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Corporate Social Responsibility and Social Economy: an interaction towards sustainability

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Abstract

Corporate Social Responsibility is an undisputed part of business discourse and, at cases, pragmatic action. Since the 1950s, vast amounts of literature, theories and propositions have been posited but they are mainly concerned with business: what it stands to gain or loose; how it should act, if it should act at all; who should play a role in the process and how; what values and ethical principles should it follow. These and other questions are all asked from a company's viewing point, but we propose a different perspective. Knowing that companies often find in not for profits[1] a vehicle for their Corporate Social Responsibility actions, how can these charitable entities organize themselves in order to benefit from responsible business? We propose that not for profits can be proactive partners, in a win-win relationship that may provide them with much needed resources, especially at a time of receding welfare state and mounting social vulnerabilities. In this paper, we intend to demonstrate that Corporate Social Responsibility's body of knowledge already discusses some tools that may be used in this shifted viewing point. They need only be adapted to allow for this new approach to emerge.

[1] There are different concepts of not for profit organizations, namely in Portugal and Anglo Saxon countries. Still, for this paper, we adopted the expression not for profit organizations when referring to solidarity organizations - what would be called charities in Anglo Saxon tradition.

Keywords

Corporate Social Responsibility, Not for Profit Organizations, Organizational Communication, Social Economy

1. Introduction

The receding of the welfare state and the mounting up of social needs present a new challenge for social economy's organizations, especially for private not for profit organizations (Franco, 2004; "Lei de Bases da Economia Social," 2013). How can they be of assistance to society's most vulnerable groups in the face of declining sources of income (Silva, 2010)? One answer can be the establishment of partnerships with the private sector (Salamon and Anheier, 1996), specifically resorting to Corporate Social Responsibility (CSR), a Public Relations tool that has not yet been conveniently studied for private not for profit organizations.

Corporate Social Responsibility has been prolifically addressed by the literature, but mostly from the perspective of the for profit organizations, not of social economy's organizations (Afonso et al., 2012; Crane et al., 2008). Some definitions even go to say that it intends to improve a company's relationship with communities and not for profit organizations (Waddock, 2004b). However, Corporate Social Responsibility will only be fully successful if symbiotic (Porter and Kramer, 2002). That is, if the two involved entities, the commercial and the social ones, find themselves in a win-win partnership (with assets' and reputational gains, among others).

This partnership must be set for medium and long term and with well defined goals. It should be noted that, when associated with for profit organizations, social organizations lend them reputational capital, allowing their stakeholders to perceive them through a lens of social service. They also allow for profit organizations to achieve social or environmental improvement goals in the ecosystem in which they operate. In return, social organizations receive assets (financial, human, governance, among others), which enhance their ability to face mounting challenges and their future sustainability.

In our view, Corporate Social Responsibility is the playing field where both for profit and not for profit organizations may find common ground and lay the basis for a mutually profitable relationship. It is therefore relevant to understand the concept of Corporate Social Responsibility. Based on a literature review, we will start by presenting a brief description of its historical background, focusing on four main stages: Corporate Social Stewardship, Corporate Social Responsiveness, Corporate/Business

Ethics and Corporate Global Citizenship (Frederick, 2008). Keeping in mind the multiple philosophical and ideological perspectives that may govern corporations' and societies' views on Corporate Social Responsibility, we will then systematize the main theories proposed so far, using Garriga and Melé's (2004) framework, which we believe are comprehensive and flexible, allowing even the categorization of later theories.

Most of the literature analyzed so far discusses 1) whether a corporation is accountable toward society and, if so, 2) who should determine what kind of responsible actions it must undertake and 3) which ethical or cultural values should guide those actions, especially when talking about multinational corporations? Also, why does a corporation act in a socially responsible way? Is it because 4) there is a social contract with society that enables it to operate, 5) because of the perceived benefits it can draw by being socially responsible or 6) because they try to reduce state regulation by adhering to socially responsible actions, standards and industry, national, or international codes?

