

SHORT FORWARD IN THE EVOLUTION OF THE CORPORATE SOCIAL RESPONSABILITY CONCEPT

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Abstract

The intensification of the globalization process in the last decades and, implicitly, the alert development, determines the emergence of a new player on the world market: corporations. In this context, the dominance and influence of the modern corporation is present in all areas. CSR (corporate social responsibility) is a widespread phenomenon nowadays, being an integral part of the corporate strategy of a corporation. The motivation behind choosing this theme is the fact that the phenomenon of corporate social responsibility is a topical one, being mentioned in books, magazines, and websites and increasingly used by corporations, constituting one of the elements that condition their success and placement in the top, gaining consumer loyalty and admiration. Thinking like this, the present paper intends to analyze the evolution of CSR from a theoretical point of view and, in the last part of the paper, we will emphasize some aspects of the CSR in Romania.

Key words: *sustainability development; sustainability reports; ethical behavior; the pyramid of Corporate Social Responsibility; corporate social responsibility.*

JEL Classification: *M40; M49; G20; G21.*

I. INTRODUCTION

The beginning of the writings on this subject, in the 50s, gives to the initiator-Bowen the title of "*the father of corporate social responsibility*" (according to the interpretation offered by Archie B. Carroll), being both the first to deal with the definition of the concept and the one that offers a sufficiently comprehensive and clear definition, so that the precursors (*Heald, Selekman & Eells*), through their works, were no longer able to bring innovations to the definition of the concept at that time. The process of defining the concept is briefly surprised in the following decades (60s, 70s, 80s, 90s) and until now, when CSR has become a trend, knowing more approaches and models, the phenomenon being both sustained and challenged.

II. PERSPECTIVES RELATED TO THE CONTENT OF THE CONCEPT

The corporate responsibility of corporations is present at the intersection of the sphere of corporation's influence with the aforementioned fields.

Although, in recent decades, the practice of social responsibility has been widely used, the concept of social responsibility remains confusing and contested. This concept is often defined by its actors (especially companies) in accordance with their point of view and purpose, others claim that the social responsibility actions are dictated by the interests of the corporations.

The concept refers, of course, to the responsibility that corporations have as social institutions (attributions and obligations). The corporations are entities socially framed in the legal landscape of the company. In general, their responsibility is related to the rights acquired or granted. For example, in the United States, corporate social responsibility is viewed from the perspective of a philanthropic model. In this way, the companies make profit without having any obligation, except the one to pay taxes, and, later, part of the profit obtained is used for charitable deeds. Receiving something in return as a result of such an action is regarded as an act of corruption.

At the same time, the European model envisages the adoption of socially responsible behavior throughout the activity of the enterprise. This model seems to be more appropriate because social responsibility thus becomes an integral part of the process of accumulating capital and, if used properly, can benefit the company, increasing its competitiveness in business.

It is important to mention that the term "social" does not refer to the whole society. When a company decides to act socially responsible, the coordinator analyzes what interests need to be satisfied first. As the society is divided into several social categories, it is impossible to satisfy the interests of all.

III. EVOLUTION OF THE CSR CONCEPT

Throughout history, according to the interpretation offered by Bauer (2004), the social responsibility of corporations covers certain domains according to the period, covering an increasing sphere with the passage of time, as can be seen suggestively in Figure 1.

