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Approaches and economic and social perspectives of corporate responsibility*

Enfoques y perspectivas económicas y sociales de la responsabilidad corporativa

Des approches et des perspectives économiques et sociales
de la responsabilité corporative

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Abstract

Over the last few decades, scholars from different areas of knowledge including economics, ethics, sociology, psychology, law and politics, have attempted to find a sufficiently clear and explicit description of the concept of Corporate Social Responsibility. Despite this, the debates have so far not given rise to solvent solutions, firstly because the concept itself arises from a not-so unanimous idea of what a business organization is or should be; secondly, because not all analyses part from entering a person's duty within a company into the same vein. The common ground that can be found in theoretical models trying to explain the concept of the company is that it is a group of people that work together in order to achieve objectives. Much debate arises the moment in which said objectives need to be formulated. Do individuals decide to form a part of an organization in order to satisfy their collective or personal needs or interests? With the purpose of answering such questions, this study looks at the different approaches of an ethical-anthropological origin, bearing in mind above all economic and social factors. A chronological order is followed throughout the analysis, making explicit the thinking and reasoning of those who have reflected on each perspective significantly. In this manner, it is clear to see how the ideas of some are very often the result of those of their predecessors, reminding us of the old metaphor that we are dwarfs standing on the shoulders of giants.

Keywords: Social responsibility, Personal responsibility, Economic approach, Social approach, Social change.

Resumen

En las últimas décadas, estudiosos de distintas áreas del conocimiento como Economía, Ética, Sociología, Psicología, Derecho o Política, entre otras, han tratado de llegar a un concepto suficientemente explícito de lo que se debe considerar Responsabilidad Social Corporativa (en adelante RSC). Sin embargo, los debates continúan sin llegar a soluciones solventes, en primer lugar, porque el propio concepto surge de una idea poco unánime de lo que una organización empresarial es o debería ser; en segundo término, porque no todos los análisis parten de otorgar el mismo sentido al co-

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metido de la persona en la empresa. El punto en el que coinciden todos los modelos teóricos que intentan explicar el concepto de empresa, es que se trata de un conjunto de personas que se relacionan con el fin de lograr unos objetivos. El debate comienza en el momento en que han de establecerse las metas que ese conjunto de personas tiene que lograr ¿los individuos deciden formar parte de una organización para satisfacer necesidades o intereses, personales o colectivos? Con el propósito de responder a cuestiones como esta se abordan en el presente estudio distintos enfoques de la fundamentación ético-antropológica, teniendo sobre todo en cuenta su vertiente económica y social. Se sigue un orden cronológico en el análisis, haciendo explícito el pensamiento de aquellos que han reflexionado sobre cada perspectiva de manera significativa. Así se podrá comprobar como las ideas de unos son muchas veces consecuencia de las de sus antecesores, siguiendo esa vieja expresión que dice que somos enanos subidos a hombros de gigantes.

Palabras clave: Responsabilidad social, Responsabilidad personal, Enfoque económico, Enfoque social, Cambio social.

Résumé

Au cours des dernières décennies, des académiciens de divers domaines de la connaissance tels que: économie, éthique, sociologie, psychologie, droit et politique, entre autres, ont essayé de trouver un concept explicite de ce qui devrait être considéré comme la responsabilité sociale corporative (RSC). Néanmoins, les débats n'accomplissent pas de solutions efficaces, premièrement, car le concept en lui-même a été créé à partir d'une idée pas très unanime de ce qu'est où devrait être une organisation d'entreprise. Deuxièmement, parce que toutes les analyses ne commencent pas à donner le même sens au rôle de la personne dans l'entreprise. Le point auquel tous les modèles théoriques qui tentent d'expliquer le concept d'entreprise coïncident, c'est qu'il s'agit d'un ensemble de personnes qui interagissent afin d'atteindre certains objectifs. Le débat commence au moment où les objectifs que ce groupe de personnes doit atteindre doivent être établis. Les individus décident-ils de faire partie d'une organisation pour satisfaire des besoins ou intérêts personnels ou collectifs? Afin de répondre à ce type de questions, différentes approches du fondement éthique-anthropologique sont abordées dans cette étude, surtout étant donné, des aspects économiques et sociaux. Un ordre chronologique est suivi dans l'analyse, rendant explicite la pensée de ceux qui ont réfléchi sur chaque perspective de manière significative. De cette façon, se pourra vérifier comment les idées de certains sont souvent une conséquence de leurs prédécesseurs, suivant cette vieille expression qui dit que nous sommes des nains sur les épaules des géants.

