Corporate Social Responsibility: Yesterday, Today and Tomorrow

An Honors Thesis (HONRS 499)

by

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Abstract

Corporate social responsibility (CSR) is a modern way of conducting business that started in the 1950s and has continued to grow in popularity ever since. Although there are several naysayers who believe CSR is ineffective and detrimental to the marketplace, there are also many arguments that emphasize the benefits of a business strategy built on social and environmental responsibility. With consumers, employees and investors who are more concerned than ever before about corporate decisions and how they influence society, it might be in a corporation’s best interest to take these concerns to heart and change the way they do business. I analyze the arguments for and against CSR and observe how CSR has changed and continues to change since its beginnings.

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Corporations have long brought job opportunities and financial benefits to communities around the world. With these benefits, however, have sometimes come external costs that society must bear. These costs often include controversial issues like pollution and the employment of underpaid workers in impoverished countries, among other things (Heal, 2008). In response, some corporate stakeholders, including customers, employees, investors and activists, have placed pressure on these corporations to change their behaviors (As You Sow, 2012). These groups of individuals have pushed for corporate social responsibility (CSR), which is the idea that those who run corporations should do so ethically and that these corporations should be held responsible for their actions (Clarkson, Miller & Cross, 2012).

Examples of socially responsible actions include implementing safe and responsible practices and reporting on the progress of these initiatives (As You Sow, 2012). CSR initiatives can include philanthropic programs targeting communities or employees, the promotion of the welfare of suppliers and the use of environmentally sustainable practices. Overall, the goal is to act in a way that betters society, which is also referred to as corporate citizenship (Ludescher & Mahsud, 2010). Although corporations have largely focused on generating profits in the past, many are taking notice of the pressure for CSR, especially as it relates to their corporate image, which is the impression a company’s stakeholders hold of that organization (Kreng & May-Yao, 2011).

Although it has taken some time, the push for CSR has reached the ears of corporate CEOs. In response, many CEOs have become concerned and have, therefore, placed more resources into generating responsibility reports, negotiated with non-governmental organizations who apply pressure for various reasons and begun changing
their policies and behaviors (The Market for Virtue, 2006). Although this is true, other CEOs and business analysts are not necessarily sold on the idea of CSR. These individuals often believe that corporations can bring the greatest good to society by focusing on profits and offering employment. Any obstacle that detracts from this goal is considered to hinder the success of the corporation and, therefore, the amount of good it can bring to society through employment opportunities and wealth (Kreng & May-Yao, 2011).

The basic notion that a business should act in a socially responsible manner is not necessarily a new one. For instance, small businesses like mom-and-pop stores and family farms were far more involved in community day-to-day activities 200 years ago. If a small business did not behave in an appropriate manner, the community’s reaction was likely to be felt personally and immediately. Therefore, small businesses felt pressure to act in socially responsible ways so as to maintain a happy and productive business. (Uccello, 2009). These conditions even still held true only 50 years ago.

In the 1770s, however, economist and philosopher Adam Smith articulated his view on business, which was that “the desires of society could best be met by the unfettered interaction of individuals and organizations in the marketplace.” In other words, a business can best meet the needs of society by focusing on making a profit. Society, in turn, receives the goods and services it desires, as well as employment opportunities. These notions were often found to be true throughout the Industrial Revolution, which took place between 1750 and 1850. During this period, radical change took place in the United States and Europe. New technologies were created, which allowed for more efficient production of goods and services. As corporations were born,
millions of individuals obtained jobs that paid far more than they’d ever made in the past, which allowed for a much higher standard of living. This contributed to the view that self-interested behaviors and a highly competitive market led to more wealth and a better existence for all (Pohl & Tolhurst, 2010).