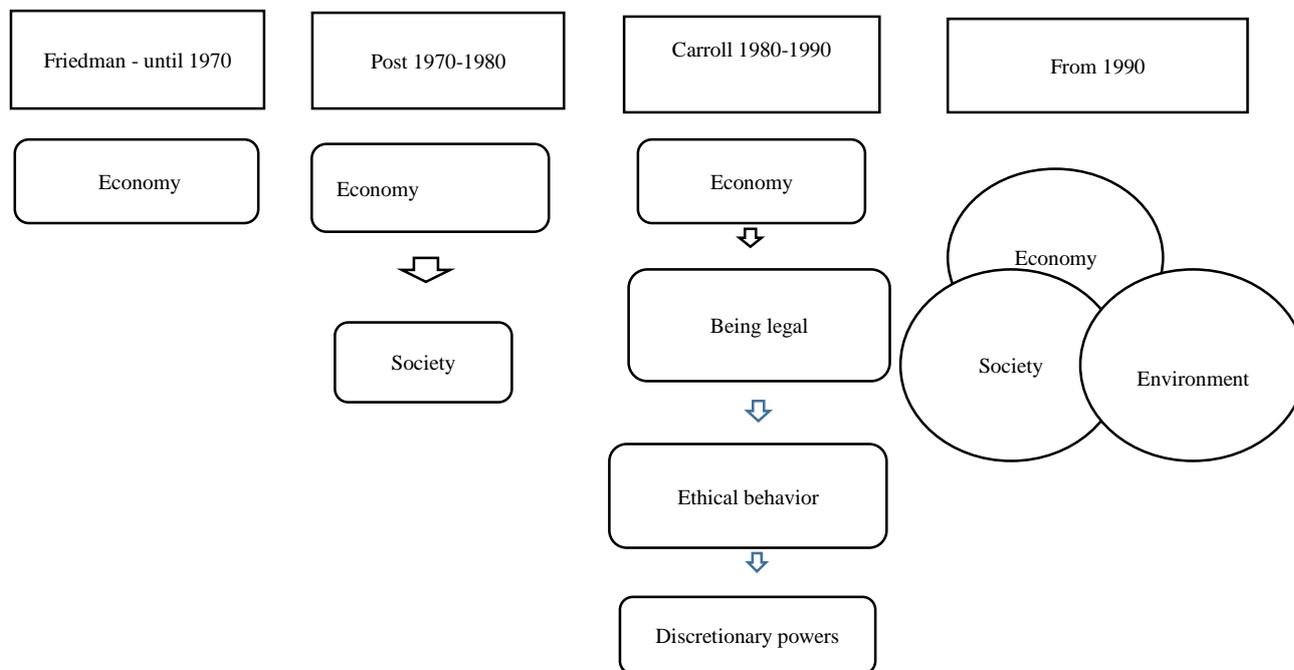


Figure 1 - The historical evolution of CSR
Source: own representation after: Bauer, 2004:9

Studies on social responsibility dates back to the twentieth century, especially in developed countries, such as the United States. At the beginning, the reference was made to social responsibility in general, and not to the social responsibility of corporations, and this can be explained by the fact that the prominence and dominance of the modern corporation had not yet made its presence felt (Cosmulese & Zlati, 2019).

III.1. CSR IN THE PERIOD OF THE '50S

Howard Bowen is the one who start the modern literature on this subject. The title - *Social Responsibilities of the Businessman* excludes from the sphere of business the female presence, either because they were not active in this field, or they were only excluded from the writings of the time on this subject. The author is of the opinion that the business sphere is an important center of power in decision making and influences citizens from different points of view. A first definition of social responsibility, referring to business people, offered by Bowen (1953) is as follows: "It refers to the obligations of business people to analyze policies, make decisions or follow action lines that are desired in terms of the goals and values of our society" (Bowen, 1953: 6). The author is also of the opinion that the decisions taken by the corporations influence beyond the profitability of the company, and, in a study, 93.5% of the businessmen who have a questionnaire in this regard considered Bowen's statement true.

Morrell Heald, the author of *The Social Responsibilities of Business: Company and Community*, 1900-1960 (1970), Selekmán - *Moral Philosophy for Management* (1959), Heald - *Management's Responsibility to Society: The Growth of an Idea* (1957) and Eells - *Corporate Giving in a Free Society* (1956) are other examples of writings on this topic from the 50s, but compared to Bowen's writing, they do not come with anything new. From this point of view, Archie B. Carroll calls Bowen "the father of corporate social responsibility" (Carroll, 1999).

III.2. CSR IN THE PERIOD OF THE '60S

The 60s offered more perspective on the content. Among the authors, we mention Keith Davis, who, afterwards, devotes all his works to this subject. In one article, he defines corporate social responsibility as *the decisions and actions that business people take beyond their own economic or technical interest* (Davis, 1960: 70).