Mots-clés: Responsabilité sociale, Responsabilité personnelle, Approche économique, Approche sociale, Changement social.

1. Introduction

A company, understood as an agent facilitating the social change intended by the Development Objectives proposed by the Organización de las Naciones Unidas, 2015, is capable of promoting not only the development of the people who work in it but of addressing the needs and expectations of all the groups of interest in connection to it. It is no longer necessary to present companies as an entity following a single economic goal; it is possible to think about organizations that also display social interest, thus justifying its public responsibility.

The changing of values and preferences within society has provoked companies to rethink their situation and start looking for motivations and concerns in potential customers, with the objective of adapting its products and attain better profitability from its brands. This way, they try to create loyalty ties, click with the innermost concerns of their public, so as to create stable relationships that guarantee the remaining of clients and other interest groups such as employees, shareholders and suppliers. To that end, the company takes on projects geared toward social interests by which they obtain: tax incentives, increase of purchase motivation, client retention, motivation from employees who feel proud of working at a solidary company and it improves corporate images in the market.

Nonetheless, achieving greater value for the company and a greater social contribution thereof requires a strategic approach not so much of philanthropy as much as of pure marketing tactics, communication or corporate image. It is essential to put at the service of society something beyond economic aids, it's necessary to contribute knowledge, experiences, values, strategies and policies.

Corporate Social Responsibility implies a company being capable of attesting to a socially responsible culture, defined by ethical values capable of being applicable to daily practices through Good Corporate Government, carrying out responsible investments, transparency in the information to groups of interest, balanced direction of people and coherently choosing products, suppliers, cli-

ents, efficient social and environmental risk management.

Social responsibility implicates, firstly, individuals and the actions these carry out. An individual is free to decide how and on what to act, and to determine such behaviors based on what he expects to attain or what those actions will bring upon himself and others. His personal development depends on the type of decisions he makes and the consequences that his actions have on the social set he is a part of. In a globalized world, this supposes, additionally, the need for generosity and solidarity, which falls upon individuals, companies and nations as a set (De Dios-Alija, De la Calle and Agejas, 2015).

2. Theoretical Framework

The main affair of Ethics since its origins is to clarify if a person is capable of being free and responsible enough to act morally. In Philosophy, there are at least two paths in this regard. The first one is a deterministic view, which believes that human beings are incapable of leading themselves as moral beings and that's why norms and law regulating their behavior are required. By being founded in an interpretation of reality that eludes questionings regarding true freedom, people do not assume that their lives and decisions bear a clear ethical component. This has derived in excess of regulations and external normativity, inflation of norms and a constant happening of great scandals displaying the lack of capacity of such norms to elicit socially responsible ethical behaviors. We are used to follow rules, norms, but in reality, morals begins when we must personally face decision making and the responsibility that we'll bear over it (De Dios-Alija, 2014).

The document presents two different approaches in order to dig into the deep sense of Corporate Social Responsibility (Comisión de las Comunidades Europeas, 2001) with the goal to facilitate reflecting on its ethical and anthropological foundations in the light of different theories that have arisen through this concept's short history.

Firstly, the economic standpoint of CSR is approached anchored in a business view focused on benefits and economic earnings for

shareholders and in the best of scenarios, for all those interest groups related to the company in one way or another (stakeholder). This approach was born from the contributions of thinkers such as Adam Smith, John Maynard Keynes or Stuart Mill and has been consolidated by the contributions of Milton Friedman, complimented and sometimes refuted (as will be seen later on) by representatives of other approaches more socially and philanthropically oriented, who develop their contributions from the second half of the twentieth century. From the economic approach, CSR's actions' repercussions on a company's profitability have tried to be justified; some studies show solvent empirical data in this vein. Nevertheless, the approach's own limitations make way for other complimentary approaches trying to better explain CSR's ethical foundations.

The representatives of the social approach, initially detractors of Friedman's standpoint, maintain that a company cannot be exclusively conceived as a private entity, but as a social institution needing liaison with numerous agents that intervene in its activity and belong to the same society. They ratify that without generating value for all stakeholders, the future of the company cannot be guaranteed.

This a position concerned about the social aspect, which maintains that a company is not only an entity geared towards obtaining economic benefits, but it also must take an interest on individuals and society. From this relational approach, a company must be accountable for the effects provoked on the environment and the general population, which must be remedied by its economic benefits.

