

CORPORATE SOCIAL PERFORMANCE

Michal Kuběnka

Univerzita Pardubice, Fakulta ekonomicko-správní, Ústav ekonomiky a managementu

Abstract: *Corporate Social Performance has evolved and is constantly evolving. Initially it was the corporate social responsibility concept; later other similar concepts have emerged. Corporate social responsiveness turned out to be a significant alternative concept. This article offers alternative view on corporate social performance and its components.*

Keywords: *CSR, stakeholder, CSR2, RDAP scale, social obligation, social responsibility, CSP*

1. Corporate Social Responsibility

Corporate Social Responsibility concept (called CSR) has found its own place not only on the level of the EU and the OSN, but above all it is more important in the business sphere. The European government states that interest started to growth in CSR starting in the 1990's. Today the EU and the OSN see in the realization of CSR concept a tool in achieving sustainable development. The most important business organization concerning CSR are the Business Leaders Forum (1992, CZ level) and the organization CSR Europe (1995, EU level). On the EU commission level the Lisbon Summit (2000), and its consequence Green Paper: Promoting a European framework for Corporate Social Responsibility (2001), was fundamental.

By all means the CSR concept was elaborated in the theoretical field much earlier. It started in 1953 with Howard Bowen book *Social Responsibilities of the Businessman*, where the author set forth an initial definition of CSR: "It refers to the obligations of businessman to pursue those police, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society." [1]

In the year 1979 there was a significant break in the understanding of CSR development. This time Carroll offers an open definition that categorizes social responsibilities in a more exhaustive manner: "to fully address the entire range of obligations business has to society, it must embody the economic, legal, ethical, and discretionary categories of business performance." [2]

Carroll [2] comments that: "The *economic component* of the definition suggests that society expects business to produce goods and services and sell them at a profit." The *legal component* represents the obedience of law: "The law represents the basic rules of the game by which business is expected to function." The *ethical component* "represents the kinds of behaviors and ethical norms that society expects business to follow." This component extends to behaviors and practices that are beyond law requirement.

The fourth component of Carroll definition is *discretionary* responsibility, later it was renamed philanthropy responsibility. It includes voluntary financial and non-financial activities in the area of social help and solutions in public problems.

Later Wood (1991) utilized Carroll's four area segmentation of CSR and stated three levels of social responsibility that flow from them. They are *social legitimacy* level, *public responsibility* level, and *managerial discretion* level.

Wood's opinion is that generally valid list of CSR activities are possible to make only on the institutional (Social Legitimacy) level. Required activities on the organizational (Public Responsibility) level and individual (Managerial Discretion) level are different according to the way of business, entrepreneurship objective, etc.

The implementation of the CSR concept can have various forms. Also, other experts agree that it is only possible to state some frameworks, because concrete CSR activity content

should reflect company subject, branch, location, and all stakeholders that influence the company and/or stakeholders that are influenced by the company. In many cases the CSR concept is defined as the maintenance of good relations with stakeholders, and this stakeholder approach alone can be a key to strengthening the CSR content.

Of course it is not possible to meet all requirements, that is why the companies need to state priorities according to stakeholder importance and according to difficulty of fulfillment.

2. Corporate Social Responsiveness

Unfortunately a unification of CSR theory, tools, and procedures has not been reached. Even if it came to be that other concepts appeared, concepts that overlap with CSR. For example Hohnen mentions: Corporate Responsibility, Corporate Accountability, Corporate Ethics, Corporate Citizenship, or Corporate Stewardship. [1]

Since 1970's there have been discussions about *corporate social responsiveness* (called CSR2) via Sethi (1975).

It is CSR divergence because Sethi viewed CSR2 as “the adaptation of corporate behavior to social needs.” [5]

In comparison to CSR, it is possible to say that CSR2 does not discuss ethics and social responsibility; it constitutes concrete reactions to social responsibility or social issue. It can be in an interval from zero response (to do nothing) to a proactive response (to do much).

Carroll's statement in relation to CSR2: “The assumption is made here that business does have a social responsibility and that the prime focus is not on management accepting a moral obligation but on the degree and kind of managerial action.” [1]

CSR2 can be perceived as an alternative to CSR or it can be seen as a philosophy, style, or strategy on the reaction/response that the firm takes to concrete social issues.

