

Multi Dimensional Approach to Corporate Social Responsibility (CSR)

Sushanta Kumar Panda, Dukhabandhu Sahoo, Naresh Chandra Sahu

Abstract— CSR has always been multi dimensional. With pace of time, the concept and practice of CSR have been evolving and more new dimensions are being added to it. It is highly imperative for all the stakeholders to understand the multidimensional character of CSR. In the present study, apart from examining various aspects of CSR, a new multi dimensional CSR model has been proposed to facilitate sustainable business.

Index Terms— Corporate Social Responsibility, Multi Dimensional Approach, Alternative Model of CSR.

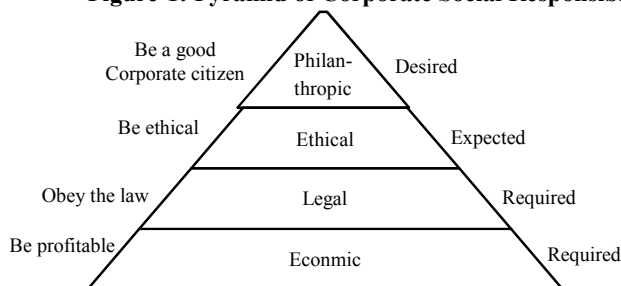
I. INTRODUCTION

Corporate Social Responsibility (CSR) has been influenced by various streams of knowledge since its inception. Disciplines like philosophy, environmental science, economics, finance, corporate law, human rights, public policy, management, human resource development, marketing and psychology have contributed towards the evolution and growth of the CSR concept. But people from different fields have the tendency to understand CSR from an angle of vision confining to their respective areas. Managers who implement CSR policies lack social and environment perspectives of CSR and concerned with financial aspect of CSR only. Politicians who enact legislations on CSR are unaware of industrial economics, but sympathetic towards the demands of local community regarding compensation for land loss and job opportunities in the industry. Hence it is highly imperative for all the stakeholders to be conscious about the multi dimensional character of CSR so as to contribute meaningfully to the whole process of CSR. Therefore the present study has been undertaken to examine multiple dimensions of CSR.

II. REVIEW OF LITERATURE AND DISCUSSION

Carroll [1], first proposed four dimensional model of CSR, and also presented those four dimensions in a form of a pyramid and in a hierarchical manner.

Figure-1: Pyramid of Corporate Social Responsibility



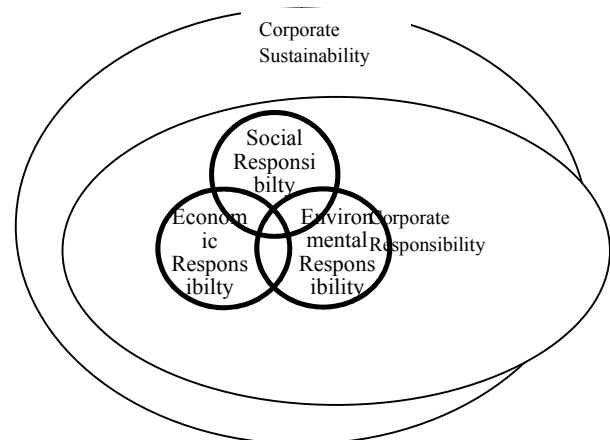
Source: Carroll (1991)

Corporate sustainability is the final, and CSR is the intermediary aim for holistic and synergetic growth in social, economic and environmental fields of business. This study explained how CSR can bring a win-win condition for industry and its stakeholders by adopting a well-balanced approach among social, economic and environmental aspects of business organisation.

While analysing the relevance of CSR in developing countries and particularly for SME (small and medium enterprises) sector, the UNIDO (United Nations Industrial Development Organisation) Report of 2002 [3] analysed with all facts and figures that social, economic and environmental aspects of CSR have to be taken into account in a balanced manner. The report emphasised that CSR can be one of the vital initiatives to establish inclusive growth in the developing countries in this era of globalisation.

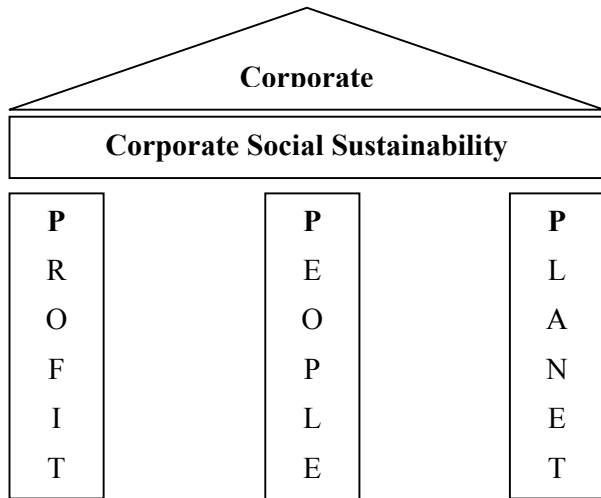
Reference [4] has argued that companies have to adopt a balanced approach by taking into account social, economic and environmental dimensions of business activities to achieve corporate sustainability. The authors have analysed the relationship between corporate sustainability, corporate responsibility and CSR (Figure-2). Reference [5] discussed the relationship among profit, people and planet (3Ps) and CSR. They have tried to establish that a company has to give importance to profit, people and planet (3Ps) to realise sustainability in business processes (Figure-3).