3. Theoretical development

3.1. Discussion from the Corporate Responsibility approach

Adam Smith is considered as the founder of economic liberalism since publishing *An Inquiry into the Nature and Causes of the Wealth of Nations* in 1776, where he maintained that a society's wealth comes from a person's work and freedom and not from a favorable trade balance meddled with by the

State, as defended by mercantilists, or from the very government of nature, as held by physiocrats; *laissez faire, laissez passer*. This work is one of the most influencing ones in conceptualizing the individual, company, market and State relationship. It contributes some ideas which, under the premise of taking the individual as autonomous responsible, set the basis of Corporate Social Responsibility's economic approach. One of Smith's theory's main pillars is summed up in the following idea: when one works for oneself serves society more efficiently than if working for social interest.

Considering responsibility as the answer each individual must give before decisions made and actions taken, turns from this moment into the foundation of some reflections that have propitiated the building and understanding of the capitalist world we are immersed in. Smith argues that the very interest each man shows for what he does, may lead to the wellbeing of all. Satisfying one's own needs is the best way to respond to other's needs. All men rush to satisfy their natural, social and even spiritual needs in the path of what has been called *self-realization*, which in any case implies a way to transcend what each one is in order to develop new modes of being and living.

In society, producers wish to obtain maximum benefits, but will not be able to attain it if they do not produce just what the community demands. In any case, this proposition can only be given in societies where freedom of competence exists regulated by the *invisible hand* mechanism, which seeks to balance the system based on the natural regulation of offer and demand.

If we allow men to act freely in function of their interests, the result will be a harmonious social order leading to incrementing the wealth of all nations. Labor division facilitates this natural order's work, where the actions of the government have no place. Specialization in the tasks to be performed is the main source of a country's growth, since it permits to increment production. Each individual specializes on a task and works in the company of others to finish the fabrication of a product; thanks to that, the yield increases (since every person specializes on performing a task which he becomes better

at and performs in less time), thus propitiating the supplying of a greater market (which has previously demanded that product). Nonetheless, this system turns people into automatons who simply repeat mechanical tasks. And it is here where the government must act, promoting education and religion with goal that the population may be cultivated.

Smith's theory arises in a time when the economy did not have the social importance it does currently; however, it has great influence on economists and politician throughout the XIX century, especially in Great Britain. Since then up to modern days, it has had a great weight in understanding the foundations of the capitalist system.

It will be Keynes (1898) who gives a total turn around Smith's propositions. The State must play an active role in the economy, since it is not true that every offer creates its own demand as was believed in the XIX century. Each nation's government must intervene to stimulate investment, production, offer, employment and the productive system. This theory comes up in a moment when economic depression and employment went far and wide in England after the 1929 crisis. Keynes pleads for public intervention as the best way out to control the economic crisis.

With great influence of both Smith and Keynes, in 1970 Milton Friedman writes a polemic article for the New York Times where he considers that companies' only social responsibility is to obtain greater benefits as long as ethical criteria are respected, contemplated as a set of social norms accepted in order to coexist in society. Although such criteria does not have to be proposed by the State, which must limit itself to creating a stable legal and institutional frame that guarantees freedom founded on voluntary exchange. The State must only occupy itself on keeping the law order, supervising currency and handling national defense.

Friedman's proposals are supported on the idea of personal freedom and freedom of opportunities, and the premise that free market is a better instrument to facilitate efficient decision making that guarantees freedom to choose. He deems society as a factor that limits people's decisions because it is excessively directed. Freedom's true sense

consists on not setting obstacles for people so that they will attain positions in accordance with their talents:

Neither birth nor nationality, color, religion or sex, nor any other irrelevant characteristics must determine the opportunities that open before a person; it must be done only by his capabilities (...) The freedom of opportunities, like personal freedom, is not in contradiction to freedom; on the contrary, it's an essential component of it (Friedman, 1980, p. 190).

Human beings have absolute freedom upon themselves and limited freedom when perform in society, hence freedom cannot be absolute, it is limited by possible damages to others, and therefore by social responsibility. Society may hold people accountable as long as the use of their freedom harms others. Freedom, when implying the capacity to choose, entails the capacity to accept the responsibility of acts carried out, as long as each one of them is voluntarily and consciously initiated:

Those of us who believe in freedom must also believe in individuals' freedom to make their own mistakes. If an individual with full knowledge prefers to live to date, to use their resources for present enjoyment, knowing that anxiety awaits him in hardships, what right to we have to prevent him from doing it? We may argue with him, try to convince him of his mistake but, do we have the right to use force in order to prevent him from doing what he pleases? Is there not a possibility that he is right and we are wrong? Humility is the virtue that distinguishes him who believes in freedom; arrogance, paternalism (Friedman, 1966, p. 238).

