzzword or a serious contender. The result has been some measure of confusion. At times, each of the concepts or terms has been suggested to incorporate one or more of the others. In other instances, the concepts have simply been used interchangeably. In an effort to somewhat clarify their similarities and differences, each will be considered briefly.

Corporate Social Responsibility (CSR)

CSR has been in longer term use as an explicit framework to better understand the business and society relationship. One research paper claimed to find at least 37 different definitions of CSR. Obviously, we cannot consider them all. Early on, CSR was used as a general term arguing that managers ought to seriously consider their impacts on society. It was later thought to embrace those actions which managers and organizations take to protect and improve the welfare of society along with business's own interests. In this view there are two active aspects of CSR, protecting and improving. To protect society implies that companies need to avoid their negative impacts (e.g. pollution, discrimination, unsafe products). To improve the welfare of society suggests that companies need to create positive benefits for society (e.g. philanthropy, community relations). Another early thought was that companies not only had economic and legal obligations but also certain responsibilities that extended beyond those obligations, though these were not spelled out.

In an attempt to spell out more clearly what responsibility business had to society, this led me to articulate a view of social responsibility that argued that CSR had to encompass the economic, legal, ethical, and discretionary (largely philanthropic) expectations that society has of organizations at a given point in time (Carroll, *Academy of Management Review*, 1979). My position was that the economic and legal expectations were required of business by society and that the ethical responsibility was expected and the discretionary/philanthropic was desired of business by society. This broader view of CSR was thought to begin with and embrace those responsibilities companies had to themselves and their owner/shareholders (economic) and those that had been formalized by society through federal/state/administrative laws (legal). Businesses in their various forms are creations of the public/government in that they receive their charters to operate in this way.

So, what are these "other" responsibilities that are not mandated by society? They are encompassed by two additional categories of expectations: ethical and discretionary/philanthropic. Because laws are essential but not sufficient, society expects businesses to be ethical; that is, to embrace those activities, practices and standards that are expected or prohibited by society even though they may not (yet) be codified into laws. In this view, law may be seen as "codified" ethics. The ethical responsibility of business embodies the full scope of norms, standards, values and expectations that reflect what consumers, employees, shareholders and other stakeholders regard as fair, just and consistent with respect for protection of stakeholders' moral rights. These expectations are not codified into law, and there is a continuing debate as to what they are and how far they should be carried. Finally, there are business’s discretionary or voluntary responsibilities. Though not responsibilities in a literal or legal sense, they are desired by society and over time they have come to be expected of business by the public. Philanthropic contributions and community relations improvements are the best examples of this category in which businesses seek to "improve" society or the community. The amount and nature of these activities are voluntary or discretionary, guided only by business’s desire to engage in social activities that are not mandated, not required by law and not generally expected of business in an ethical sense, though this is changing. An example of these philanthropic practices would include Chick-fil-A’s WinShape Center Foundation which operates foster homes, supports a summer camp, and provides college scholarships for thousands of students. Today, the public has an expectation that business will "give back," and thus this type of responsibility is seen more and more to be expected as part of the social contract between business and society. This discretionary/philanthropic category of expectations is sometimes driven by ethical motives, but often it is driven by companies just wanting to be perceived as good corporate citizens to enhance their reputational capital.

Today, CSR is more commonly seen by consumers, employees and the public to embrace those activities that are not required by law—in other words, the ethical and discretionary categories in the above four-part definition. In this conception, however, the economic responsibility remains vital, because owners and investors expect companies to provide them as a condition of existence fair-to-good returns, and the
legal responsibility continues to be relevant in that it clarifies and expresses minimum levels of behavior and performance. By almost any measure, the number, breadth and depth of regulations being imposed on business continues to proliferate. Regulations require compliance on the part of business, but not all businesses comply with both the letter and the spirit of the laws, and this raises questions about their ethics as well.

