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Corporate Social Responsibility (CSR) and Sustainability: A Literature Review

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Abstract: Each year, thousands of not-for-profit; social services; educational; health care; and environmental organizations make pitches to corporate entities to help partially or fully fund projects they deem are for the common good. And thousands are funded with the promise of some benefit in return to the funding corporation in question; usually having bottom line metrics. And those companies, who give their money and other resources, probably deem themselves as being socially responsible; but what about beyond the bottom line? What about sustainability? Corporate social responsibility (CSR), also called corporate conscience, corporate citizenship, social performance, or sustainable responsible business is a form of corporate self-regulation integrated into a business model. This paper amis to give an overview on the topic and impact of the corporate social responsibility on employee's attitudes and behaviours (CSR), it can be noticed that different scholars still continue to look at the concept of CSR from different perspectives. In 1970, Milton Friedman was the first scholar who wrote an article regarding the responsibilities of corporations. After that academicians started to look at the concept of CSR in more details, and made a move from the general debates discussing about the legitimacy of CSR to other perspectives to get deeper understanding about the concept of CSR. But, most of the researches that have been conducted with regard to CSR were mainly focused on macro perspective with their great emphasis on the relationship between CSR initiatives and financial performance.
Keywords: Corporate Social Responsibility (CSR), social responsibility, employees' attitudes, employees' behaviour.

1. . INTRODUCTION

When we look around we will be able to see different types of corporations which are praised in different ways upon their contributions in the larger societies. Starbucks, as one of large corporations in the world, they have taken an initiation by including citizenship in its mission statement, by putting into their policies their commitment through their efforts for a purpose of minimizing its environmental footprint as well as promoting a trade that will be fair towards the growers in different programs (Starbucks Corporation, 2007) . After this what happened? Starbucks was observed to be notified in the list of Business Ethics to be among of the 100 Best Corporate Citizens for the period of consecutive seven years. Many organizations in the world continue to release their reports relevant to corporate social responsibilities in addition to the annual reports, or sometimes even as a separate report (e.g., Nestle, Unilever etc.) Corporateregister.com, for example, there was a time when it was offering almost 15,000 non-financial reports on sustainability, corporate social responsibility (CSR), and environmental initiatives from almost 4,000 companies.

In the recent years, it can be noticed that different scholars were still looking at the concept of CSR from different perspectives. In 1970, when Milton Friedman decided to write an article where he provoked by disputing the responsibilities of corporations. After that academicians started to look at the concept of CSR in more details, and moved away from discussion about the legitimacy of CSR towards other perspectives to get deeper understanding regarding the concept of CSR. However, most of the researches have been conducted with regard to CSR were mainly focusing on macro perspective with much emphasis on the relationship between CSR initiatives and financial performance (Pava Krausz, 1996; Greenley & Foxall, 1997; Waddock & Graves, 1997; Hillman & Keim, 2001; Ruf, Muralidhar, Brown, Janney, & Paul, 2001; Orlitzky, Schmidt & Rynes, 2003; Marom, 2006). Another active research stream regarding CSR has been observed as its active contribution in marketing and consumer behaviour. Many scholars such as Drumwright (1994-1996); Ellen, Mohr, & Webb, (2000); Ellen, Webb & Mohr (2006); Luo & Bhattacharya (2006); Lombart & Louis (2014); and Bolton & Mattila (2015) have examined the CSR with respect to these domains of research.