Social responsibilities must be individual and not corporate, before society shareholders must be held accountable with their profits or workers with their salaries and not the company with its benefits:

What does it mean to say that a business has responsibilities? Only people are capable of having responsibilities. A corporation is a legal person and in that vein it can have artificial responsibilities, but businesses as a set cannot be said to have responsibilities, even in this vague sense. The first step to clarity when examining the doctrine of companies' social responsibility, is precisely to ask what it implies and for whom (Friedman, 1970).

The government must limit itself to creating a stable legal and institutional frame that guarantees that freedom grounded in voluntary exchange:

Necessary yet not sufficient condition to achieve prosperity (...) Adam Smith's merit consisted in recognizing that prices established in voluntary transactions between buyers and sellers-free market- could coordinate millions of people's activity, each one going after their own interest, so that everyone would benefit (Friedman, 1980, pp. 28-31).

Men aren't perfect, some individuals are not responsible for the freedom they have (children, the psychically disabled) and because of that they need certain control, hence the need of the State's paternalism.

In Capitalism and Friedman (1966), Friedman sustains that the most important thing about liberal Philosophy is the belief in the individual's dignity. Each person is free to seize their capacities and opportunities according to preferences, as long as it doesn't interfere with the freedom of other individuals doing the same. Everybody has the right to that freedom and that implies believing in the equality of men in a sense, and in their inequality in the other. People are different, some want to do with their freedom differently from others, so that some may contribute more or less than others to the general culture of the society in which both live.

To Friedman, human beings are free and not subject to determinisms. Freedom is not something a man has, it's not a quality, property or value, and it is part of a man's very *being*. Therefore, no one can stop being free; human beings dispose of their lives as a totality. Freedom allows human beings to make their own decisions, namely to chase their own goals as they see fit, as long as others aren't harmed by their actions.

Nevertheless, Friedman's proposals do not clear out if men really do opt for their best interests in their decisions, since they do not show if each person always knows what is good according to his human nature. Freedom not only lays in opting, but in making the right choice for the person and society alike. In order to discriminate what's good, it's necessary to learn through experience, education, culture and off course through contact

with other human beings; socialization is imperative. This process becomes a road transited by individuals throughout their whole life, therefore men never end up being absolutely free.

Aristotle already pointed to these ideas in his contributions about virtue. Human beings perfect their potential thanks to virtue and deviate from their development due to vices that make the road to perfection difficult or impossible. However, there are no virtues or vices for Friedman, only ways of personal choice, which sometimes are not right due to the influence of others. Strong temptations exist to fall into corruption and bribery, which cannot always be prevented or resisted:

Freedom must be realized: get marching, carrying out one's own vital project. Yet, this realization demands being able to do as one pleases in society. Social freedom consists on ideals being livable, and every person having the possibility of achieving their goals (...) Misery is the gravest form of absence of freedom, because it leads to lacking the goods necessary for the realization of human life in society (Yepes and Aranguen Echevarría, 1998).

Yet, misery isn't fought by simply providing economic means to those in need of them, but by training and facilitating conditions for individuals to generate them by themselves.

According to Friedman, there are only two ways to coordinate millions of people's economic activities. One is central direction which implies the use of force; the totalitarian Modern state. The other is individual's voluntary cooperation who pursue their own interests in freedom and their way, configuring a market in which all transactions are informed bilaterally so as to benefit all parties; competitive capitalism.

Before the accusations against free-trade capitalism, which increases social inequality, Friedman comments:

Nothing further from the truth. Wherever free market has been allowed to function, in all places where equality of opportunities has existed, in-between people have been capable of reaching unthinkable living standards (Friedman, 1980, pp.206-207).

The economic liberal theory defined by

Friedman supports the premise that every company's ultimate goal is shareholder profitability. However, we've found other complementary stances trying to overcome the social barrier that supposes focusing only on shareholders' benefits. Thus, the *self-interest* (emphasis) approach appeals to the consideration that CSR might entail, indirectly, for other groups of interest different from shareholders.

Among this stance's defenders we have Arrow and Gannon (1982, pp. 235-241). They argue that it is actually possible for there to be positive CSR effects on a company's competitiveness, although they sustain that in the short term is not evident that these kind of actions directly improve economic outcomes, since the indexes employed to measure socially responsible actions are questionable.

