

Theoretical Foundation: CSR

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Presentation Outline

- Motivation
- Classification of CSR theories
- Two contradicting theories: CRM vs. CSP
- Evaluation of the introduced theories
- Discussion

MOTIVATION

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3

Practical problems



<http://verbalmedicine.files.wordpress.com/2010/05/nike-sweatshops.jpg>



<http://www.nytimes.com/2007/12/10/world/asia/10skorea.html>



http://www.nytimes.com/2012/01/19/world/africa/report-finds-slow-response-to-east-africa-famine.html?_r=1

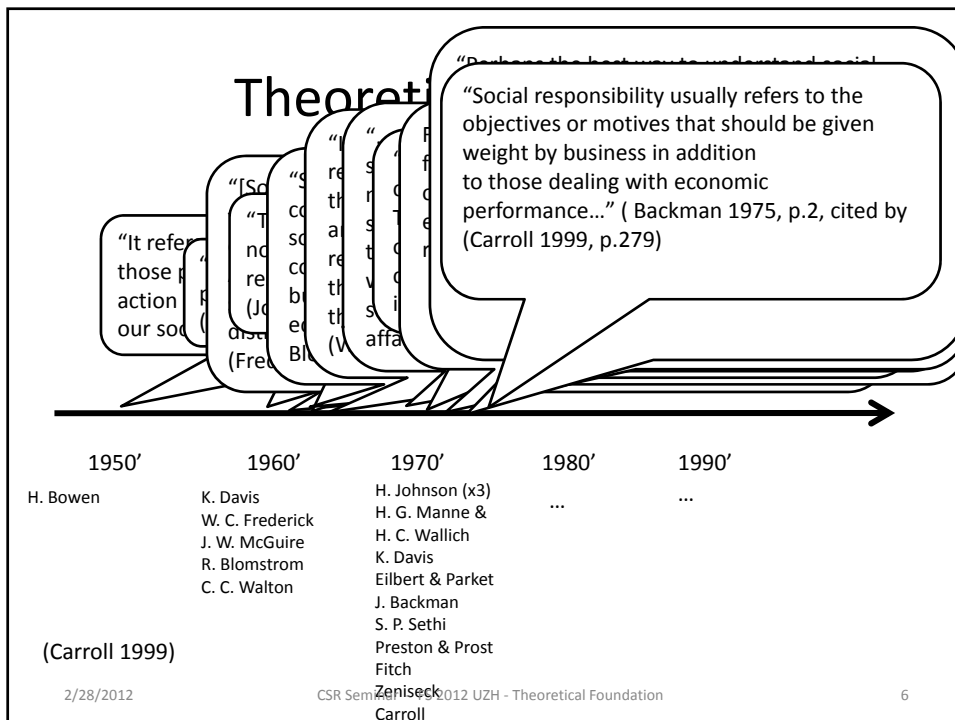
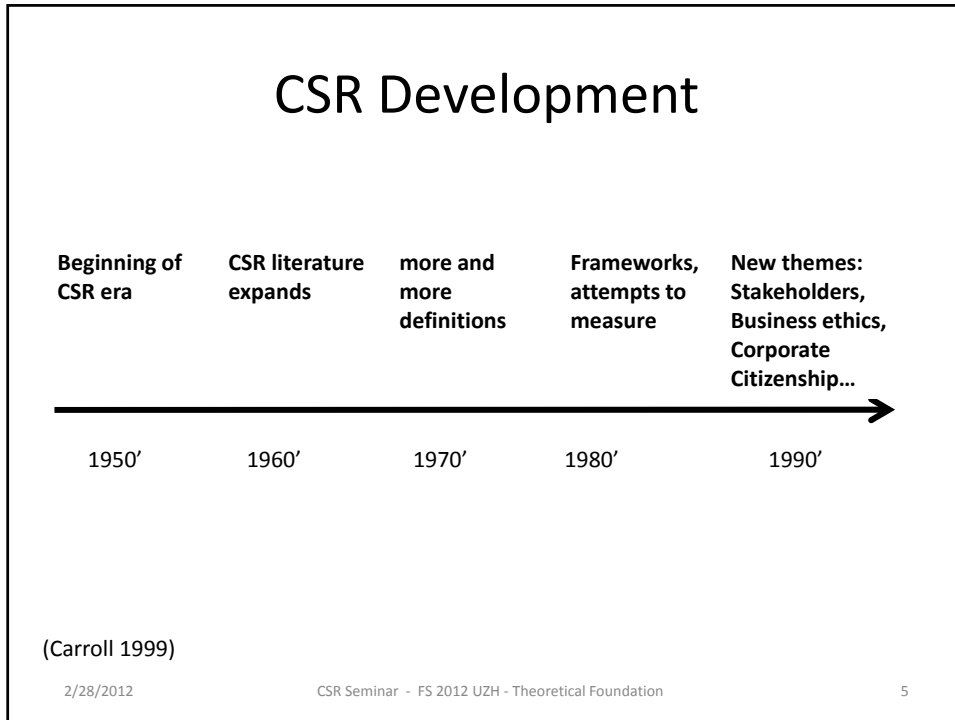