The wealth and success did not come without costs, though. The principle of Social Darwinism, which focused on survival of the fittest in a highly competitive market, sometimes led to cutthroat strategies that often took attention away from the well-being of employees, the community or society as a whole. Due to these practices, large corporations began to receive backlash from community members. “Big business” was criticized for being too powerful and engaging in immoral practices. In response to negative publicity, tycoons of the late 19th and early 20th centuries became philanthropists by giving away millions of dollars to social charities. Although these actions showed a concern for the public, the donations were largely made on behalf of the individual rather than the corporation itself. In addition, these corporations continued to exploit their employees. Therefore, consideration for the corporation’s stakeholders was more of a sideshow than a genuine business model (Pohl & Tolhurst, 2010).

The 1950s, 1960s and 1970s were pivotal decades for the emergence of CSR. R. Bowen’s popular book, Social Responsibilities of the Businessman, introduced the general idea to the public. The 1960s and 1970s brought the civil rights movement, consumerism and environmentalism, all of which pushed for more responsible policies from corporations. Many people began to believe that greater power led to greater responsibility and that corporations should be more proactive in ceasing to cause societal problems and working to solve them instead (Pohl & Tolhurst, 2010). Rachel Carson’s
Silent Spring (1962) challenged the chemicals industry for its environmental harm, and Ralph Nader’s writings critiqued the automobile industry and pushed for safer standards. The 1970s brought the first widely used definition for CSR, which was Archie Carroll’s four-part concept, focusing on a corporation’s economic, legal, ethical and philanthropic responsibilities. The 1980s brought quality management standards to occupational health, and the 1990s came with additional governance codes. In the 21st century, the trend has continued in much the same way. Several more CSR guidelines, codes and standards have been put into place, mandating acceptable social and environmental actions (Pohl & Tolhurst, 2010).

Although there has been a major push to incorporate CSR initiatives into business plans, not everyone is sold on the idea. There continue to be arguments for and against making decisions based on the needs and desires of stakeholders rather than simply focusing on profits. It seems, however, that most CEOs are on board with the notion – at least on the surface. According to a Boston College Center for Corporate Citizenship survey of U.S. executives, 70 percent of those polled agreed that corporate citizenship is a main concern. In addition, 60 percent asserted that good corporate citizenship actually increased their corporation’s profits. Strategist Michelle Bernhart argues that some CEOs view CSR as a special program among many other programs that the company puts together. She believes, however, that CSR is most successful when it a central part of the company’s business model and when the initiatives are relevant to its usual business operations (Clarkson, Miller & Cross, 2012).

Arguments in favor of CSR are vast. The general public often finds it to be beneficial because a corporation’s stakeholders often benefit from CSR initiatives. For
instance, when a corporation considers how its emissions impact the surrounding communities and makes a decision to cut back those emissions, the surrounding communities benefit. CSR can also be beneficial for the corporation itself as well, though. Making socially and environmentally responsible decisions can strengthen a company’s image in the eyes of its customers, employees and the public in general. Many leaders believe that investing in these types of initiatives will bring long-term benefits (Kanter, 2010). According to Hewlett Packard Vice President for Global Citizenship Debra Dunn, “Some see this work as charity, philanthropy or an allocation of resources that could be better donated by shareholders themselves. But to us, it is a vital investment in our future, essential to our top-line and bottom-line business success” (As You Sow, 2012). In essence, the idea is that investments in society today will reap a favorable operating environment in the future (Pohl & Tolhurst, 2010).

One key target public for a corporation is its customers. If a corporation’s customers choose not to use its products or services, it will no longer be in business. With the technology that is available today, information about a company’s behavior is readily accessible, and news outlets like Consumer Reports and its blog, The Consumerist, will inform the public about corporate mishaps almost as soon as they occur. Therefore, a company needs to make decisions that will be largely accepted, appreciated and approved of by its customer base.