However, while looking at the relationship between CSR and employee-level phenomenon, only a few academic studies have managed to dwelled on that, where different scholars noted a surprising gap. Some studies have been published examining the influence of corporate citizenship on organizational commitment (Maignan, Ferrel, Hult, 1999; Peterson, 2004) or with respect to social performance as an organizational attractiveness (Luce, Barber, & Hillman, 2001; Turban & Greening, 1997). Since employees have been widely acknowledged as the key stakeholders in the organization and it is believed that the policies of CSR may have some kind of impact on them, thus, there is a need to conduct a further study with respect to the theoretical and empirical focus into the verge of relationship between the initiatives of CSR and the attitudes and behaviour of employees. Most of the time the research and the theory on the practices of CSR come up with the assumption that external stakeholders such as the community, customers as well as potential employees are the key groups of stakeholder that are also targeted by the companies regarding CSR, on the other side, the internal groups of stakeholder such as current employees are not considered to be affected by those activities. However, some of the scholars have reported the interest of the employees with regard to CSR activities which are carried out in the organization.

2. LITERATURE REVIEW

Corporate Social Responsibility

According to some studies, although CSR is rapidly becoming a worldwide phenomenon in Malaysia (Abu-Baker & Naser, 2000; Belal, 2001; Imam, 2000; Tsang, 1998; Nik Nazsli, Maliah, & Siswantoro, 2003; Branco & Rodrigues, 2006), however, many public companies are slower in responding to the issue of CSR, such as preservation and protection of the environment and the social welfare of the communities in which they operate. Furthermore, according to the New Straits Times Newspaper (2010), the Malaysian Government's efforts to promote CSR are still not taken seriously by many companies because a few of the international corporations and big corporations in Malaysia are only involved in CSR projects (Amran & Siti-Nabiha, 2009; MIA, 2005; Bursa Malaysia, 2007; PM of Malaysia 2007, 2008, 2009, 2010).

Furthermore, Ng (2008) reported that the Malaysian companies are far behind international standards when it comes to implementing the CSR policies, with nearly two-thirds of those surveyed ranking between poor and average categories. The success of any company or organization depends on many variables, such as work place (Fulmer et al., 2003), capital structure (Shyan et al., 2008), information technology (Melville et al., 2004), corporate governance (Brown & Caylor, 2003), HRM (Agrawal, 2007), trust (Prema & Ashwani, 2004), employees (Rupp, Ganapathi, Aguilera, & Williams 2006; Fulmer et al., 2003), ownership (Nazli & Ghazali, 2007; Wang & Wong, 2008), customer relation management (Coltman et al., 2011) and corporate social responsibility (Branco Rodrigues, 2006; Mcguire et al., 1988; Johnson & Greening, 1999). Thus, it is very important to review the performance from time to time due to changes in the environment (Najmi, Rigas & Fan, 2005). Performance is also necessary for the management in its planning and controlling process (Chan, Qui, Chan, Lau & Ip, 2003).

CSR has been defined by different scholars in various ways. For instance, CSR, is commonly defined as "actions that appear to further some social good, beyond the interest of the firm and that which is required by law" (McWilliams & Siegel, 2001). Godfrey and Hatch (2007) provided a continuum of approaches to CSR scholarship, from an extreme economic position to an extreme moral position. Their categories are shareholder capitalism, cause-related marketing, strategic philanthropy, stakeholder management, and business citizenship. According to Godfrey and Hatch, each category presents its own strengths and -weaknesses. Shareholder capitalism offers clear directions to managers, holds them accountable, and reduces agency problems, but it provides no obligations to the larger society beyond shareholder wealth and presents a limited view of how business influences social welfare. Cause-related marketing retains strict accountability but provides the charitable contributions, but may replace private giving. In addition, associations with recipient firms may potentially lead to negative associations and some customers and/or employees may see die efforts as hypocritical or opportunistic. In the mid-point category, strategic philanthropy, while focusing on shareholder's wealth, offers a firm vision of the organization's obligations and opportunities within the larger society leading to broad and deep commitments by the firm to stakeholders. However, important social issues may not correspond to an organization's strategic goals. In addition, because it might be difficult to identify strategic opportunities in the philanthropic realm, agency problems may occur.