Over the past 40 years, variations on the concept of CSR have occurred largely because business practitioners lamented the idea that they had these responsibilities in the first place. Many of them loved Milton Friedman’s assertion that their only responsibility was to “make a profit.” As a result, the concept of corporate social responsiveness became popular in the mid-seventies and the concept of corporate social performance followed soon thereafter. Corporate social responsiveness represents an action-oriented variant of CSR. Whereas responsibility places an emphasis on motivation, responsiveness was seen as a more comfortable term in that it simply implied businesses were, in fact, responding to issues they saw in society. The idea of corporate social performance became popular because it avoided issues of motivation and processes and simply focused on results achieved. These variants of CSR did not alter its basic meaning, but they did refocus the emphasis—thus making the concept more palatable to some practitioners. In spite of these other possible emphases, the CSR term has developed broad acceptance in the business community and is interpreted by most to include motivations (responsibility), actions (responsiveness), and results (performance). Other frameworks have also caught on and have become popular. These other major frameworks include business ethics (BE), stakeholder management (SM), corporate citizenship (CC), and sustainability (SUS). Fig. 1 graphically depicts the evolution and proliferation of CSR and competing and complimentory concepts over the past half century or more.

Business Ethics (BE)

Although concerns about business ethics have been around for centuries, business ethics became a popular framework in the 1980s and beyond. From the standpoint of academic philosophers, BE became popular as an academic field and was rooted in moral philosophy. From the standpoint of practitioners and the public, BE came to describe the illicit activities of firms and managers that were increasingly becoming visible and offensive to all as technology and media expanded. Business school academics saw BE as a management problem that was embedded in how stakeholders were treated and managed.

Business ethics is a system of thought that is rooted in moral duty and obligations. It can also be seen as principles or
values. Business ethics is concerned with the rightness or fairness of business, manager and employee actions, behaviors and policies taking place in a commercial context. Even as compliance has become more important in the past two decades, strong business ethics has taken its place as a bellwether of successful companies.

As a result of highly publicized scandals, particularly those which could be attributed to named corporate leaders (e.g. Kenneth Lay, Bernie Ebbers, Richard Scrushy, and Bernie Madoff), the framework and terminology of business ethics took its place side by side with CSR as a popular framework for evaluating business activity. Some analysts differentiated the two by arguing that CSR referred to companies as a whole, whereas BE addressed the behaviors of specific corporate leaders, but quite often the two terms were used interchangeably and their use hinged on their faddish status rather than any real technical difference. Having said this, business ethics as a concept does help to capture and embrace the activities of middle and lower level managers and employees who might not be as accurately accounted for using the CSR terminology.

Certainly, the CSR framework presented earlier is replete with ethical issues and dimensions which cut through the economic, legal, ethical and discretionary expectations. This is because business ethics is typically seen as normative; that is, it prescribes what companies and managers ought to be doing or ought not to be doing. However, business ethics does tend to place its greatest focus on the ethical and discretionary responsibilities rather than the economic and legal categories, although they are intertwined. When seen in this light, the complimentary nature of BE and CSR become evident. The business ethics framework and language for describing and analyzing business behavior has taken its rightful place in the current discussion and it does not appear to be slackening. At the same time it remains as a competitor to CSR as a worthwhile framework for describing and analyzing organizational behavior.

**Stakeholder Management (SM)**

The stakeholder approach to business and society relationships became popular in the middle 1980s and continues strongly today. It grew up side by side with the exploding field of business ethics. The term stakeholder is a variant of the more familiar and traditional concept of stockholder or shareholder. Like CSR, stakeholder theory or its more applied business nomenclature, stakeholder management, is built upon the idea that there are multiple constituencies—individuals and groups—that have a stake or interest in business decisions and operations. Primary stakeholders might include those who have an official or legal stake in the enterprise—owners, employees, customers, local communities. Secondary stakeholders might include those who have a general interest in the outcome of business functioning—government, regulators, social pressure groups, activist groups, competitors, media, and so on. Over time the concept of the firm has transitioned through stages wherein more stakeholders have become relevant to business functioning, and they have increasingly voiced their stake in the business operations. These different stakeholder groups have varied in their legitimacy (validity of their claims), power (ability to affect the organization) and urgency (timeliness of their expectations) so the challenge to management has been to work through such vital questions as: who are the firm’s stakeholders, what are the stakeholders’ stakes, what opportunities/challenges are posed, what responsibilities does the firm have toward its stakeholders and what strategies or actions the firm should best take to address the different stakeholder groups. Stakeholder thinking or effective stakeholder management is built upon managers and companies being able to improve their relationships with stakeholders and to balance their responses so that stakeholders are fairly and effectively dealt with. Companies have done this through the development of a stakeholder culture and improving stakeholder engagement and interactions.