Mescon and Tilson (1987, pp. 49-61.) propose that by understanding CSR as a strategy to maximize benefits, a positive response from society is promoted as long as it knows responsible behavior, which implies a considerable effort in corporate communication.

For Waddock and Graves (1997, p. 77-83), as well as for Mahon and McGowan (1998, pp. 90-413), a company with high investment rates on CSR is more profitable, because it manages to improve revenue thanks to its capacity to attract and retain efficient workers who revalue corporate image and reputation, thus causing clients to buy more and become more loyal.

However, we also found stances justifying by means of statistical analyses that the relationship between CSR and benefits is not so evident. For McWilliams and Siegel (2001, pp. 117-127) just as for Aupperle, Carroll and Hatfield (1995, pp. 446-463), determining a relationship between CSR and profitability is not possible with the existing empirical data. The concept's own definition is not sufficiently clear and the great amount of behaviors implied by socially responsible beings makes establishing clear and objective statistical associations unfeasible. For Moore (2001, pp. 299-315) and Wright and Ferris (1997, pp. 77-83), implementing CSR measures generates additional costs.

Actually, what this studies pretend is not simply to determine whether Ethics are pro-

fitable or not, but to establish if it is profitable enough. It's not the same to talk about earnings than competitive benefits that surpass those achieved previously or those of other companies operating in the same market. In any case, the aspiration of the aforementioned analyses lays in considering the economic aspect, without posing what's acceptable regarding companies' social behavior.

Jensen (2001, pp. 8-12), sustains that CSR may provoke adverse effects on a company, since taking into account all stakeholders might leave control of some corporate resources in their hands, thus risking them using said resources to pursue their own interest. It seems as though Jensen's conception of human beings as an individual forming part of a group is not supported by a sentiment of solidarity or common wellbeing.

Schuler and Cording (2006, pp. 540-558) argue that most works trying to link social and financial results have been wrong, since they have been based on a simple correlational model between social behaviors and financial results without taking into account some variables' moderating effect which have not been well defined from the beginning, being equally applied to every type of stakeholder (customers, employees, shareholders and workers).

Seemingly, the lack of empirical proof does not permit to find a clear relationship between CSR and real financial benefits for the company, from there parts that several directives interpret it as a matter to be posed from the strategic point of view, because it is possible that investments carried out to be socially responsible do not yield the expected results neither for the company, nor society.

Nonetheless, some transversal studies in countries from the European Union consolidate the hypothesis of a positive relationship between Corporate Social Responsibility and financial performance, thus demonstrating how CSR turns into a competitive advantage source and a tool of protection during moments of crisis, which bestows greater financial stability to companies that incorporate it into the core of their business strategy (Gómez Carrasco and Uceda Blanco, 2013).

Other more specific research (Lopes de Oliveira and Moneva, 2017) verifies the re-

lationship between social responsibility and economic-financial performance in companies from the oil, gas and biofuels sector (Petrobras and Repsol). Seems like the latest inquiries in this vein begin to yield results supporting CSR' contribution to companies' profitability.

However, just as Burke and Logsdon (1996, pp. 495-502) argue, considering that a socially responsible company only has an interest on economic profitability or on philanthropy and altruism, is a short-sighted way of contemplating companies' social reality. Following these authors, we believe that CSR is strategic not only when it contributes to benefits related to business, but also when it contributes to the company's effectiveness in reaching its mission. We may define an organization's mission as the reason for its existence; why does it exist? On whose benefit are efforts channeled into strategies and based on what moral foundations; to what values and norms is behavior addressed? (Campbell and Tawadey, 1992). These constituent elements of some theoretical models on corporate mission have been explained only taking into account the directive board; they should, however, broaden their horizons to integrate the rest of groups of interest linked to the company. So long as the concept of value defined within the company bears only economic references, we will not achieve sustainable management because the important aspects of reality are forgotten. The introduction of value creation for all stakeholders allows to broaden the company's frame of management, nearing a more realistic economic optimum, thus generating new capacities of cooperative value creation and overcoming some conflicts (Argandoña, 2011).

While it is true that usually higher management proposes strategic goals and even defines the values and moral principles to be followed by the organization, it's not possible to achieve that such pre-defined culture extends throughout the company automatically. It's important for each individual to make himself part of those very values (or searching for consensus among parties) so as to achieve the commitment of his behavior to corporate ends, then accepting and even proposing adequate norms that integrate everyone's interests. It is convenient to serve the company's economic interests, but also its

stakeholders and it is possible to so as long as social responsibility programs and actions and the company's own objectives are coherent inwardly.

