

Strategic and holistic corporate social responsibility

As I became the editor-in-chief of *Society and Business Review* (SBR), it was important for me to make sure that it becomes a journal that truly focuses on the connection between business and society. As such, we have changed the scope and aims of the journal to address issues on the role of business in society – from ethical and environmental conduct to responsible leadership and, naturally, corporate social responsibility (CSR). However, what do we mean by CSR?

There are dozens of definitions aiming to capture what CSR is. The early definitions put business in a very passive position. For example, in the 1970s, Archie Carroll claimed that CSR encompasses the economic, legal, ethical and philanthropic expectations that society has of organisations at a given point in time (Carroll, 1979). In the 1980s, Edward Freeman viewed CSR as the role of the corporation in society, with a responsibility among firms to pursue goals in addition to profit maximisation and the responsibility of the stakeholders to hold the firm responsible for its actions (Freeman, 1984). These were ground-breaking definitions in these early days of CSR research, but in hindsight, they did not explicitly include the social, ethical and environmental responsibilities of the firm. Further, these definitions are a little obscure, and it is hard to know what it means to be a fully responsible company.

As definitions of CSR have evolved over the years, a more holistic approach was presented together with more practical terms. One lesser-known definition was offered by Aaronson (2003, p. 310): “business decision making linked to ethical values, compliance with legal requirements, and respect for people, communities, and the environment around the world”. Here, CSR is related to managerial practices such as decision-making, but it is also aligned with ethical and legal responsibilities. Its second part, about respect for people, communities and the environment might suggest a more holistic approach.

Examining many existing definitions of CSR, I felt that we still need one that takes a holistic approach, where CSR is embedded in everything that the company does, together with a more detailed set of responsibilities. In the forthcoming second edition of my book, *Strategic CSR* (Haski-Leventhal, 2021), I offer a new definition of strategic and holistic CSR: Strategic CSR is a holistic and long-term approach to the broad responsibilities of business, based on stakeholder integration and ethical behaviour while using the firm’s resources and brand to address societal and environmental issues.

This definition has six important aspects, which, if implemented, can be used to drive a holistic approach, where CSR is embedded in every aspect of the firm, its value chain and strategy:

- *Holistic approach*: This implies the embeddedness of CSR in every aspect of the company’s operations, decision-making, for all employees at all levels. Such an approach changes the company’s culture, essence and DNA. It affects everything that the company does: what, how and why.
- *Long-term view*: Strategic CSR implies shifting away from a short-term view of quarterly performance to long-term outcomes and impact. It requires companies to think about the world that they want in the next decade or even decades, not the profit of the next three months. It is the only way in which companies can become truly sustainable and care for the need of future generations.



- *Broad responsibilities:* CSR requires an understanding that businesses have a greater responsibility than just that of maximising profits. The narrow view of business responsibility suggests, as per Milton Friedman, that the only social responsibility of a business is to maximise shareholder value. In contrast, a broad responsibility approach assumes other duties and obligations: to additional stakeholders, to society and the environment.
- *Stakeholder integration:* Building on Edward Freeman's work, it is now understood that a company has a responsibility not only to its shareholders but to everyone who affects the business or is affected by it. Strategic CSR requires companies to acknowledge all stakeholder groups, work with them, and integrate them so that the benefits to them are maximised and the harm is minimised.
- *Ethical behaviour:* This aspect relates to decisions and actions aligned with the company's values and societal norms of "doing the right thing". Ethical behaviour is tied to every aspect of the business: people, planet and profits. Ethical behaviour does not only focus on avoiding unethical behaviour, such as fraud and deceit but also on having the moral courage to do what is right even when a decision is difficult.
- Using the firm's resources and brand to address societal and environmental issues: Strategic CSR implies tying the company's CSR to its mission, strategy and brand. Instead of offering "random acts of charity", the company uses its competitive advantage and strategy to define its involvement in society and the community. It is a more effective and efficient way to create a positive impact.

A shift is currently occurring towards strategic CSR and its six aspects detailed here. Not only are companies moving from corporate social *irresponsibility* and compliance to using CSR as a marketing strategy, but an increasing number of firms are now adopting the holistic and strategic approach to CSR. Companies are shifting away from corporate philanthropy and charitable work, to ensuring sustainability and social responsibility in their supply chains and among all employees and to working in partnership with many stakeholders to achieve long-term goals. This shift has led to trends such as social business and enterprises, ethical corporate behaviour and responsible leadership.

This issue of SBR covers these trends. The first paper, by Cha and Rew, examines corporate philanthropy from a different angle, in an interesting paper entitled "Can't give you because of living on the top of a castle: CEOs, corporate philanthropy and firm age". Further, Meribe *et al.* write about CSR in Africa, exploring its impact on public trust while using the case of oil companies. The third paper on this topic in this issue is by Anwar *et al.*, who look at CSR from the lens of microfinance institutions.

As ethics is an important aspect of CSR, we have two papers on this topic. Amoako *et al.* write about perceived firm ethicality and brand loyalty and shed light on the meditating role of CSR and green marketing. Another paper, written by Raheja and Chipulu, studies the ways in which social media can help corporations mitigate the impact of ethical scandals.

Several papers examine the concept of social entrepreneurship, such as an article by Alonso *et al.*, which discusses the impact of social entrepreneurs on the wider community using the social role theory. To do so, they use the example of beekeeping to discuss the relationship between the beekeepers and the wider community. Another article, by Gauthier *et al.*, looks at social entrepreneurship, entrepreneurial orientation and externalities.

Together, these papers offer a fascinating variety of different points of view on the recent trends in CSR and on the various aspects of strategic and holistic CSR as detailed above. This is an outstanding issue of SBR that can contribute greatly to research and practice.

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References

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- Carroll, A.B. (1979), "A three-dimensional conceptual model of corporate performance", *Academy of Management Review*, Vol. 4 No. 4, pp. 497-505.
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Further reading

- Haski-Leventhal, D. (2121), *Strategic Corporate Social Responsibility: Holistic Approach to Responsible and Sustainable Business*, 2nd ed., Sage, London.