According to marketing experts Blackwell, Miniard and Engel, consumer behavior is largely based on the halo effect. If a consumer believes that one aspect of a corporation is positive, that consumer will likely believe that all aspects of that corporation are generally positive as well. Just as a person who witnesses something
positive about another person will likely trust that person more because of it, the same is true of corporations. If a consumer witnesses a corporation taking on socially responsible initiatives, the consumer will likely believe that the corporation has a higher moral standard than other corporations. In turn, the consumer will assume that the corporation's products and/or services will be of higher value and will likely make purchasing decisions based on these assumptions. Research by Denworth seems to reflect this theory, showing that 71 percent of consumers have a good impression of a corporation if they have positive information about it. Overall, many marketing experts agree that socially responsible activities lead to a positive image for corporations. In turn, a good corporate image positively influences the purchasing behaviors of consumers, which directly and positively affects corporate profits (Kreng & May-Yao, 2011).

In addition, taking on CSR initiatives is no longer considered a good idea that corporations should consider. Instead, it is largely accepted that consumers expect more of corporations in the 21st century of corporations than ever before. According to marketing expert Marin, "One of the reasons for this growing interest in CSR is because of its influence on consumer behavior at a time when consumers are demanding more out of organizations than simply a quality product at a low price" (Uccello, 2009).

A push for corporations to take into account the rights of consumers and to take on environmentally conscious initiatives has become much stronger. In addition, if harmful effects are somehow caused by corporate products or activities, that firm is then expected to bear the financial cost of ridding of the negative effects. In essence, consumers want corporations that are not only profitable but that also provide some sort of social service (Kreng & May-Yao, 2011). In addition, research shows that several
consumers are willing to pay a premium price to contribute to a social cause that they believe to be worthy in an effort to encourage ethical business practices. The same research studies show that customers will also punish companies who are not viewed as ethical in their practices (Batruch, 2011).

Customer loyalty is another important concept to consider in regards to CSR initiatives. Customer loyalty is a long-term, committed relationship that is created between a corporation and its customers. Loyal customers will repeatedly purchase the same products or services, publicly praise the company and avoid purchasing competitive products or services (Kreng & May-Yao, 2011). Customers who are not only satisfied with the product or service a corporation provides, but also fully support and believe in the social initiatives a firm takes on, are likely to become loyal and be some of the most influential third-party endorsers.

If corporations take a proactive approach, they can create a corporate strategy that can turn consumer awareness into a benefit. An example of a company that has already taken this approach is Seattle-based Starbucks Corporation. Years ago, consumers began to question how its coffee was grown and under what conditions. In response, Starbucks started offering fair-trade coffee. Many of its customers appreciate its reputation for social responsibility and are loyal to the company both because they believe it is a high quality product and they support the company’s CSR initiatives (Kanter, 2010).

Another organization that has come under pressure in the past is Nike. The company has fielded questions regarding several different social issues, including human rights, child labor, labor exploitation and workers’ rights. With a presence in more than 140 countries and a production network that stretches over all five continents and
includes more than 700 contract factories, it can be extremely difficult for the company to manage all of these issues. However, Nike has owned up to many of its mistakes in the past and has introduced new codes of conduct. In addition, the company claims that it is working to institute more sustainable methods of production (Hawkins, 2006).

Another stakeholder that is extremely important to corporations is its employees. Many companies are viewing CSR initiatives as a way to attract, maintain and motivate employees. Many companies like Nike have decided to respond to issues because their employees want them to be responsible. Many employees, especially younger generations, desire to not only make a paycheck but to find an occupation about which they can be passionate. According to marketing expert Stone, “Work need not be the endless pursuit of things – it can be the contribution one makes to the world at large while at the same time giving to one’s dependents and others the necessities of life” (The Market for Virtue, 2006).