It is necessary to tie personal goals with the organization's mission. Parting from idea, already mentioned, that responsibility falls upon individuals and not abstract entities, plan and projects from all stakeholders (not just directives) must be linked in the same business project centrally. The people who liaison with an organization in any one role, either employee, businessman, shareholder or client, need to immerse themselves proactively in the very program of actions routed to achieving concrete business goals, which must be voluntarily accepted by all. This requires said strategy to be concrete and transparent, and such as achieved only through everyone's responsible attitude and every group of interest. Sharing the company's very mission and vision is only possible if the individual interests of those affected by it can be associated to the strategic project; thusly, being committed will the individuals' responsibility.

The matter set forth by Husted and Allen (2000, pp. 21-31), centers on whether it is ethical or not to use CSR as a strategy, since it theoretically represents a conflict between the organization's economic performance, measured in expenses and earnings, and social performance, established as obligations towards people. They try to find a space for dialog in the field of business Ethics where directive are able to create plans that comply with business goals and ethical commitment towards society. They define strategy as plans, investments and actions carried out to reach sustainable competitive advantages and high financial and social performance. Competitive advantages contemplated as defined by Peteraf, creating unique capabilities and resources (Peteraf, 1993, pp. 179-191), the corporate strategy is the positioning of the company with respect to social topics in order to try to achieve objectives provided for the long term and create sustainable competitive advantages; namely, the fusion between the corporate business strategy and the corporate social strategy. This union seems to become evident when establishing the relationship between one key variable for the company due to its influence on finan-

cial performance, research and development (R+D) and CSR.

It seems as though some aspects of the company's social responsibility generate better improvements on innovation processes. Thus, authors such as McWilliams and Siegel (2001, pp.117-127) believe that CSR promotes product and Brand differentiation by means of the production of goods and services bearing particular characteristics showing consumers the company's commitment to social affairs. Besides, by applying social strategies the company is capable of responding to demands from different stakeholders. Social demands are usually the way in which society interacts with a company and provides it with legitimacy and prestige, just as Garriga and Melé (2004, pp. 52-71) sustain.

For Friedman, a company cannot assume such social responsibility going beyond philanthropy. Compelling businessmen to behave in a socially responsible way constitutes a restriction to their freedom of action and a contradiction with the company's ultimate purposes, which must be to maximize benefits.

Argandoña (2006) criticizes Friedman's stance, even though considering some of his propositions to be correct. While it is true that the market's information is not perfect and because that product differentiation in companies and competence in the current environment exist, the benefit maximization criteria cannot lead to a social optimum. This offers companies the possibility to voluntarily carry out actions that improve social well-being and prevent the risk of excessive intervention by the government.

3.2. Discussion from the social approach of Corporate Responsibility

The orientation of a socially responsible company was born in the mid-twentieth century, defended by Bowen (1953) who appealed to businessmen's obligations to follow policies, make decisions or adopt desirable lines of action in terms of society's goals and values. According to this criterion, a businessman has the obligation to lead his company respecting the values pursued by the society it is immersed in.

Along this line of thought, Selznick (1957) understands that organizations incorporate values from broader communities or the society itself they are set in. The more similar the values of the company with respect to those of society, the more success and chances of surviving it will have regardless of whether these values are close to human needs or aspirations. The institutional leader is an agent whose primordial task lies in promoting and protecting values; the doubt lies in picking key values and create a social structure that incorporates them.

During the 1960s CSR enters public debate (Especially in the United States) interpreted as a program of voluntary initiatives, conceived, managed and assessed by the administration in order to counteract the negative effects companies exercise in communities. This a commitment to society from a legally-inclined standpoint, less personally-inclined; supervision must be exercised by the State, whom shall guarantee the compliance of social minimums.

Bell (1965) explains the transition from a society grounded in the family as the axis coordinating functions of production, distribution and consumption to a situation where the main role in these affairs is exercised by companies. Such evolution implies a new system of values and new forms of behavior. He conceives companies as the new center of socialization, capable of integrating individuals and developing their sense of belonging and participation in corporate goals. Understood in such manner, he considers that organization responds to the needs and demands not only from its stakeholders, but from its workers, suppliers and every social group interacting with it. The true owners are those involved directly and psychologically in the company's daily life. From this moment social benefits gain strength as arguments, thus overcoming the purely liberal approach then defended by authors such Milton Friedman.