The stakeholder management framework is effortlessly consistent with both CSR and business ethics. In a real sense, the stakeholder concept has given firms and managers language and concepts for carrying out their missions with respect to people and groups with which they interact and hold responsibilities. Stakeholder theory has continued to have a steady and growing presence in academic circles and the language and practices of managing stakeholders has become useful in both business and nonbusiness organizations. Whereas many major companies today have CSR Officers or Business Ethics Officers, few of them have institutionalized Stakeholder Management in terms of slots on organizational charts. Nevertheless, SM, in practice, has become a complimentary language and concept to CSR and business ethics.

**Sustainability (SUS)**

The concept of sustainability has become one of business’s most pressing mandates in recent years. Sustainability discussions began with a concern for the natural environment. In its most prominent first use, sustainability was derived from the concept of sustainable development when the Brundtland Commission, in 1987, coined what has become the most often quoted definition of sustainable development: “Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” The key to sustainability is the future. Later, it became apparent that a broader concept than just the natural environment was needed that embraced the wider scope of business’s operations and processes and applied to business’s global role in development. Today, sustainability is understood to embrace environmental, economic and social criteria depending on the user’s intent when articulating the concept.

The framework of sustainability began to gain adherents and popularity in the 1990s. It became very popular in the late nineties when John Elkington introduced the notion of the “triple bottom line” and linked it to the idea of sustainability. In the triple bottom line, the emphasis was placed on the simultaneous pursuit of economic prosperity, environmental quality, and social equity—called by some a concern for profits, planet, and people. Like the other frameworks we have discussed, sustainability has experienced hundreds of definitions as well, and some critics say the concept is still fuzzy, elusive and somewhat ideological and controversial. In spite of this, the concept and terminology has been significantly adopted in both the business and academic communities. One reason for this may be that the term
does not elicit immediate objections from business people like the term CSR does, which implies trying to pinpoint "responsibility." Likewise, it does not try to concentrate on malevolent behavior as business ethics is often perceived to do. Sustainability is somewhat neutral in that it seems so logical—take care of the present, take care of the future—that virtually no one opposes it as a concept. Its primary advantage is that it tends to stress the long-term perspective, encompasses economic, social and environmental factors, and explicitly incorporates a concern for future generations, which have for decades been a primary concern of environmentalists.

Increasingly, businesses are using the concept in a multitude of ways. Certainly, business has adopted the language of sustainability even when carried no further. But, one of the most important realms in which business has bought into the concept has been through its efforts to be transparent as it publishes annual social reports. Today, about 95 percent of the Global Fortune 250 and many other companies voluntarily (though often pressured by activist groups) publish reports that disclose their performance in social, economic and environmental realms. These reports have been called many names over the years, but Sustainability Reports seems to be one of the most recent and most popular descriptors. They variously have been referred to as social reports, CSR reports, Corporate Citizenship reports and Corporate Responsibility reports; but in recent years more firms have been adopting the Sustainability Report language. If you look at these reports, they all seem to cover the same topics, and they seldom specifically address details related to sustainability definitions; you are left with the impression businesses have just jumped on the sustainability bandwagon and are trying to select the most recent buzzword to describe their CSR activities.

Most major companies use the reporting framework of the Global Reporting Initiative (GRI), which is a multi-stakeholder network started in the '90s by two nonprofits. This program was later expanded under the auspices of the U.N. and then became an independent nonprofit organization headquartered in Amsterdam. A few leading companies have tried to be innovative and have sought to move toward integrative reporting in which they blend their sustainability records with their financial records, but this idea is still in an early stage.

**Corporate Citizenship (CC)**

Along with sustainability, corporate citizenship (CC) is among the most recent and most popular of the terms adopted by business to characterize their CSR. It became widespread in the '90s and has carried forward to today. Since the term was first adopted in the business community, no strong definition was ever presented that clearly differentiated it from CSR. It appeared in the business nomenclature as a more suitable collective term that for the most part was used synonymously with CSR. If you think about companies as citizens of the communities and countries in which they reside, corporate citizenship means that these companies, like people, have certain duties and responsibilities they must fulfill to be perceived as legitimate and to be accepted. Good citizenship suggests that one "gives back" to the community and strives to fit in as a good neighbor would—getting along with everyone. Corporate citizenship, like sustainability, is one of those ideas that no one would rightly oppose.