Figure-2: General model of Corporate Sustainability/Corporate Responsibility and its dimension



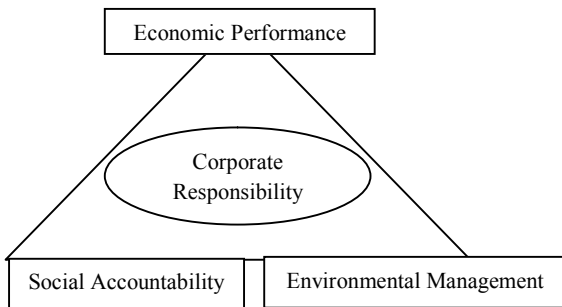
Source: Linnanen and Panapanaan. (2002)

Figure-3: Relationship between 3Ps, Corporate Sustainability and CSR



Source: Wempe and Kaptein. (2002)

Figure-4: Triple Bottom Line



Source: Elkington (2001) as presented in Wilenius (2005)

Reference [6] has propounded the famous Triple Bottom Line concept (Figure-4) for industries of 21st century, and discussed the necessity of a holistic approach through which industries would have to take into account the environmental and social bottom lines along with the financial bottom line. Modern industries cannot sustain in long run if they will strive for financial bottom line only in the traditional manner.

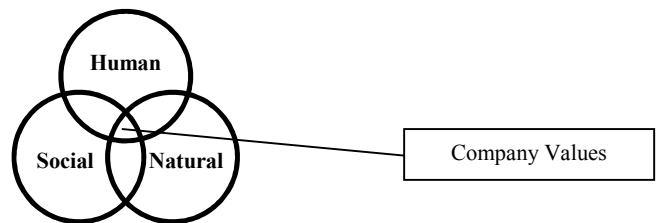
Reference [7] had stressed the importance of harmonious utilisation of human capital, social capital and natural capital by modern industries through a framework of corporate capabilities to attain sustainability (Figure-5). Porter and Kramer (2002) [8] opined that social and economic goals are not inherently conflicting but integrally connected. The authors argued that many economic investments have also social returns and many social investments have also positive economic outcomes. Therefore, these two dimensions should not be

treated in isolations rather they are interdependent and overlapping. Steurer et al. (2005) [9] have tried to explore how the corporations satisfy their stakeholders by adopting Stakeholder Relations Management (SRM) mechanisms to attain sustainable development (SD) (Figure-6). The authors have established positive relationship between sustainable developments (SD), Stakeholder Relations Management (SRM), and CSR.

Subsequently, Konrad et al. (2006) [10] have conducted empirical study on the basis of this theory, and examined how the corporations and stakeholders perceive the issues related to sustainable development, and established that SRM promotes sustainable development. The authors put forth a multi-stakeholder and multi-dimensional approach to CSR, and argued that contemporary business organisations strive to integrate economic, social and environmental concerns through CSR and SRM to achieve corporate sustainability (CS). The authors have presented the interdependence between business and society and the inter relationship among SD, CS, CSR and SRM.

Reference [11] has discussed how crucial it is to adopt multi-stakeholder approach to achieve better organisational performance in this competitive market economy. The authors have also argued that when an industry will take care of its multiple stakeholders, it has to adopt multi dimensional approach to CSR.

Figure-5: Relationship between human capital, social capital, natural capital and company values



Source: Wilenius (2005)

The authors are of the view that due to impact of globalisation, increased awareness about environmental pollution and more strict national and international regulations, corporations are adopting CSR in business strategy and in their day to day functioning. Multi stakeholder approach helps in the process of inclusion of CSR in strategic planning. The authors proposed a multi-stakeholder framework which has divided the stakeholders into three categories. These are: societal stakeholders, economic stakeholders and organisational stakeholders. The interaction among the three groups of stakeholders with the business organisation has to be considered in the context of globalised business atmosphere which is driven by increasing affluence and

media activism. As the three groups of stakeholders are interrelated and interdependent, their harmonious coexistence with the industry can only lead to sustainable business.

Reference [12] has studied stakeholder approach to CSR and emphasised how different aspects of CSR have to be taken into account while formulating CSR policy. The authors have analysed how the social, economic, environmental, political and ethical factors have influenced different stakeholder groups and accordingly shaped their perception towards the CSR programmes of a business organisation. By highlighting the outcome of different surveys on CSR, the authors have emphasized that the business organisation has to adopt a holistic CSR approach by balancing the social, economic, environmental and ethical factors. Pedersen (2010) [13] has taken into account four dimensions of CSR like social, economic, environmental and stakeholder relationship, inspired by previous researchers, like Andriof and McIntosh (2001), Gao and Zhang (2006) and UNIDO (2002), [14],[15] to construct a model of CSR. According to the author, most of the researchers of stakeholder theory of CSR have criticised the separation thesis which says that it is possible to separate the company from its stakeholders, business from ethics and economic issues from social issues ([16],[17],[18],[19]). The research article of Dahlsrud (2008) [20] helps in finding out different dimensions of CSR. The author has used content analysis method and examined 37 important definitions of CSR, propounded by famous researchers to find out five dimensions of CSR. These are: social, economic, environmental, stakeholder and voluntariness.