Surveys of college students about to enter the workforce show that young people are looking for socially responsible employers. They are searching for positions that allow them to participate in community projects (Clarkson, Miller & Cross, 2012). In fact, an article in the Financial Times discussed the mining and mineral industry’s consumer brand or lack thereof. According to the article, the mining industry is concerned about the future of recruiting since many environmentally conscious MBA students are shunning it because of its horrible environmental record. In response, the mining industry is working to be seen as socially and environmentally responsible as well (The Market for Virtue, 2006).
Research shows that corporations that engage in social activities tend to retain workers as well. For instance, the accounting firm PKT Texas offers employees the opportunity to support several business, educational and philanthropic organizations. Since implementing these new opportunities, the firm has been able to recruit and retain a younger workforce and now boasts a turnover rate that is half the industry average (Clarkson, Miller & Cross, 2012). In addition, multinational corporations that possess strong values and a clear mission that emphasizes doing good can better create a cohesive culture despite its diverse workforce, mergers and acquisitions and changes in demand for its products and services. Therefore, the products or services that a corporation provides might change, but its overall culture will stay the same. This creates a more stable, fulfilling environment and, therefore, more content employees (Kanter, 2010).

CEOs of high-profile companies like Home Depot, Delta Air Lines and SAP have already jumped on the CRS bandwagon by sending out millions of their employees to volunteer in community projects and seem to be reaping the rewards (Bhattacharya, Sen, & Korshun, 2008). According to Jim Copeland, Jr., former CEO of Deloitte Touche Tohmatsu, “The best professionals in the world want to work in organizations in which they can thrive, and they want to work for companies that exhibit good corporate citizenship.” As other researchers explain it, “a paycheck may keep a person on the job physically, but it alone will not keep a person on the job emotionally.” Therefore, many believe that CSR serves is a great way to differentiate a company from its competitors (Bhattacharya, Sen, & Korshun, 2008).

A part of making socially responsible decisions relates to how a corporation treats its employees as well. Research shows that employee performance is greatly
influenced by the working environment and fair labor considerations. Therefore, implementing responsible employee policies can optimize performance (Hawkins, 2006).

Investors are another key target to consider. Socially responsible investors have become a major channel through which pressure has been placed on corporations. These individuals have been requesting for more than a decade that corporations develop a CSR agenda. Although these investors are not part of the mainstream investors, a January 2005 survey found that 73 percent of mainstream investment managers predicted that “socially responsible investment indicators will become commonplace in mainstream investing within 10 years” (As You Sow, 2012).

Religious institution investors were the first to invest in stocks based on an organization’s social agenda. Today, environmental and human rights groups have begun utilizing this tool as well. Shareholders are able to leverage the power of stock ownership in order to support CSR initiatives. In order to do so, they “utilize dialogue, the filing of shareholder resolutions, and shareholder solicitation campaigns to raise awareness, build coalitions, exert pressure, and effectively create change in company policies and practices” (As You Sow, 2012).

Although very few social proposals receive a majority vote by shareholders, those that receive support from more than 10 percent of voters are difficult to ignore and usually result in company action. In the past 30 years, thousands of proposals have resulted in more progressive corporate policies. These policies include more representation from women and other minorities on corporate boards and in executive positions, the ending of discrimination in employment decisions, the discontinuation of environmentally damaging projects, the departing of companies from countries that have
human rights issues and the improvement in wages, benefits and working conditions. For instance, a proposal was filed at Home Depot, requesting that the company stop selling wood from old-growth forests. The proposal received support from 11.8 percent of voters, and the company stopped selling this wood shortly thereafter. In addition, companies like Coca-Cola, Nestle and PepsiCo have responded to these proposals, agreeing to recycle 50 percent or more of the cans and bottles they use (As You Sow, 2012).

Another argument on behalf of CSR is that these initiatives help a company become more innovative. For instance, Procter & Gamble has benefitted from its new model of thinking. The company was able to expand its market in Brazil by observing low-income households in order to create new products that were affordable and environmentally-friendly. Until this time, Procter & Gamble had largely focused on marketing to those in the middle class. One such product the company created was a detergent that was gentle on hands for families who washed all of their clothes by hand. These new ideas spread to other countries and eventually influenced the introduction of Tide Basic in the U.S. The company representatives state that its new initiatives reflected the company’s overall mission, which is to “improve the lives of the world’s consumers.” These consumers are no longer only middle income, American families. Instead, they span over several countries and socioeconomic statuses (Kanter, 2010).