Davis stands, by his point of view, on the relationship between social responsibility and business power, embodied in the *"iron law of responsibility"*, according to which the social responsibilities of business people must be proportionate to their social power (Davis, 1960: 71).

In other words, the success of a corporation is also based on a constant concern about social responsibility. Taking into account the contribution to the definition of the concept, Carroll (1999) considers him to be the second "parent", according to Bowen.

Frederick also contributes to the early definition of the concept of corporate social responsibility: *"Social responsibilities" mean that businessmen should oversee an entire economic system that meets the expectations of the public. In turn, this implies the use of means of production in the economy so that production and distribution increase the whole socio-economic well-being* (Frederick, 1960: 60).

Also, during the 60s, McGuire sees social responsibility as follows: *"The idea of social responsibilities means that the obligations of the corporation are not reduced to the economic and legal ones, but also imply certain responsibilities towards society, which go beyond these obligations"* (McGuire, 1963: 144). Since the author did not specify exactly what the responsibilities entail, he later returned to the definition, completing it from this point of view. Thus, corporations must also be involved in issues related to politics, community and employee well-being, education, shortly - in all aspects of social life.

Davis and Blomstrom believe that social responsibility therefore refers to a person's obligation to consider the effects of his decisions and actions on the whole social system. Business people apply social responsibility when they take into account the needs and interests of other people who might be affected by business decisions. In this way, they care about something else except the narrow economic and technical interests of the company (Davis & Blomstrom, 1966: 12).

Another author, important to mention in this sphere, is Clarence C. Walton. In his work, *Corporate Social Responsibilities*, he presents aspects related to the social responsibility of corporations and the role of companies and the businessman in modern society. The perspective on social responsibility is summed up as follows: *"In short, the new concept of social responsibility refers to the connection between the corporation and society, such connections must be analyzed by top managers as long as the corporation and associated groups pursue certain goals"* (Walton, 1967: 18).

From Walton's perspective, the essential elements of social responsibility include a certain degree of volunteering (as opposed to coercion), links with other volunteer organizations, and accepting that such actions do not involve gaining direct economic benefits in return.

III.3. CSR IN THE PERIOD OF THE '70S

In the next decade, the period of the 70s, the definition of the concept of corporate social responsibility did not continue. Author Heald describes community-oriented programs, policies and views of business executives. From his descriptions it appears that, at that time, the population was concerned about corporate philanthropy and community relationship. The author does not come with news in defining the concept, considering the assessments of the 50s-60s sufficiently comprehensive.

Johnson, in *Business in Contemporary Society: Framework and Issues*, offers several definitions of social responsibility and then he analyzes these (Johnson, 1971: 50-54). Initially, he talks about what he calls *"conventional wisdom"*, meaning that a socially responsible company is the one whose management balances a multitude of interests. Instead of focusing its attention only on maximizing profit, a socially responsible enterprise also considers the situation of employees, suppliers, dealers, local communities and the nation in general. The author offers a second point of view on this concept, considering that the social responsibility shown by the corporations hides an interest of their own, that of maximizing the profit of the company. In this way, CSR is seen as a way to maximize long-term profit.

A third point of view of the author, presented under the name of *"utility maximization"*, refers to the fact that companies have several purposes, not just profit maximization.

Harold Johnson also presents a final point of view - *"lexicographic view of social responsibility"*, according to which the goals of the enterprise are ranked according to importance. Their importance is influenced by their own past experiences or those of other companies. By this theory, the author suggests that companies strongly motivated to maximize profit can engage in socially responsible actions, and, when they reach the desired profit, behave as if social responsibility was an important goal in itself. Although Johnson's four views seem to be contradictory at times, they are complementary ways of understanding the same reality.

The Committee for Economic Development (CED) is of the opinion that the role of business through the public consent is to serve the interests and needs of society. Following a survey in which two thirds of respondents thought that corporate organizations have the moral obligation to support the progress of social institutions with an important status, CED defines social responsibility based on three concentric circles (Committee for Economic Development, 1971: 11-15).