It was left to academics to try to make some specific sense of the corporate citizenship language and to endeavor to give it some specific meaning other than as a substitute for CSR. The citizenship metaphor is pretty straightforward, and attempting to explain it through technical language is not space well spent. The framework has been thought of in two primary ways, however, as a broad view and as a narrow view. The broad view presents it as a wide-ranging, inclusive term that essentially embraces all that is implied in the concept of CSR. It is all about serving stakeholders well by being an integral part of their lives. At one time I framed my four-part definition of CSR as embracing the "four faces of corporate citizenship"—economic, legal, ethical and discretionary/philanthropic. In this conception of CC, each "face," or type of responsibility category reveals an important facet that contributes to the whole. In this view, companies are expected to fulfill these responsibilities just as individual citizens are.

At the narrow end of the spectrum, CC typically points to "corporate community relations" or just the discretionary/philanthropy category of the four-part definition of CSR. In this narrow view, CC suggests an interaction primarily with community groups—citizens, nonprofits, and other entities at the community level. However, the framework of CC has also been poised as Global Corporate Citizenship, in which the implication is that companies need to fit into the counties and communities in which they do business wherever this may be in the world. This is the beauty of the word "community"—it can be defined in many different ways to fit the needs of the user. In the final analysis, the framework of CC has become popular because it carries with it a positive aura of companies striving to be a good citizen, including paying their own way, abiding by the law, creating jobs, products and services the community wants, living according to rights and duties understood in the community, and giving back to others. Who could disagree with this? It is easy to see how the framework of Corporate Citizenship, as an umbrella term, has become so popular among businesses even though its precise meaning is somewhat vague and left open to interpretation.

In summary, it is easy to see how these five different frameworks—Corporate Social Responsibility, Business Ethics, Stakeholder Management, Sustainability and Corporate Citizenship have so much in common that they often have been used interchangeably by business organizations and managers. Experience has demonstrated that executives latch onto a term that seems to be in vogue and from time to time change language and frameworks to always appear to be on the cutting edge. Doubtless this trend will continue and other concepts will arrive on the scene and compete for popularity. Whether they will ever be sufficiently distinct from CSR remains to be seen. Today, CSR, Sustainability and Corporate Citizenship seem to have the most in common and are most frequently used by companies, but other ideas and frameworks are always coming along serving as complementary or competing notions those in this field are tempted to grasp upon. None of these frameworks, however, appear to be sufficiently distinct from CSR that they are able to dislodge the traditional and accepted term of CSR. All of these will continue in popular usage.
FUTURE OF CSR

Regardless of how it is framed, the future of CSR is always relevant to consider. Will the CSR framework continue to dominate policy and practice? Will one of the competing frameworks take over in terms of its popularity and emphasis? One way to consider the future of CSR and its related concepts is to think about three distinct future scenarios that could possibly play out over the coming decades. Let us call them the Gloomy Scenario, the Hopeful Scenario and the Probable Scenario.

In the Gloomy Scenario, a concern for CSR and its related counterparts would begin to fade from the scene and eventually disappear from business’s agenda. This could happen under some degree of global economic collapse, but this pessimistic or cynical scenario is doubtful. CSR remained important even during the world financial crisis that began in 2008, and though its robustness may have declined somewhat, it did not disappear from the global business scene. Barring even worse financial collapses, it does not appear the Gloomy Scenario has a chance of becoming reality.

At the other extreme is the Hopeful Scenario. This could be called the optimistic scenario. In this development, companies the world over would significantly grow their CSR commitments and programming, and the ideas embedded within them would move from the transactional to the transformational. In studying the recent past, it is not expected that companies will undergo fundamental, revolutionary increases in their commitments to stakeholders and society. There will be a growing number of social entrepreneurs who will significantly adopt social objectives as a part of their very being and existence, but when mainstream companies are considered it is not likely this transformation will occur. The Hopeful Scenario has always had adherents, and these will continue; however, in terms of a cataclysmic trend, this is not likely to play out.

The Probable Scenario, though not particularly exciting to CSR proponents, will likely rule the day over the foreseeable future. There is significant evidence that CSR has been consistent and stable in its popularity and at least three driving forces have kept it alive and well—business acceptance, global growth, and academic proliferation. First is business acceptance, which is the most important factor. Except for a few periods when there has been active controversy (e.g. when Milton Friedman was popular), business as an institution in society has increasingly accepted the idea that it is a multi-purpose social institution, an adaptive-learning institution, and that its legitimacy in society and the world over is tied to public acceptance and approval, particularly in free economies. And, it has been clear that the public everywhere has expectations on business that extend beyond providing goods and services, providing jobs and benefits, and making profits—although these certainly rank highest.