Besides, we can also see the trend of movement with regard to CSR. Moving towards the extreme moralistic anchor of their continuum, Godfrey and Hatch praised stakeholder management for embedding the firm within the community and legitimizing trade -offs to facilitate responses to social issues. However, this approach doesn't provide clear guidance to managers nor does it offer justification for social involvement. The final category, business citizenship, models the firm as a global citizen, deeply embedded in global communities and institutions with an opportunity to make a meaningful contribution to social welfare. However, this approach, again, does not offer managers clear guidance or a system of internal accountability. Moreover, business take on a larger public role, making decisions that may be more appropriate in the hands of an elected government. Which category yields the best results for organizations is a matter of empirical investigation and is likely determined by contextual factors, though firms at the extreme economic end may find themselves at a disadvantage.

It does not matter what kind of model embraced by an organization, CSR can provide an important component of a company's brand image, a fact companies including Ben and Jerry's, Timberland, BP, The Body Shop, Stony brook Farms, and Whole Foods use to their advantage. Companies such as Seventh Generation were created to embody and promote social issues, in this case, environmental conservation, with every product label heralding a quote from the Great Law of the Iroquois Confederacy, “In our every deliberation, we must consider the impact of our decisions on the next seven generations.” Seventh Generation and its products, by design, embody social responsibility. Firms that fail to engage in CSR often suffer public relations’ damage, such as Nike in the 1990s when the company's use of foreign sweatshops was publicized, or even financial damage. One study found that firms regarded as socially irresponsible suffered greater losses in the stock market as the result of a crisis, the failed 1999 WTO talks in Seattle, than did companies regarded as socially responsible (Schnietz & Epstein, 2004).

When we look at CSR as initiatives we can find out that they are projections of a desired organizational image, they can act as symbols or indicators of an organization's identity (Corley, Cochran, & Comstock, 2001) . “[Organizational identity consists of those self-descriptors/identity claims used by an organization for purposes of specifying 'what is most central to the organization but that is also most enduring (continuous) and/or most distinctive about the organization” (Whetten & Mackey, 2002). As a source of communication about organizational identity, CSR reflects a company's core values (Bhattacharya & Sen, 2003). According to Yoon and colleagues' (2006), lab study of associations drawn regarding customers of socially responsible firms point to the strength these organizational images carry. Regardless of a buyer's motives for driving a Toyota Prius, for example, the buyer will be perceived by others as a person concerned with the environment, perhaps even willing to pay a premium to purchase an automobile with a smaller carbon footprint. In fact, CSR or because marketing can signal the firm's desired identity to external constituents (Drumwright, 1996). Within the firm, Morsing (2006) suggested that messages surrounding a firm's CSR activities serve as auto-communication to organizational members and reinforce corporate identity, similar to the internal branding that encourages employees to "live the brand" (Harquail, 2004). While identity represents the central and enduring characteristics of an organization as seen by its members, image reflects how organizational members believe others see the organization (Dutton et al., 1994). As discussed earlier, organizational identity is a source of organizational identification, but image is important as well since it contributes to collective self-esteem as well as individual self-esteem and personal identity (Dutton & Dukerich, 1991). Furthermore, Goia, Schultz, and Corley (2000) stressed the reciprocal relationship between organizational identity and image, arguing that, contrary to standard definitions associating identity with unalterable, enduring characteristics, organizational identity is a dynamic construct.

Although the relationship between CSR and employee attitudes is ripe for investigation, most attention to CSR in the literature has focused on external stakeholders, such as customers, potential employees, and the larger community. Limited research has been undertaken to explain the effects of CSR on internal stakeholders such as employees.

If we direct our focus to the management domain, we will be able to observe that one stream of research has investigated the antecedents of CSR. Institutional pressures provide one explanation for the explosion of CSR. Wood (1991) theorized that a firm had to meet minimum standards for corporate social performance as determined by society's expectations, though she left the boundary of "society" as an empirical question. Using Wood's typology to investigate changes in stakeholder management over time, Shropshire and Hillman (2006) found support for the role of institutional pressure, with changes in industry stakeholder management practices as well as organizational age and size increasing the likelihood of changes in stakeholder management. Hoffman (1999), in his study of the U.S. chemical industry's response to environmental concerns provides additional support for the impact of institutional pressures on CSR. He argued that organizational fields developed around the threat of environmentalism and changed due to disruptive events, such as the formation of the Environmental Protection Organization and the publication of Silent Spring.