The inner circle includes the basic responsibilities for efficiently executing the economic functions - products, jobs and growth. *The intermediate circle* encompasses the responsibility to perform these economic functions, being aware of the sensitive changes in the level of *social values and priorities* (for example, regarding the conservation of the environment, the relations with the employees, tighter expectations of the clients for information, fair treatment and safety at the workplace). *The outer circle* describes the newly emerging and still *amorphous responsibilities* that corporations should assume for more active involvement in order to improve the social environment (for example, to eradicate the poverty).

George Steiner departs from the definitions offered by Davis and Frederick and believes that businesses must remain economic institutions, but, at the same time, they have a moral obligation to support society in order to achieve its fundamental goals, and therefore have social responsibility. The social responsibility of corporations is directly proportional to their size: the larger a company is, the more it has to offer to support to society. It is rather a philosophy that concerns the social interest and the own long-term interest of the companies in comparison with the own interest of the company in the short term (Steiner, 1971: 164).

Eilbert and Parket (1973), authors of the 70s, approach this topic, also. The two authors suggest that social responsibility is similar with good neighborliness. On the one hand, this means not acting in a way that could affect the relationship with "neighbors", and, on the other hand, it can mean the voluntary act of helping "neighbors" in solving problems, and those who do not consider the comparison to be appropriate, it suggests that they regard social responsibility as a commitment of a corporation to solve important social problems such as racial discrimination, pollution, poor infrastructure and so on (Eilbert & Parket, 1973: 7).

During the 70s, the concept of CSP (corporate social performance) and CSR (corporate social responsibility) - corporate social responsibility were both used. Sethi, in an article, talks about the dimensions of corporate social performance and, within this approach, distinguishes between the ways in which corporate behavior can be defined, namely: social obligation, social responsibility and social reaction. Sethi considers social obligation as corporate behavior due to market forces and legal constraints (Sethi, 1975: 70). The criteria referred to above refer only to the economic and the legal spheres, but social responsibility concerns the sphere outside the social obligations. Social reaction involves adapting corporate behavior to social needs.

Preston and Post (1975) draw attention from corporate social responsibility to public accountability. He prefers the public word to the detriment of the social word in order to draw attention to the importance of public policy, and not the individual consciousness as sources of objectives and criteria of appreciation.

Votaw's (1973) comment is important to mention in this regard, stating that the term social responsibility does not mean the same thing to everyone. For some it means legal responsibility and responsibility, for others it means socially responsible behavior in ethical sense, others simply use the concept in the phrase "responsible for ...", for many it means an act of charity, others attribute the synonym to "legitimacy", and others see in this concept a fiduciary obligation that imposes higher standards on business people than on citizens in general (Votaw, 1973: 11 in Carrol, 1999: 280 ; Votaw, (1973), in Votaw and Sethi).

Regarding the authors' point of view, Votaw (1973), Preston and Post (1975) analyze the concept of social responsibility as a broad and generalized concept, which implies a series of managerial policies and practices, adopted in order to solve social problems. These policies and practices are meant to be well-meaning and beneficial to society, not harmful. However, they are not related to the internal activity of the corporation (Preston & Post, 1975 in Carrol, 1999: 280).

In 1976, Fitch defines the same concept in terms of solving social problems caused entirely, or largely, by corporate organizations (Fitch, 1976: 38). The method proposed by Fitch to solve these problems consists, first and foremost, of identifying and defining social problems, and then, from a multitude of social problems, one of them are chosen to be solved. This process involves making the difference between the social problems and those that are not, but also choosing the most appropriate methods to solve them.

In the same year, analyzing the above definitions, Carroll observes that the corporate responsibility of corporations alludes to making a profit, respecting the law and doing something besides these activities, for the benefit of society. As a result, the author proposes a new definition of the concept, considering that the corporate responsibility of corporations includes the economic, legal, ethical and discretionary obligations that a company has at a certain moment. First of all, a corporation, as an economic entity, has the responsibility to produce goods and services to make a profit. Later, the economic entity is obliged to carry out its activity within the limits dictated by the law.