Whatever the angle of analysis, it is commonly accepted that Corporate Social Responsibility has become a growing reality (Carroll, 2012). Be it by assuming more environmental-friendly procedures and equipments, adopting a more sensible and respectful attitude towards its stakeholders, engaging in social marketing activities or allowing workers to volunteer, or by partnering with increasingly sophisticated not for profit organizations, business is increasingly adopting Corporate Social Responsibility as part of its everyday life and, even, of corporate strategy and as a measure of corporate governance.

Our literature review reveals that this last type of actions is amongst the least studied by Corporate Social Responsibility scholars. How can not for profit organizations use it to its own advantage? What dangers lay in their path as they associate themselves with a for profit organization? What reasons can they give a corporation in order to persuade it to associate itself with the not for profit organization? What do they stand to gain and to loose? These can be areas of further analysis and debate, and we plan to address them in the future. For now, it is relevant to analyze the concept of Social Corporate Responsibility.

2. Framework for an historical evolution

Phases of Social Corporate Responsibility	Guiding Principles	Main Action	Drivers	Policy Instruments	Prevailing definition	Landmarks
Corporate Social Stewardship (50s - 60s)	Managers must act as public trustees and as social stewards	Corporate philanthropy	Manager's conscience and corporate reputation	Philanthropy and public relations	Corporate Social Responsibility refers to "the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society" [2]	"Social Responsibilities of the Businessman", 1953, by Howard R. Bowen
Corporate Social Responsiveness (60s - 70s)	Corporations must respond to legitimate social demands	Interact with stakeholders and comply with public policies	Stakeholder pressure and state regulation	Stakeholder negotiations and regulatory compliance	"It refers to the firm's consideration of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm" [3]	"Can business afford to ignore social responsibilities?", 1960, by Keith Davis
Corporate/ Business Ethics (80s - 90s)	Corporations need to maintain (at least an image of) ethical corporate culture	Treat all stakeholders with respect and dignity	Human rights, religious and ethnic values	Mission statements, ethic codes, social contracts	"Corporate social responsibility relates primarily to achieving outcomes from organizational decisions concerning specific issues or problems which (by some normative standard) have beneficial rather than adverse effects on pertinent corporate stakeholders " [4]	"Strategic management: A stakeholder approach", 1984, by R. E. Freeman
Corporate Global Citizenship (90s onwards)	Corporations are accountable for their global impacts	Implement global sustainability programs	Public outcry for economic and environmental disruptions caused by globalization	International code compliance, sustainability policy	Corporate Social Responsibility is a "concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis" [5].	"Fortune at the Bottom of the Pyramid", 2006, by C. K. Prahalad

Adapted from "CSR: Roots, Growth, Future", by William C. Frederick, published in The Oxford Handbook of Corporate Social Responsibility

Edward Bowen's seminal work in the 1950s paved the way for a new field of knowledge. Corporate Social Responsibility as a theoretical field grew on the notion that business could and should bear some responsibility for the common-good and that managers were should be instruments to fulfill those obligations. It was a hotly contested issue, with liberal economists fiercely opposing any business obligation toward society other than pursuing pure economic and financial goals. By producing goods and services needed by society, obeying the law, paying wages and taxes, buying raw materials, and so on, companies would be fulfilling their societal obligations. But Corporate Social Responsibility's followers postulated that no rights come without responsibilities and that managers should embrace those responsibilities in the form of voluntary acceptance of societal legitimate demands. This is the era of William Frederick's (1978, 1998) Corporate Social Responsibility 1 (CSR1).

[2] Bowen, H. R. (1953). Social responsibilities of the businessman. NewYork: Harper & Row *apud* Carroll, A. B. (1999). Corporate Social Responsibility - Evolution of a Definitional Construct. *Business Society, 38*(3), 268-295.

[3] *in* Davis, K. (1973). The Case for and against Business Assumption of Social Responsibilities *The Academy of Management Journal, 16*(2), 312-322, pág 312.