Research also shows that it does not pay to be irresponsible. Although there might be immediate gains by focusing on higher profits and disregarding socially responsible decisions, a company will likely pay in the long-term. Consumers, employees and investors all play a role in the pressure placed on organizations. In addition, activist
groups and nongovernmental organizations will often apply pressure and even appeal to regulatory bodies in order to ensure that a company’s actions are kept in check. Seriously unethical behavior could even lead to bankruptcy, as was the case for Enron, Worldcom and Arthur Anderson. In addition, companies in the U.S. often fear lawsuits. These suits are often filed because of pollution, infliction of harm to a consumer or the misrepresentation of financial expectations. These fears are well-founded when one considers the millions of dollars spent by companies like Ford and Firestone in response to defects of Ford Explorer SUVs, Merck in response to the negative side effects of Vioxx and Jones Manville due to the carcinogenic effects of asbestos. These examples show that irresponsible behavior can often be quite costly (Heal, 2008).

Although it is clear that many CEOs and experts believe and invest in socially responsible behaviors, not everyone is completely sold on the idea. Some still advocate profit maximization above anything else. This belief stems way back to the 1700s and has since been supported by conservative economist Milton Friedman, who stated in 1970 that “corporations should only pursue the goal of profit maximization, as the consequent efficiency with regard to using social resources would be greater and so the contribution to social resources would be larger” (Kreng & May-Yao, 2011). In addition, these individuals assert that CSR does not necessarily pay in the long run. They state that there are investment opportunities in CSR; however, there are also other far better options. Therefore, CSR initiatives will always be “overshadowed” by other business opportunities (The Market for Virtue, 2006).

These principles were described by Adam Smith, a Scottish moral philosopher from the 1700s who is most widely known for the phrase “the invisible hand.” According
to Smith, “Every individual… neither intends to promote public interest, nor knows how much he is promoting it. He intends only his own security, his own gain. And he is in this led by an invisible hand to promote an end which was no part of his intention. By pursuing his own interest, he frequently promotes that of society more effectively than when he really intends to promote it.” In other words, the market helps others more when businesses focuses simply on profit, rather than when organizations put time and effort into helping others for philanthropic reasons (Heal, 2008). A basic example of this idea is a butcher. He fulfills his own needs by preparing meat for others and earning a profit so that he can take care of his family. In turn, the local community’s unmet needs are met by the meat he prepares. If he works to cut costs and earn a larger profit, he will likely be able to prepare more meat and, therefore, meet more people’s needs.

Friedman saw himself as a “direct intellectual descendant” of Adam Smith. According to Friedman, “There is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud.” His argument is that in the process of making a profit, businesses are providing others with income and employment, needed products and services and tax revenues. He believes that managers of corporations do owe something but not to society as a whole. Instead, they should focus on benefitting their employers and shareholders (Heal, 2008). He states that businesses cannot and should not solve social problems. Instead, the government should be the sole entity responsible for these issues (Pohl & Tolhurst, 2010).
Those who disagree with Smith and Friedman’s philosophies claim that their arguments are too simplistic. They agree that the invisible hand would do a great job in running the economy and ensuring efficiency, however, in most cases, there are external costs that must be addressed. External costs are those that are created by a corporation but paid by other people. An example of this might be the pollution that stems from production. If a corporation focuses only on making a profit and not on reducing its emissions, the community is left with unclean air (Heal, 2008).

Another example of external costs relates to Heinz, which is a major seller of canned tuna. Heinz was fishing for tuna on the East coast, however, this often involved the killing of dolphins that would end up in the same nets. In response to what they saw as a horrific practice, environmental NGOs organized a boycott of Heinz. In order to regain its positive brand image, Heinz moved its operations to the West coast, where the dolphin bycatch is much less. Their actions were well received by leading politicians and environmental groups who now viewed them as “the dolphin-friendly tuna source.” Overall, Heinz benefitted from internalizing these external costs associated with their operations. Although they incurred extra costs from the outset in completely transferring their operations across the country, they were able to avoid a costly confrontation with environmental groups and improved their brand image (Heal, 2008).