Chart 1: Differences between CSR and CSR2

	Social responsibility	Social responsiveness
Major considerations	Ethical	Pragmatic
Unit of analysis	Society	The firm
Focus	Ends	Means
Purpose	“Window out”	“Window in”
Emphasis	Obligations	Responses
Role of the firm	Moral agent	Producer of good and services
Decision framework	Long term	Medium and short term

Source: WARTICK, S. L. COCHRAN, P. L., 1985, p. 766.

Wartick and Cochran (1985) searched for distinctions between CSR and CSR2 and they summarized the results in a table with six areas of differences (see chart 1).

Many theorists described a scale of social responsibility reaction in different divisions in a framework of response possibility extremes. Carroll in his article, Three-Dimensional

Conceptual Model from 1979, gathered existing approaches of Wilson I. (1974)¹, Mc Adam T.², and Davis K. with Blomstrom, R. L.³ in the following figure.

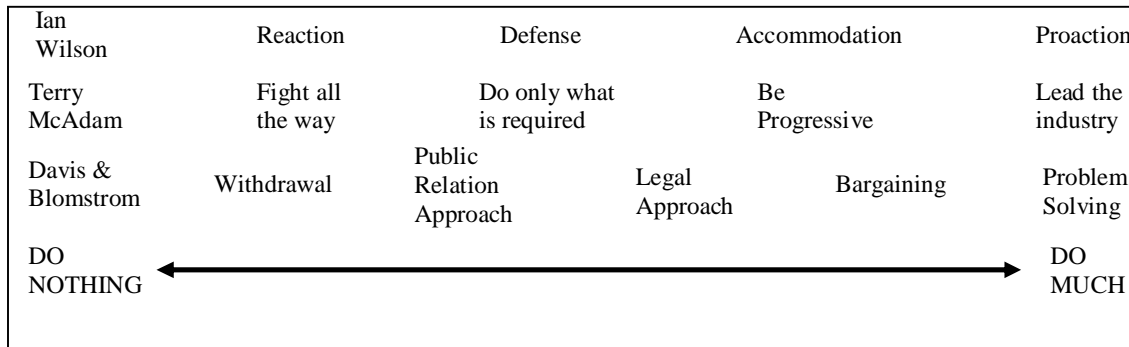


Figure 1: Social Responsiveness Categories

Source: Carroll, 1979, p. 502

Ian Wilson’s classification became the most popular classification model. His classification approach (into four categories) later gained, after Clarkson (1995), the name RDAP scale (Reactive-Defensive-Accommodative-Proactive scale). It is described in the following chart 2.

Chart 2: The Reactive-Defensive-Accommodative-Proactive (RDAP) Scale

Rating	Posture or Strategy	Performance
1. Reactive	Deny responsibility	Doing less than required
2. Defensive	Admit responsibility but fight it	Doing the least that is required
3. Accommodative	Accept responsibility	Doing all that is required
4. Proactive	Anticipate responsibility	Doing more than is required

Source: CLARKSON, 1995, p. 109

3. Corporate Social Performance

S. P. Sethi was one of the most significant authors that was centered on CSR², in relation to corporate social performance (Corporate Social Performance - CSP).

Sethi wrote, in the article Dimensions of Corporate Social Performance (1975), about three CSP dimensions that he named *social obligation*, *social responsibility*, and *social responsiveness*.

Sethi conceptualizes social obligation as corporate behavior “in response to market forces or legal constraints.” [5]

Here are economic and legal criteria only, in comparing social responsibility that goes beyond these two criteria.

Sethi pronounced that “social responsibility implies bringing corporate behavior up to a level where it is congruent with the prevailing social norms, values, and expectations of performance.”[5]

¹ WILSON, I.: What One Company is Doing about Today's Demands on Business, 1974. In Stainer G.A., Changing business/society interrelationships, Los Angeles: Graduate School of Business, 1974

² McADAM, T. W. (1973). How to Put Corporate Responsibility into Practice. Business and Society Review/Innovation, 1973, No. 6, pp. 8-16.

³ DAVIS, K.; BLOMSTROM, R. L.: Business nad Society : Environment and Responsibility. (3rd ed.). New York: McGraw Hill, 1975.

He stated that while social responsibility is prescriptive, social obligation is proscriptive. The third dimension, social responsiveness, Sethi viewed as the adaptation of corporate behavior to social needs. This stage is anticipatory and preventive. It is possible to illustrate Sethi approach in following scheme.