The two most important areas - ethical and discretionary - fall into another heading, different from the ones mentioned. Ethical responsibility refers to behaviors and practices not provided by the law, and the discretionary one is at the discretion of managers and corporations, animated by the desire to get involved in social activities

(for example - voluntary activities on reducing drug use, philanthropic activities, reducing unemployment rate or help with childcare for working mothers), (Caroll, 1999: 500). In 1983, Caroll replaces the discretionary chain with volunteering and philanthropy, since most of the discretionary activities come from here.

III. 4. CSR IN THE PERIOD OF THE '80S

The 80s bring new contributions to the definition of the concept. Jones defines the CSR as the duty of companies to form groups within the company, other than the shareholders (buyers, employees, suppliers, etc.) and to act beyond what is required by the law and the constitution contract. The decision must be taken voluntarily. The behavior that is influenced by the coercive forces of the state or the stipulations of the contract, it is not voluntary (Jones, 1980: 59).

Tuzzolino and Armandi suggest the introduction of the Maslow Pyramid within corporations because, as well as individuals, they have needs to be met. The authors illustrate how organizations have psychological needs, the need for security, affiliation, esteem and self-fulfillment (Tuzzolino & Armandi, 1981: 24).

30 years later, Drucker (1984) returns to the concept because, in the definition developed in 1954, he omits the profitability of the corporation, later considering that profitability and responsibility are compatible. The author is of the opinion that social responsibility must be transformed into opportunities for business (economic benefits, productive capacity, human skills, high salaries, wealth).

In the 80s, Jones (1980) summarized the views for and against social responsibility as follows in Table 1:

Table 1. Opinions for and against corporate social responsibility

Opinions against	Pro opinions
The economic model will only succeed if the corporations put the interests of the shareholders first, this method ensuring the optimal use of the company's resources (Cosmulese, 2019).	As long as there are numerous oligopoly industries, the economic model will not be able to be properly implemented. The owners of the companies do not have full control over them, the government being considerably involved in the economic aspects.
Managers do not have the necessary training to meet social goals, and if they are forced to do so, they will become inefficient.	It is true that managers do not have specific competences to achieve the company's social objectives, but the political-social impact of their actions is not to be neglected.
The corporate responsibility of the corporations reduces the capital because, the actions taken by the managers in this regard, suppose expenses from the company budget.	The actions of social responsibility carried out by the corporations do not represent inefficient/unjustifiable expenses, the corporations paying to the company the cost associated with the permission to carry out the activity of the company within the company.
Corporate social responsibility can attract political tyranny, posing a threat to political pluralism and democracy.	If power is in the hands of the government, political pluralism can be adopted through corporate social responsibility. At present, democracy is already threatened by large corporations, which make decisions of a social and political nature, in a manner parallel to the characteristics of democracy.
The proper fulfillment by each institution of its tasks contributes to the optimal functioning of the company. Corporations are economic institutions, and their object of activity is economic in nature. Profit is a relevant example of socially responsible behavior.	Although it is desirable, the specialization of institutions cannot exist within the modern industrial economy: corporations have a political function, and government, an economic function. Just making a profit is not enough for a responsible social behavior model.

Source: own representation after: Farcane & Bureana, 2015: 41

As with any other theory, as for corporate social responsibility, there are both supporters and opponents. The two camps come with their own argued opinions and support them, the balance tilts for the readers according to their subjective opinions. Taking into account the above, it is certain that the implementation of measures characteristic of corporate social responsibility contributes positively, both to the well-being of the corporation and to the well-being of the company in which it operates.

III.5. CSR IN THE PERIOD OF THE '90S

At the beginning of the 90s, Wood (1991) specifies that the social responsibility of corporations covers the four fields provided by Carroll (1991) (economic, legal, ethical, discretionary), analyzing their relation with the principles of social legitimacy (at institutional level), public responsibility (at organizational level) and managerial discretion (at individual level). The author also identified the reactions to corporate social responsibility, which can be: reactive, defensive, accommodative and proactive.