Another argument against Smith’s invisible hand is that although the results might be efficient, they are not necessarily fair. The market economy does determine the distribution of income and wealth, however, this distribution might not always be deemed fair in today’s society. For instance, those who have rare talents, like opera singers and MBA players, will accumulate wealth, while those who have more popular yet socially
beneficial skills, like teachers and social workers, often accumulate much less wealth. Many believe that although the market is pretty efficient, it might need some help to ensure that the outcomes are fair. Economic professor and author Geoffrey Heal states:

“Society gains from realigning corporate interests with social interests, and corporations also gain from this realignment as it reduces conflicts between them and society. Conflicts between social and corporate interests in general hurt both parties; they hurt society because the outcome of economic activity is not what we collectively want, and they hurt corporations because the corporation is generally the loser in the long run. So if corporations behave as if they have obligations on the social and environmental fronts as well as the area of profits, then both sides can gain. Society can gain from a fairer or more efficient allocation of resources, and the corporation can gain from a less conflictual relationship with the environment in which it operates.”

Those who do not support CSR initiatives, however, state that the initiatives that have been put in place are not nearly as effective as they might seem. Although the number of socially interested investors is growing, their investments still only account for about 2 percent of mutual investments. Therefore, in practice, it seems that these socially interested investors are largely overshadowed by other investors who are more or less indifferent to CSR initiatives. Many of these investors seem to believe that CSR initiatives do not have any bearing on financial performance (The Market for Virtue, 2006).

The share price for socially responsible companies does not appear to be any better or worse than the share prices of other less responsible companies. In addition, some researchers refute the claim that CSR positively influences profitability, stating that this connection would be too difficult to measure. The argument is also made that if this “positive relationship” were to exist, it could be due to fact that high-performing companies have more funds to invest in socially responsible activities. For example, Nike has raised wages significantly in Indonesia and enforced new policies to ensure that their
suppliers improve working conditions. However, Nike is able to do this because it is highly profitable and has a premium brand already. Therefore, it can make decisions that will increase the cost of shoes and still expect consumers to purchase them. If Nike were to increase the price by too much, however, it could expect to begin losing its customer base (The Market for Virtue, 2006).

Ben & Jerry’s, Marks and Spencer, Levi Strauss, Hewlett-Packard and Chiquita Banana are just a few companies who have struggled financially despite their socially responsible behaviors; Phillip Morris and ExxonMobil have both performed well despite their “unethical” behaviors. These examples are often used to show that CSR has little to no influence over profit (The Market for Virtue, 2006).

In addition, many disagree with the statement that consumers will make decisions based on social responsibility. While many corporations are banking on the fact that socially responsible decisions and the communication of these decisions will lead to a differentiated brand and, therefore, more loyal customers, some researchers state that this simply is not the case. Their argument is that purchasing decisions are largely based on price, performance and convenience. They state that “the market for ethical branding is a niche market – it is never going to be a mass market” (The Market for Virtue, 2006). It seems that although the “feel-good factor” might lead some to support more charitable organizations, these responses are generally short lived, and as soon as the economic cycle dips, their commitment fades (Hawkins, 2006). In addition, companies can put money toward other less expensive investments to differentiate their brands, which would make better business sense (The Market for Virtue, 2006).
Some also argue that CSR is a sideshow that has covered up other more important issues. Companies like Enron and Washington Mutual touted their CSR initiatives in the past and, in return, were highly praised for them. However, these companies were mishandling their internal affairs and, as a result, collapsed in 2001 and 2008, respectively. Those who suffered the most were the individuals who many argue should be a company’s first concern – its shareholders and its employees. Did an unlikely combination of incompetence, greed and charity actually lead to the demise of these organizations? Some have determined this to be true (Ludescher & Mahsud, 2010).