Businesses may have experimented and at times preferred alternative nomenclature to CSR, but the general pattern of CSR has been affirmative and accepting. This acceptance has included mainstream adopters, social entrepreneurs and social intrapreneurs. Mainstream adopters of CSR include virtually all of the major corporations in the world and all those that want to be like them. These include Fortune 500 companies and others that have adopted, practiced and achieved a degree of excellence in socially responsible practices. Their motives might have been improving business and society relationships, gaining competitive advantage, developing reputational capital, reducing costs or simply mimicking other successful firms.

Because of business’s adaptability and willingness to accept a range of CSR-friendly strategies, it has been sustainable. Certainly there has been a continuum of growth and implementation postures that companies have adopted and they have run the gamut from what Coro Strandberg, a sustainability consultant, has termed CSR “Lite,” to CSR Compliant, to CSR Strategic, to CSR Integrated, and to Deep CSR. The compliant → strategic → integrated range of postures will most likely be evident in the decade ahead. Strandberg’s predictions, with which I concur, include more significant roles for stakeholders (with stakeholder engagement becoming more frequent), increased prevalence and power of ethically sensitive consumers, increasing sophistication of NGOs (non-governmental organizations), employees as a growing CSR force, increasing investor clout on CSR, and increased activity up, down and across the global supply chain.

Two other trends have been evident in the past couple decades: social entrepreneurship and social intrapreneurship. Social entrepreneurship is the process of pursuing solutions to social problems while using time-tested business principles to help achieve total organizational success. Social entrepreneurship may occur in either for-profit or nonprofit organizations. Nonprofit social entrepreneurs are primarily interested in achieving positive social change as their primary mission while needing to generate acceptable financial returns to sustain the enterprise. For-profit social entrepreneurs factor in and integrate social objectives in their business missions from the very beginning. These are the firms that seek social mission excellence in addition to financial excellence, and they have taken the lead in advocating causes they considered important. Business social entrepreneurs include firms such as The Body Shop, Ben & Jerry’s Ice Cream, Whole Food Markets, and Tom’s of Maine. Related to social entrepreneurship in the corporate sector, a relatively new type of legally sanctioned corporation, the “Benefit Corporation,” or B-Corporation, is quickly gaining acceptance in many states and around the world. B-Corps seek to be “certified” and work through state legislatures as they embrace as a vital part of their initial charters a fiduciary duty first to public welfare rather than maximization of shareholder returns. B-Corps legislation has already been passed in a number of states, and other states are considering it. The near future for B-Corps seems bright, but their longer-term performance and sustainability is still uncertain.

Social intrapreneurship includes firms that did not have a social agenda as part of their initial charter, but later developed a highly visible social agenda. Social intrapreneurs work from within companies to advocate social programming that addresses social or environmental challenges. Companies that illustrate this category might include Timberland, Starbucks, Microsoft, Patagonia and others. Through innovation and risk taking these firms have become high-profile exemplars of CSR and sustainability and their numbers are increasing.

Another major factor confirming business’s acceptance of CSR has been the burgeoning profession of CSR positions.
appearing in the mid-to-upper management levels of many companies—CR Officer, CSR Officer, Vice President ofCSR, Director of Sustainability, Director of Philanthropy and, of course, the growing number of Compliance and Ethics Officers. When I first started teaching Business & Society in the early 1970s, I remember a student approached me after class one day and said, "Professor, I want to get a job in 'business and society.'" I was shocked and all I could do was laugh and tell him that there were no such jobs! My, how this has changed in 40 years!

A second driving force behind CSR’s acceptance has been global growth and particularly developments in emerging economies. We have witnessed the growing acceptance of CSR across the globe. In Europe, the growth of CSR interest and programming over the past decade or more has clearly exceeded the interest anywhere in the world. Beyond Europe, CSR thinking is rapidly catching on and growing in Asia, Africa and South America, just to mention a few places. In 2012, I attended a major CSR conference at Humboldt University in Berlin and saw firsthand the significant global interest in CSR by attendees from all over the world. This conference convenes every other year and seems to increase in popularity and attendance each time.