The quadripartite model in the form of a pyramid (Figure 2), which Carol proposes in 1991, is presented in Figure 4. Carroll keeps the idea that the four types of social responsibility (economically, legally, ethically and philanthropically) constitute social responsibility of corporations. Moreover, these need to be organized in the form of a pyramid. At the base of the pyramid is the category of economic, followed by legal, ethical and, last but not the least, philanthropic. All this needs to be done all the time, not one at a time or in sequence. Therefore,

corporate social responsibility requires the effort to make a profit, to respect the law, to act ethically and to be a good corporate citizen at the same time.

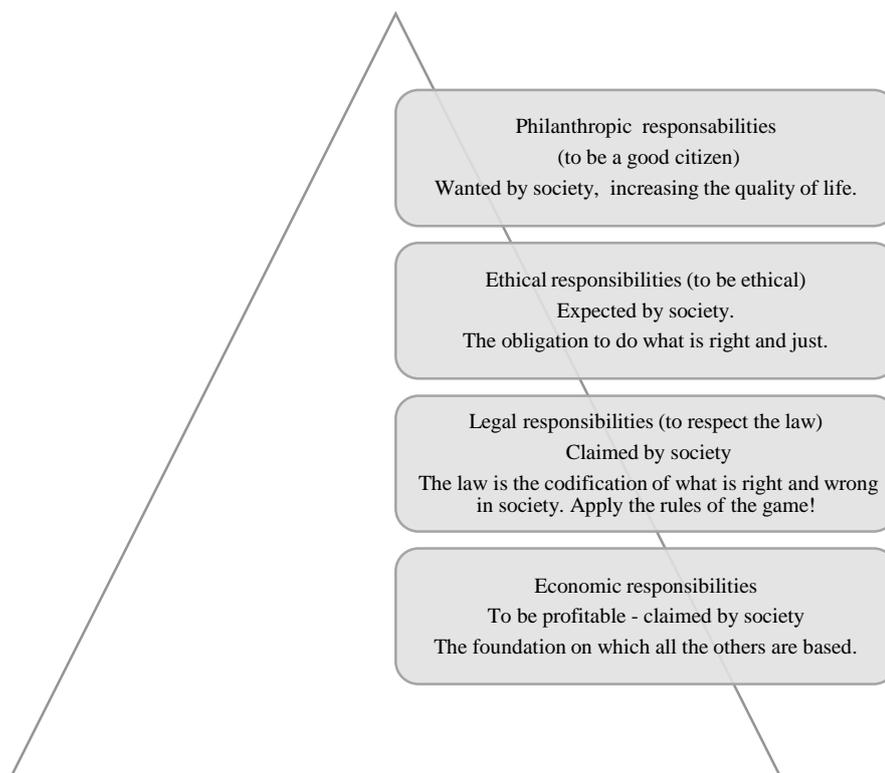


Figure 2 -The four-part model of corporate social responsibility

Source: Own representation after: Carroll, 1991:42

III.6. CSR IN THE 21ST CENTURY

The phenomenon of corporate social responsibility is widespread nowadays, being mentioned in books, magazines, newspapers and websites. Constantly, more and more corporations decide to implement it in their own activity.

The period after 2000 was not about defining the concept of corporate social responsibility, but, above all, it was about research related to this topic (Mihalciuc, 2019). Studies from this period (Jones & Murrell's book from 2001, Jones & Murrell, 2001) show how the adoption of socially responsible behavior contributes positively to the company's image and performance. The other study show that the employees prefer a company concerned with the aspects of social life, especially regarding the environment, community consolidation, employee relations and social inclusion (Caroll, 2018: 40).

IV. CONCLUSIONS

With the evolution of society, the protection and conservation of the environment has become one of the main concerns of the management of each country. Of course, the social responsibility of the coporations will not solve all the problems existing in the society, but, surely, it will contribute to the improvement of the conditions of the world in which we live. It is true that companies also benefit from this kind of actions, otherwise they would not be interested, but the fact is that the society benefits equally. The best solution is to keep a balance, on one side being the objective of maximizing the profit, and on the other, corporate social responsibility.

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