In 1965, Ansoff sets forth that even though a company's goal to benefit, its search is influenced by the conscience of social situations; whereby in order to achieve it, it will be imperative to clearly define the company's relationships with society.

In 1973, Arrow sets a critical stance

against Friedman by arguing that maximizing benefits could be considered an act of corporate social responsibility if perfected competitive market were to exist. Within imperfect markets, such as a monopoly, social justification to maximize benefits has no validity, since the distribution of the resulting profit would be neither just, nor balanced. Arrow states that it would be convenient to institutionalize said social responsibility through regulations, taxes, legal norms or codes of Ethics since he understands that it cannot emerge by itself. As has been proved, Arrow's work already presents the foundations for the concept of companies' social responsibility so widely spread since the 1990s:

Arrow sets forth a general approach to analyze social decisions based on individual conditions, and his theorem demonstrates that what is possible and what isn't may depend at maximum on the information taken into account to make social decisions. As a matter of fact, broadening information is possible to lay out coherent and compatible criteria in order to make social and economic assessments (Sen, 2000, p. 305).

Social consensus requires decisions to be based on individual preferences, without leaving aside the general interest; a source of information and different points of view for decision-making. Public debate and social interaction are necessary, since those are the means to achieve shared commitment of values and fundamental principles.

In 1973, Drucker (2001) presents his theory opposing Friedman's train of thought. He argues that corporate management has a public responsibility and therefore must take on efforts to act in such a way that social wellbeing becomes the company's own interest.

On the other hand, following the historical progression of the concept of CSR in its social current, Ackerman (1973, pp. 88-98) and Sethi (1975, pp. 58-64) added to the concept of responsibility that of *Corporate responsiveness* to highlight companies' work to satisfy social needs and demands.

Sethi sets a three-stage scheme to classify the adaptation of corporate behavior to social needs: firstly, the social obligation that implies a corporate behavior as a response to forces from the market or legal limitations; secondly, the social responsibility

that “implies elevating to a level where it is congruent with social norms, values and prevailing expectations” and lastly, the social response suggesting that what matters is “not how corporations should respond to social pressures, but what should its long-term role be in a dynamic social system” (Sethi, 1975, pp. 58-64).

In 1975, Preston and Post point to companies and society as being interdependent systems. Social institutions are not independent in their functionality; they operate within the same environment mutually interpenetrating; public responsibility should be the point of reference for social responsibility. The social response may be a continuum from the non-response (doing nothing) to a proactive response (anticipating future needs). Companies bear a social responsibility, yet the main focus lies not in accepting a moral obligation but rather in the degree and type of management actions.

In this vein, Frederick (1978) has articulated the vision of response to what he calls CSR:

Corporate Social Responsibility refers to the capacity of a corporation to respond to social pressures (...) In the organization, one looks for mechanisms, procedures, commitments and patterns of behavior which, taken collectively, would rate the organization as more or less capable of responding to social pressures.

In 1979, exposes that companies' social responsibility should go beyond those purely legal and economic, they should also take on social and environmental commitments. This is how companies' social responsibility is set in a triple sense: economic, social and environmental (known as *triple bottom line*). Carroll (1991, pp. 39-48) the concept of “Corporate Social Performance” was introduced by Carroll when trying to join corporate social responsibility to business receptiveness, the former understood as the company's adaptation to specific social needs: “Businesses' social responsibility encompasses economic, legal, ethical and discretionary expectations that society has over organization at given point in time” (Carroll, 1979, pp. 497-505).

Jonas (1995, p. 16) proposes a more transcendental point of view about individual's own performance in society and guarantee

of the future:

The justification of Ethics not remaining circumscribed to the immediate and interpersonal environment of our contemporaries shall be prolonged to metaphysics, since only from metaphysics fits the question as to why should there be more men in the world in general; as to why is, therefore, valid the unconditional imperative of guaranteeing its future existence.

Anshen (1977) based on ideas about the *social contract* from great thinkers such as Hobbes, Locke and Rousseau argues that there must exist an agreement between companies and society, which determines the rights and duties of individuals and groups within the social environment of a given time and place, and leads the search for benefits as well as responsibility. If in the past interests were set on achieving fast economic growth, in the present their orientation should be marked by the improvement of life quality and preserving the environment.

For Bowie (1983, pp. 103-106), the social contract requires successive negotiations to maintain society's sound functioning.

Wartick and Cochran (1985, pp. 758-769) define Corporate Social Performance (CSP) as the integration of social responsibility principles, social response processes and policies developed to face social matters.