Let us expand this stream of research to the wider perspective, Becker-Olsen, Cudmore, and Hill (2006) included measures of fit (or the congruence between the CSR initiative and the firm's products, mission, or target market) and timing (proactive or in response to a crisis) in their study of CSR and consumer behaviour. While high-fit initiatives were perceived favourably, low-fitting and reactive initiatives had a negative impact on customer opinions.

Professors Garret and Heal (Dec. 2004), inquired whether corporations should worry about their social impact. Or should they just go for profits and trust that everything else will fall into place? Apple, Intel and Microsoft did this; in 20 years they created an industry affecting everyone in the developed world, changing lives and businesses, creating billions of dollars in value for the shareholders and tens of thousands of jobs for new employees. They contributed massively to society, and did so in the cause of making money for their shareholders. They illustrate well Adam Smith‘s classic remark that it is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest. If companies make products that consumers value and price them affordably, making money in the process, what is the need for corporate social responsibility (CSR)?

3. PURPOSE OF THE STUDY

The purpose of this paper is the examination of three (3) approaches to CSR and their impact on corporate sustainability. The three (3) approaches are: CSR as Value Creation; CSR as Risk Management; and CRS as Corporate Philanthropy.

3.1. Corporate Social Responsibility as an Obligation

According to J. Ivancevich, P. Lorenzi, S. Skinner, and P. Crosby (1997), corporate social responsibility as a social obligation holds the view that a corporation engages in socially responsible behavior when it pursues profit only within the constraints of law. Because society supports business by allowing it to exist, business is obligated to repay society by making profits. Thus, according to this view, legal behavior in pursuit of profit is socially responsible behavior, and any behavior that is illegal or is not in pursuit of profit is socially irresponsible. This view is particularly associated with economist Milton Friedman (1970) and others who believe that society creates firms to pursue two primary purposes—to produce goods and services efficiently and to maximize profits.

3.1.1 Supportive Arguments

- Proponents assert, businesses are accountable to their shareholders, the owners of the corporation. Thus, management‘s sole responsibility is to serve the shareholder‘s interest by managing the company to produce profits from which shareholders benefit.
- Socially responsible activities such as social improvement programs should be determined by law, by public policy, and by the actions and contributions of private individuals. As representatives of the people, the government (via legislation and allocation of tax revenues), is best equipped to determine the nature of social improvements and to realize those improvements in society. Business contributes in this regard by paying taxes to the government, which rightfully determines how they should be spent.
- If management allocates profits to social improvement activities, it is abusing its authority. As Friedman (1970), notes, these actions amount to taxation without representation. Because managers are not elected public officials, they are also taking actions that affect society without being accountable to society. Managers are not trained to make noneconomic decisions.
- These actions by managers may hurt society. In this sense, the financial costs of social activities may over time cause the price of the company‘s goods and services to increase and customers must pay the bill. Thus, managers have acted in a manner contrary to the interests of the customers and ultimately, the shareholders.

3.*2 Corporate Social Responsibility as a Social Reaction*

According to this view, socially responsible behaviors are anticipatory and preventative, rather than reactive and restorative. The term social responsiveness has become widely used in recent years to refer to actions that exceed social obligation and social reaction. A socially responsive corporation actively seeks solutions to social problems. Progressive managers, according to this view, apply corporate skills and resources to every problem—from run-down housing to youth employment and from local schools to small-business job creation, Ivancevich, Lorenzi, Skinner, and Crosby (1997).