A third driving force behind CSR’s stability has been academic proliferation. In addition to business acceptance, the academic approval and proliferation of research and publishing on the subject of CSR has been mind boggling over the past decades. The books, articles, conferences and blogs among academics are abundant. Weekly, if not daily, I receive e-mails from scholars and doctoral students from all over the world and especially from countries that we do not typically associate with CSR research and practice, who want to know more and who want research materials to be sent to them because their libraries and other sources do not yet have them. Last year, I received an e-mail from a visiting scholar from Calcutta, India who was spending three months in the U.S. at Florida State University. He wanted to come visit me for a couple of hours to seek clarification on some CSR writings of mine he had been studying. This young man took a Greyhound bus that left Tallahassee, FL on a Thursday at noon, laid over in Atlanta for 12 hours, and did not get to Athens, GA until 9:30 the next morning. (It is only six hours by auto—which he did not have.) After meeting with me for four hours and recording all our time together including lunch, he caught the bus home that same evening and would not get back to Tallahassee until the next day. I was so impressed with this young scholar’s burning desire to study and understand CSR so that he could take it back to his country. A year later I heard from this young scholar, who had finally received his Ph.D. He said, "Professor, you have got to come to India. They are misunderstanding your views on CSR." I quickly wrote him back and said that he is now in the best position to straighten them out—so go to it.

In short, it is expected that the Probable Scenario will be the trajectory for CSR over the coming five years or more. CSR will continue on its primary transactional path but will achieve transformational results in some limited cases. CSR will be expected to grow more rapidly and enthusiastically in developing countries as economic progress and circumstances there provide additional opportunities.

SUMMING UP

Corporate Social Responsibility has had a robust past and it has an upbeat future. That a special issue on this topic is being published by Organizational Dynamics is just one of many data points supporting this conclusion. Though CSR has been more or less controversial over the past 50 years or so—the modern era of the concept—it has continued to expand in support, adaptation and applications by businesses and academics alike. Educational institutions and nonprofit organizations also have shown increased interest in the topic. The acid test has been acceptance in the business community as part of the social contract between business and society. A variety of factors have driven this acceptance, and organizations have adjusted to public expectations and now CSR/Business Ethics/Corporate Citizenship/Sustainability is part of virtually every company’s agenda. Support for it has not always been philosophically pure, but as a practice it has been adopted, adapted and mainstreamed into the missions of most firms. Like the strands of DNA, the interplay of practice and theory have yielded a framework that has become a vital part of mainstream business, especially when viewed in its “business case” context.

Complementary and often competing frameworks, especially corporate citizenship and sustainability, have grown in interest and usage in the business community though they are significantly overlapping in terms of their meanings and applications. The idea of Creating Shared Value (CSV) is one of the most recent terms being used to update CSR discussions, but it has not been around long enough to know whether it will stick. CSV emphasizes the interconnections between and among societal and economic progress. Certainly, the idea of creating shared value is an integral part of modern day CSR, but whether a new term is needed for this phenomenon will ultimately be up to businesses, as they are where the rubber hits the road.

CSR has never been pure altruism, although some idealists would like it to be the driving motivation. In fact, businesses engage in CSR because they see in the framework the benefits for them as well as society. This is enlightened self-interest that has come of age, and there is no going back. It represents the most widely held form of conscious capitalism seen thus far, and as long as the worldwide economy continues to grow it is expected that CSR will as well. Its global support is increasing daily among both developed and developing economies, and this trend assures that it will be around in its present or modified form for years to come. The only debate is what it will be called or referred to by practitioners and thinkers.
SELECTED BIBLIOGRAPHY


Archie B. Carroll is professor emeritus of management in the Terry College of Business, University of Georgia, where he served on the faculty 40 years (33 full time + 7 part-time). He is co-author of *Business and Society: Ethics, Sustainability, and Stakeholder Management*, 9th edition, 2015, with Ann K. Buchholtz of the Rutgers University Business School. In 2012, he was awarded the first Lifetime Achievement Award in Corporate Social Responsibility by the Institute of Management, Humboldt University—Berlin, Germany. He is co-author of *Corporate Responsibility: The American Experience* (Cambridge University Press, 2012), which won the 2014 Best Book Award in the Academy of Management’s Social Issues in Management Division. He is a fellow of the Academy of Management, International Association for Business & Society, and the Southern Management Association (Department of Management, Terry College of Business, University of Georgia, Athens, GA 30602, USA. e-mail: a-carroll@uga.edu).