Following these examples, some of the biggest fears of CSR initiatives is that they largely divert everyone’s attention from other mishandlings. Rather than helping to bring incredible benefits to society, the result might be a company that throws a few thousand dollars into a charitable project, touts these efforts in its communication efforts and then goes about its business in an inefficient, and perhaps unethical, way (Ludescher & Mahsud, 2010).

It is also argued that businesses are ill equipped to take on such initiatives and that the well being of citizens should be the business of the government rather than big business. Robert Reich, a former labor secretary under Bill Clinton and now a professor at the University of California Berkeley, holds this stance. He even wrote a book attacking CSR, which was titled, “Supercapitalism.” Reich states that “the energy spent on CSR diverts attention from establishing rules that advance the common good – rules that prevent oil spills, say, or protect human rights abroad. In democracy, that should be the job of elected governments, not profit-maximizing companies.” This idea stems from the understanding that governments exist to ensure the well being of the people, whereas
organizations exist to produce a profit. Therefore, the government and its goals are far better suited to address social issues (The Next Question, 2008).

The “capability” argument is also given to show how businesses are ill equipped to address social issues. This argument suggests that business leaders tend to be well trained in subjects like finance, marketing and operations management. As a result, they tend to be less familiar with complex societal problems. Therefore, their intentions might even be altruistic, however, their actions could actually make matters worse because of their lack of training in these complex issues (Pohl & Tolhurst, 2010).

Some disagree with this argument, however, and suggest that businesses should assume these social responsibilities because they have both the financial and human resources to effectively do so. With some of the most intelligent employees the country has to offer, these businesses can strategically and efficiently determine the best methods through which to make a positive impact on society. Their financial resources can also go a long way in making a major impact. For instance, Walmart has annual revenues that exceed the annual GNP of some countries. Given these arguments, it seems that corporations might have the “capability” to make a big, positive difference after all (Pohl & Tolhurst, 2010).

Despite the arguments on either side of the CSR debate, it appears that the push for CSR is not going away any time soon. According to John Ruggie of Harvard University’s Kennedy School of Government, “The theological question – should there be CSR – is so irrelevant today. Companies are doing it. It’s one of the social pressures they’ve absorbed.” In addition, a survey by conducted by The Economist staff found that only 4 percent of business leader respondents thought that CSR was a “waste of time and
money” (The Next Question, 2008). As companies continue to invest in new CSR initiatives, it seems that the more important question is: What will it become in the future?

Moving forward, it is important for businesses to determine a meaningful and long-term CSR strategy. In order to ensure this, companies must consider both their goals for business operations, which include corporate finance, investments and financial markets, as well as their social interests. Every socially beneficial opportunity that comes to an organization must first be challenged with the question of how it will benefit the company’s business goal as well. If it does not help to benefit the fiscal performance of the company in the long run, this new CSR policy should not be put into place. This is to ensure the sustainability of the company overall (Uccello, 2009). CEOs like to refer to these opportunities as “win-win” situations. They can be described as both the smart thing and the right thing to do (The Next Question, 2008).

Green initiatives are one example of “win-win” situations, which is why they are so popular as of lately. For instance, if an organization cuts its fuel costs, it both saves money and helps the environment. In addition, if a company expands its organic offerings, it also increases its market share. These types of opportunities should be sought out by corporations across the country (The Next Question, 2008).

According to an article in The Economist, “If corporate antennae are more keenly tuned to social trends and sensitivities, alerting managers to risks and opportunities they might not otherwise have spotted, so much the better for business. As for the activists, they of all people should like the idea of sustainability: if a business benefits from a CSR
initiative, it is more likely to last, and its involvement may be more dynamic and innovative too” (The Next Question, 2008).

Each day, business executives have to make decisions, and their company’s success depends on the fact that they make the right choice. According to operations director and author, David E. Hawkins, “A failing business helps no one, and the benefits of a business thriving through exploitation of nature or people are short-lived. Sustainable development is sustainable business” (Hawkins, 2006). Therefore, by aligning business and social goals, corporations could potentially begin creating the best-case scenario for everyone involved.