Sen (2000, p. 23), 1998 Nobel Prize on Economics, performs an important contribution to the development of economic and social indicators based on the concept of *capabilities*; understood as *positive freedom*, a person's real capacity to make or achieve something, the substantial possibility to live a long life, carrying out economic transactions or participating in political activities: “the lack of economic freedom might feed the lack of social freedom, the same way the lack of social or political freedom might promote the lack of economic freedom”. Men must be free to perform trading exchange and transactions, must have the freedom of choice and such is not possible without the guarantee of some economic minimums that cover the most basic needs. Freedom exists when individuals on their own are capable of generating basic resources, when they have the possibility to cover their own shortages. On the contrary, if they were to always depend on external

aids to face their lives, they will always be in others' debt. Just as Sen points out:

Denying freedom to participate in the labor market is one way to keep individuals in slavery and captivity, and the battle against the lack of freedom that supposes working in conditions of servitude, nowadays is important in lots of Third World Countries for some of the same reasons by which the American Secession War was transcendental (Sen, 2000, p. 23).

The State must guarantee such possibility, at least in the mid-term. One of its main functions is to propitiate for citizens to be able to get ahead by themselves, so that everyone is free to decide and therefore be able to become accountable in the term's ample meaning:

The expansion of liberties we have reasons to value not only enriches our life and set us free from restrictions, but also allows us to be more fulfilled social persons who exercise their own will, and interact with and influence- the world where they live (Sen, 2000, p. 31).

Harrison and Freeman (1999, pp. 470-485) among the heralds of stakeholder theory, tries to reconcile companies and Ethics by framing both spheres in the concept of groups of interest. He believes one of the original ideas behind the stakeholder management approach to be trying to find a path to integrate economic and social affairs. He argues that achieving a healthy capitalist system requires morals, even if it is only to formulate some common rules to be respected by all agents implicated in society. This is deontological justification, the social responsibility of a company understood as a duty to all those who maintain a direct or indirect relationship with it. He also maintains that the ethical principle that must guide companies' direction, must take into account that each group of stakeholders must not be treated as a means to reach corporate objectives, but it must participate in determining the future of the company it has an interest in (Evan and Freeman, 1993, pp. 75-84).

The concept of Corporate Citizenship (CC) is progressively incorporated. A concept proposed by Waddock with the objective to incorporate companies' strategies and management policies into the stakeholder concept. Broadly, it is defined as the commitments,

strategies and operative practices performed by a company in order to implant, manage and assess its Corporate Conduct, Corporate Ethics and its Corporate Relationships (Carpriotti, 1999). In Waddock's (2004, pp. 5-24) words:

Corporate Citizenship supposes an ethical and philosophical commitment in order to develop a business in a socially responsible manner, transcending aspects such as mere management, philanthropy or the organizing of activities to improve corporate image.

From Wood's (1991, pp. 691-718) perspective, a company's social action means "the corporate behaviors geared to producing less damage and results more beneficial to people and society". He defines a company's social performance as:

A business organization's setting up of social responsibility principles, processes of social and political receptivity, observable programs and results associated to the company's relationships with society.

His inputs sustain that the principles of social responsibility are:

- **Legitimacy:** a company has responsibilities because of the fact that it is an institution acknowledged by society.
- **Public responsibility:** the company must resolve the problems brought onto society by its interests, actions and operations.
- **Individual Discernment:** the actions taken by companies to be socially responsible are carried out by the individuals who lead them.

The public responsibility principle and not corporate directives, is the one that must decide a company's social responsibilities. A responsible company must be accountable to society, and for that it will be necessary for directives to perform as moral agents, exercising their criterion so as to achieve socially responsible outcomes.

In the current globalized and interconnected world, subject to financial and values crises a company seeks formulas to respond to society, and to that end CSR is implanted often linked to mere cosmetics and in the best of scenarios to socially philanthropic actions, which have little to do with and ethical con-

ception of businesses. This has generated a void of content in the term of Corporate Social Responsibility (Muñoz-Martín, 2013) held presently, which has given place to new concepts such Shared value creation or corporate sustainability which in most cases manages to create even more confusion.

The commitment by every person having a relationship with a company one way or the other is essential to bring to reality a strategy geared towards making a socially responsible company a reality. Having as its main axis every person's dignity, companies attain a competitive advantage that propitiates its economic and social development, thus achieving greater value for the whole community, which shall guarantee its sustainability (De Dios-Alija, 2013, 2015)

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