3.1.1 Some Approachesb

P. Mahajan (May 2011), stated that some commentators have identified a difference between the Continental European and the Anglo-Saxon approaches to CSR. And even with Europe the discussion about CSR is very heterogeneous. An approach for CSR that is becoming more widely accepted is the community-based approach. In this approach, corporations work with local communities to better themselves. A more common approach of CSR is *Philanthropy.* This includes monetary donations and aid given to local organizations and impoverished communities in developing countries. Another approach to CSR is to incorporate the CSR strategy directly into the business strategy of an organization. For instance, procurement of Fair Trade tea and coffee has been adopted by various businesses including KPMG.

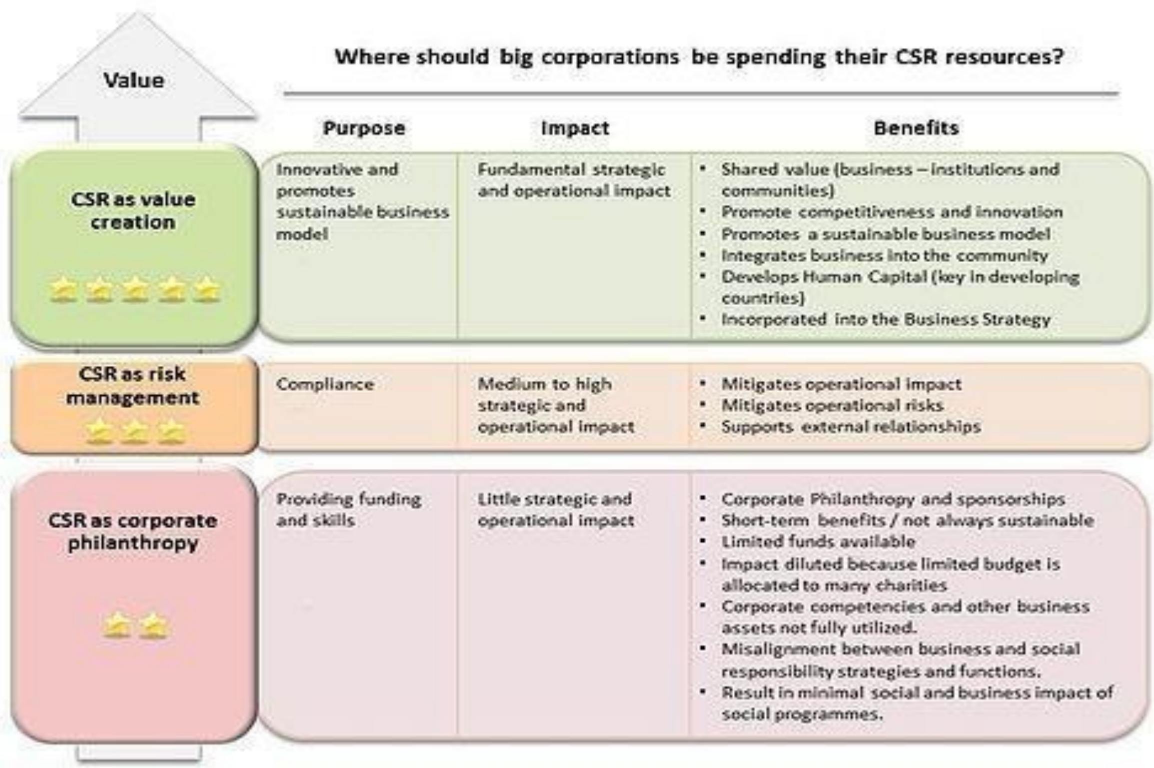
Fioravante, (Oct. 2010), noted that considering the essential rudiments of a strategic marketing plan, firms explore internal and external means. *Corporate* philanthropy is quickly becoming a viable strategic option in the development of marketing strategies. Firms looking to further brand development, market recognition, and enhanced customer perceptions can integrate philanthropic initiatives throughout the planning process. Implementing these initiatives in a complementary fashion to the overall business plan brings forth the latency of creating a distinctive competitive advantage for those who choose to do so. This marketing phenomenon provides a cogent *social* and economic approach to furthering the myriad of business agendas necessary to have market *sustainability.*