<http://green.blogs.nytimes.com/2010/12/02/deforestation-slows-as-brazil-chugs-toward-a-goal/>

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Too many definitions ?!

“it means something but not always the same thing, to everybody” (Votaw 1973, p.11)



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CLASSIFICATIONS OF CSR THEORIES

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Different Classifications

- CSR 1-4 based on **conceptual transition** by William C. Frederick (Frederick 1987, 1998)
- **Focus on interaction** between business and society by Elisabeth Garriga and Domènec Melé (Garriga and Melé 2004)
- **Concept tree** for Corporate Citizenship by Sandra Waddock (Waddock 2008)

(Garriga and Melé 2004)

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Garriga and Melé Classification



Roots:
four aspects
of social systems
by Parsons

- Economic aspects
- Political aspects (corporation has social duties and rights...)
- Social integration
- Ethic values

(Garriga and Melé 2004)

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CSR Theories: Four groups

Instrumental

- CSR: means to the end (=economic objectives)

Political

- Power of corporations -> responsibility
- Political analysis / consideration

Integrative

- Business depends on society -> should integrate social demands

Ethical

- CSR as ethical obligation

(Garriga and Melé 2004)

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Instrumental Theories

- Milton Friedman: “the only one responsibility of business towards society is the maximization of profits to the shareholders within the legal framework and the ethical custom of the country” (Friedman 1970, cited by: Garriga and Melé 2004, p. 53)

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Instrumental Theories – three groups

- Maximizing shareholder value (Friedman 1970, Jensen and Meckling 1967)
- Strategies for achieving competitive advantages
 - e.g. Strategies for the bottom of the pyramid, (Prahalad 2002, Hart and Christiansen 2002)
- Cause-related marketing (CRM)

(Garriga and Melé, 2004)

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Political Theories

- Corporate Constitutionalism / Davis' two laws
 - Social power equation:
Social power -> social responsibilities
 - Iron law of responsibilities
using social power irresponsibly -> loosing it
(Davis 1967)
- Integrative social contract theory
 - Macrosocial (Hypernorms) and Microsocial level
(Donaldson and Dunfee 2000)
- (Global) Corporate citizenship [next week]
 - Reaction to rising power of MNC

(Garriga and Melé 2004)

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Integrative Theories

- Issues Management
 - “process for making a corporate response to a social issue”
(Garringa and Melé 2004 p.58)
- The principles of ~~social~~ public responsibility
 - stresses ‘public process’ not personal morality view
 - Law + ‘social direction’ (Preston and Post 1981)
- Stakeholder management
- Corporate Social Performance (CSP)

(Garringa and Melé 2004)

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Ethical Theories

- Normative Stakeholder theory
 - R. E. Freeman
- Universal Rights
 - UN Global Compact
- Sustainable development
 - Triple bottom line
- Common good approach



(Garringa and Melé, 2004)

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TWO CONTRADICTING THEORIES

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Cause-related marketing

“the practice of marketing a product, service, brand, or company through a mutually beneficial relationship with a non-profit or social cause organization” (Berglin and Nakata 2005 p. 444)

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CRM = win-win ?