Schwartz and Carroll (2003) [21] revisited Carroll's model of CSR with an aim to improve upon this model, and proposed a three domain model of CSR, and tried to overcome the short comings of Carroll's four dimensional model of CSR, like the different domains of CSR had been projected in water tight compartments and priority was given to certain domain in comparison to others. The authors have depicted the three domain model of CSR through a Venn diagram (Figure-8), which not only presented economic, legal and ethical domains of CSR, but also their overlapping categories.

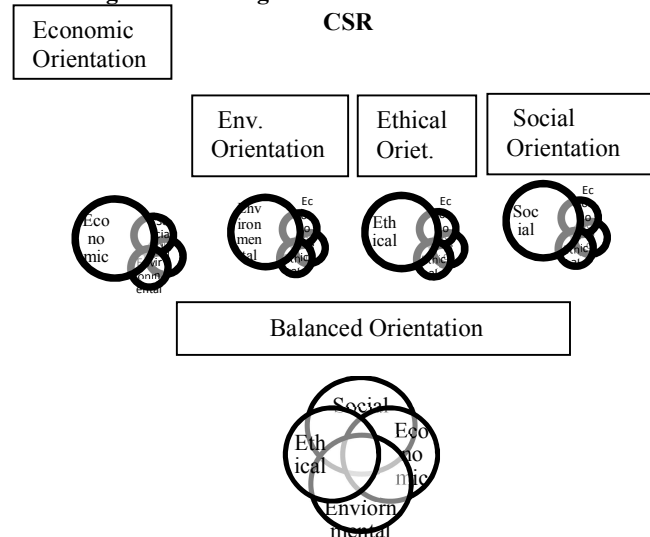
Reference [22] has analysed the tri-dimensional approach to CSR research. The author discussed about the international model of CSR which is adopted by MNCs and how these MNCs have practiced multi dimensional model of CSR across different countries. For analytical purpose, the author considered the three concepts of human rights, labour rights and environment of CSR, as proposed by United Nations Global Compact. Apart from that, ideological, social and operational factors of CSR as proposed by Zenisek (1979) [23] were also taken into account by the author to propose a multidimensional model of CSR for the MNCs. Reference [24] has considered perception of the stakeholders and Global

Reporting Initiative (GRI) for measurement of CSR activities undertaken with multidimensional approach.

III. AN ALTERNATIVE MODEL OF CSR

The authors of the present study, being inspired by Schwartz and Carroll (2003), have proposed an alternative model of CSR which has a framework with four dimensions, namely social, economic, ethical and environmental dimensions of CSR. In this alternative model of CSR, there could be overlapping of different dimensions, as in the case of the three domain model of CSR given by Schwartz and Carroll (2003). This overlapping is portrayed through Venn diagrams. The diagrams explain the overlapping of four dimensions of CSR, each having a specific orientation towards a single dimension. For analytical purpose, the present study categorises the social orientation as SO, the economic orientation as EO, the ethical orientation as ET and the environmental orientation as EN.

Fig-6: Venn diagram of Different Orientations of CSR



Source: Author's Construct

The Social Orientation is supposed to depict the social dimension of the CSR activities. However, some of the other dimensions of CSR may also come under this, but largely the social aspect of CSR prominently figures in it. Similarly, Economic Orientation, Environmental Orientation and Ethical Orientation will depict the economic, environmental and ethical dimensions of CSR respectively, even though other dimensions of CSR figure in them. On the other hand, a Balanced Orientation is one that shows equal representation from all dimensions of CSR, but such representation is hard to figure out. Therefore, it is pertinent to accept the four

dimensions with these four orientations (SO, EO, EN and ET).

The four dimensions of CSR, namely social, economic, ethical and environmental dimensions, are interrelated and interdependent. Each dimension of CSR influences other dimensions. Hence CSR cannot be understood by one or two dimensions alone. Rather the approach which takes into account all these four dimensions of CSR into account will be a holistic approach to evaluate and understand CSR.

IV. CONCLUSION

In the competitive and globalised market, an industry cannot afford to ignore needs and expectations of its stakeholders. For an industry, there are multiple stakeholders like community, employees, consumers, supplier, government, media and Non-government Organisations (NGOs). The multiple stakeholders have their various expectations from the industry, which span multiple fields like environment protection, human right, labour right, quality of the product and services, employment generation, health and education, sanitation and clean drinking water, social infrastructure and many more other aspects depending upon geographical location, cultural ethos, economic background and prevailing political situations from which those stakeholders belong. Under this backdrop, the industry has to spread the area of activities of CSR process to multiple sectors depending upon the genuineness of the demand of its different stakeholders. Industry should incorporate social, economic, ethical and environmental dimensions to its CSR policy and programmes to make it holistic and acceptable across the multiple stakeholders.

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