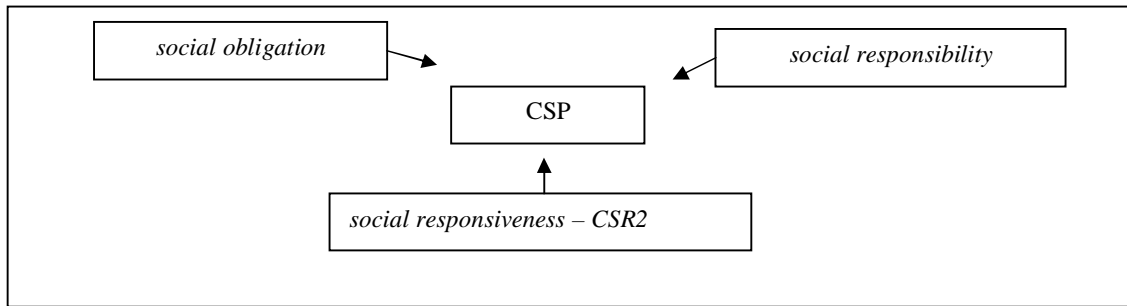


Figure 2: Corporate Social Performance and Its Components

Source: own creation

There for by comparing CSR paradigm (Carrolls and others) with Sethi’s CSP perception, we can make the conclusion that it is possible to consolidate social obligation and social responsibility into CSR subfolders. Then we can deduce an alternative view of CSP into two subfolders, namely CSR and CSR2. It is possible to illustrate it in this way:

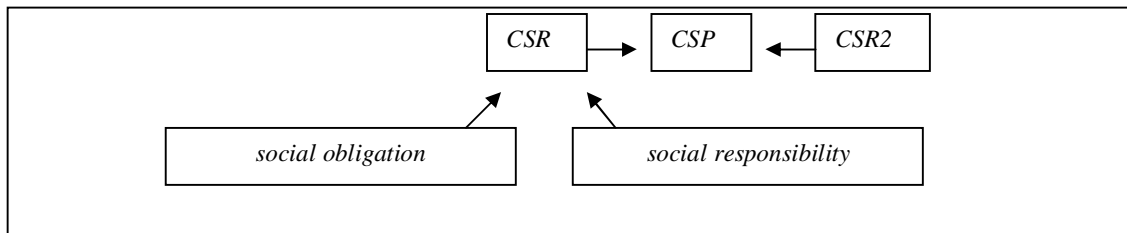


Figure 3: Corporate Social Performance and Its Components – Alternative View

Source: own creation

4. Conclusion

Corporate Social Performance synthesizes initially two different concepts CSR and CSR2. CSR is focused on content, topics for fulfilling (e.g. environmental management, labor safety, human rights, ethics, diversity management, human capital development, etc.).

CSR2 takes into account only a grade of reaction to concrete issue. Sethi described three dimensions of Corporate Social Performance. This article compared different views on CSR, CSR2, and CSP and offers an alternative view on Corporate Social Performance and its components.

Literature:

- [1] BOWEN, H. (1953) in CARROLL, A. B. Corporate Social Responsibility – Evolution of a Definitional Construct. *In Business & Society*, 1999, Vol. 38 No. 3, p. 270
- [2] CARROLL, A. B. A Three-Dimensional Conceptual Model of Corporate Performance. *In The Academy of Management Review*, 1979. Vol. 4. No. 4. pp. 497-505
- [3] CLARKSON, M. B. E. A Stakeholder Framework for Analyzing and Evaluating Corporate Social Performance. *In Academy of Management Review*, 1995, Vol. 20, No. 1, pp. 92-117

- [4] HOHNEN, P. Corporate Social Responsibility: An Implementation Guide for Business, International Institute for Sustainable Development, 2007. ISBN 978-1-895536-97-3
- [5] SETHI, S. P. (1975). Dimensions of Corporate Social Performance : An Analytic Framework. In California Management Review, 1975, No. 17, pp. 58-64. in CARROLL, A. B. (1999). Corporate Social Responsibility : Evolution of a Denitional Construct. In Business and Society, 1999, Vol. 38, No. 3, pp. 268-295.
- [6] WARTICK, S. L. COCHRAN, P. L. The Evolution of Corporate Social Performance Model. In Academy of Management Review, 1985, Vol. 10, No. 10, pp. 758-769.

Contact address:

Ing. Michal Kuběnka
Univerzita Pardubice, FES
Ústav ekonomiky a managementu
Studentská 84
532 10 Pardubice
Email: michal.kubenka@upce.cz
Tel. č.: +420 466036175