Business

- Profits
- Brand
- Reputation
- Goodwill
- Employee moral and retention

NPO

- Funding
- Exposure & message efficacy
- Non financial resources

(Berglin and Nakata 2005)

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CRM examples



<http://standrew-parish.com/cause-related-marketing.html>



<http://www.pinklotusbreastcenter.com/breast-cancer-101/wp-content/uploads/2010/04/kfc-pink-bucket.jpg>

Pink buckets: April 14th to May 23rd 2010
-> over 4.2 m \$ donation

(<http://ww5.komen.org/KomenNewsArticle.aspx?id=6442452377>)

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http://bonner-wirtschaftsgespraech.de/wp-content/uploads/Image/KeyVisual_RW-%283%29.jpg

Cost of the campaign: 8-9m €
1m € for WWF
1m € million for Günther Jauch
(<http://www.spiegel.de/spiegel/print/d-47134772.html>)

20

Corporate Social Performance (CSP)

- CSP = CSR + Corporate Social Responsiveness
+ socially beneficial activities

“...emphasizes concern for corporate action and accomplishments in the social sphere” (Carroll 1991 p.40)

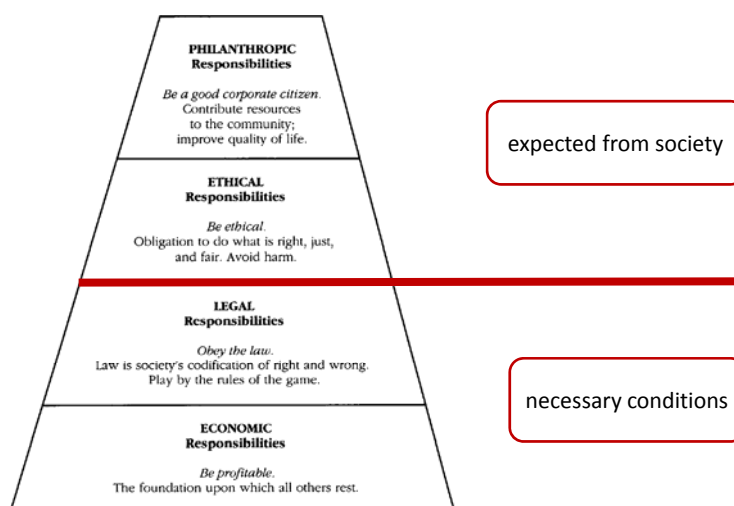
(Carroll 1991)

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CSR - Pyramid (close to CSP)



(Carroll 1991, Introduction CSR Seminar UZH 2012)

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EVALUATION OF THEORIES

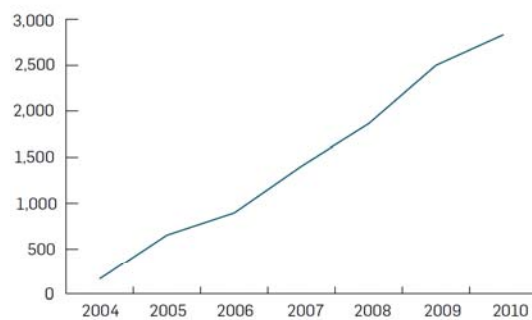
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23

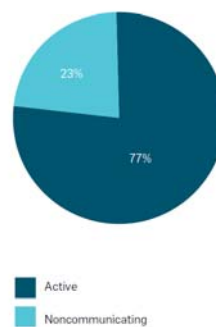
CSR increase vs. "blue-washing"

COPs submitted per year



United Nations Global Compact Annual Review 2010

Status of Global Compact participants



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Ethical issues and social implications of CRM

- differing interests -> compromises goals
- advocacy or exploitation?
- too little transparency?
- disadvantaging “less attractive” causes
- desensitization -> CRM grants decline without traditional giving regenerating

(Berglin and Nakata 2005, Smith and Higgins 2000)

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Globalization changes everything...

- Scherer and Palazzo (2011):
globalization changes the role of businesses

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DISCUSSION

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CRM or CSP ?

Integrative or instrumental? ... Or
ethical?

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CSR = utopia ?

“the CSR firm should strive to make profit, obey the law, be ethical, and be good corporate citizen” (Carroll 1991, p.43)

(Carroll, 1991)

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Does the instrumental view enable green- / blue-washing?

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30

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