3.3 Corporate Social Responsibility as Risk Management

Managing risk is a central part of many corporate strategies. Reputations that take decades to build up can be ruined in hours through incidents such as corruption, scandals, or environmental accidents. These can also draw unwanted attention from regulator, courts, governments, and media. Building a genuine culture of 'doing the right thing' within a corporation can offset these risks.

McPeak (Fall 2011), acknowledges that the emphasis on corporate social responsibility has been visible since 1984 when many multinational firms were formed and the term ―stakeholders‖ clearly referred to those individuals and organizations that the firm's activities impacted (Freeman, 1984). CSR accurately consists of 4 elements: ―moral obligation‖ or duty to act responsibly as a good corporate citizen; ―sustainability‖ generally defined as meeting the needs of the present without compromising the ability of future generations to meet their own needs; the company's needs for ―license to operate‖ as implicit or explicit approval from the host government, communities and stakeholders; and the ―reputation‖ where CSR firms aimed to improve images, strengthen brands and increase values, (Danko et al, 2008, p. 42; Porter & Kramer, 2006, p.81).

The Models: An Illustration



According to Mosgaller, (Jan. 2012), the three P's of performance are essential for moving social responsibility from talking point and platitude to a daily practice in the organizations. The first P is for purpose. Dr. W. Edwards Deming put constancy of purpose first in his list of 14 points.

4. ATTITUDE TOWARD CSR

An organization's CSR activities, while they may be effective by objective criteria or even judged effective by people who do not care for the activity, may not be universally accepted by employees. CSR activities may be seen by some employees as a waste of resources the organization could devote to the employees or the organization as a whole.

On the other hand, CSR activities may be seen to support or advance an agenda not all employees embrace. Even seemingly uncontroversial programs, such as those that support breast cancer research, may be opposed by employees who are against animal testing, while programs as ostensibly benign as school literacy in the public schools may be opposed by employees who prefer private schooling or voucher programs. Other employees may be opposed to CSR initiatives in general because they believe the funds should be reinvested in the company or that corporate philanthropy excuses local, state, and national governments from their responsibilities to provide to the community (Friedman, 1970). Thus, when an employee supports the CSR goals, then the employee will experience a greater effect (i.e., there will be a stronger relationship with CSR and positive outcomes) than employees who do not support CSR goals.

5. CONCLUSION

The study comes up with insight on the perception of (CSR) When we look around we will be able to see different types of corporations that are praised in different ways upon their contributions in the larger societies. Starbucks, as one of large corporations in the world, it has taken an initiation by including citizenship in its mission statement, by putting into its policies, its commitment through the efforts for a purpose of minimizing its environmental footprint as well as promoting a trade that will be fair towards the growers in different programs (Starbucks Corporation, 2007). After this what happened?

Starbucks was observed to be notified in the list of Business Ethics to be among of the 100 Best Corporate Citizens for the period of consecutive seven years. Many organizations in the world continue to release their reports relevant to corporate social responsibilities in addition to the annual reports, or sometimes even as a separate report (e.g., Nestle, Unilever etc.) Corporateregister.com, for example, there was a time when they were offering almost 15,000 non-financial reports on sustainability, corporate social responsibility (CSR), and environmental initiatives from almost 4,000 companies. This study further, as mentioned above, it is easier to see that the employees are also likely to evaluate their firm's CSR activities once they are aware of them, thus it is probable that these concepts are also salient while investigating the role of a company's social responsibility policies vis-a-vis its employees. One metric employees will use is perceived fit of CSR activities. Perceived fit addresses the correspondence between the CSR activity and the organization's values and strategies as well as the organization's motivation (as seen by the employee).

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