[4] Epstein, Edwin M. (1987). The Corporate Social Policy Process: Beyond Business Ethics, Corporate Social Responsibility, and Corporate Social Responsiveness *California Management Review*, 29(3), 99-114 *apud* Carroll, A. B. (2008). A History of Corporate Social Responsibility - Concepts and Pratices. In A. Crane, A. McWilliams, D. Matten, J. Moon & D. Siegel (Eds.), *The Oxford Handbook of Corporate Social Responsibility*: OUP Oxford

[5] European Commission (2001). Green Paper: Promoting a European framework for Corporate Social Responsibility

Only in the 1960s and 1970s did civil rights, women's, consumer or environmental movements (Carroll, 2012) gain momentum and laid the foundations for Corporate Social Responsibility to really emerge. Looking at Davis definition, we can see that economic and legal obligations, the first two steps in Carroll's pyramid (1991), were no longer enough and that companies should be required to respond to wider social considerations, according to philosophical and ethical principles. Plus, companies should not only assume responsibility but also act upon it, using specialized professionals performing boundary-spanning functions, according to Preston and Post.

This is not to say that Corporate Social Responsibility was widely accepted. On the contrary, the 1980s saw the emergence of the Chicago School liberal economics that paved the way for liberalization policies of Reagan (USA) or Thatcher (UK). Some critics even hint that the voluntary character of Corporate Social Responsibility has a positive effect on deregulation, since individual companies and industries are supposed to self-discipline, making regulation redundant. Still, the Corporate Social Responsibility movement plowed on. This was the era of Frederick's (1978, 1998) Corporate Social Responsibility 2 (CSR2): of corporate social responsiveness, a concept that paved the way to corporate social performance (the actual outcomes of business practice, not only their activities and policies). The focus on performance helped to shift the light to all the parties affected (or interested in) by business activities.

Thus, in the 1980s and 1990s the concept of stakeholders was brought to light by Freeman (1984) and radically changed the way business is perceived. Shareholders are no longer regarded as the sole decision-makers. Instead, the theory posits that all stakeholders have a legitimate social mandate to influence the way business is conducted. In fact, in Freeman's proposition, stakeholders are the basis for added value and strategic management. Highly mediatized events like political and environmental scandals, such as Watergate or the Exxon Valdez spill, increased society's awareness towards wrongdoing by organizations, allowing stakeholders to impact them.

So, businesses began to be seen as operating only through an implicit contract with society, one that licenses them to operate. In light of this contract, companies have both rights and duties. They must assume social responsibilities and act accordingly. This would be considered by Frederick (1978, 1998) the phase of Corporate Social Responsibility 3 (CSR3), also called of moral rectitude. It is a time of proliferation of business ethics' literature - but not necessarily of changes on the way businesses actually conduct their activity (Waddock, 2004b). Of the many proposed definitions written in these two decades, we chose Epstein's description because, even though it is framed in a normative perspective, it translates the importance of responsiveness and performance that, in addition to responsibility itself, contribute to the notion of corporate citizenship.

The concept of corporate social performance was systematized by Donna Wood (1991) and remains today in the center of the research - as is the case of the many studies about the direct correlation between Corporate Social Responsibility and financial performance or about the business case for Corporate Social Responsibility. Again, it is the economic reasoning taking precedence over ethical or philosophical propositions of business role in society.

Starting this century, globalization and social media have changed international politics, economics and stakeholders awareness. To counterbalance financial scandals, as the subprime crises and growing inequality (between manager's and worker's pay, between developed and developing countries) (Cunha et al., 2006), new concepts emerged or gained more attention such as corporate citizenship (with some companies being even more powerful than countries) or sustainability, rooted in the Brundtland Report (WCED, 1987). Also, Corporate Social Responsibility takes new ethical nuances, such as the debates on the cultural values a European company should follow when operating in Africa.

In response, international standards (as ISO 26000) and ethical codes (some of them created in the 1990s) began gaining massive support, such as UN Global Compact, Sullivan Principles (created in South Africa), Equator Principles (for the financial sector), Caux Round Table Principles (that fuses western values as human dignity with oriental ones, like Japanese *kyosei*, or cooperation toward the common good), among others. Even stock markets are now a common place for Corporate Social Responsibility with indexes like the FTSE4Good and notions of social responsible investment gaining momentum. In addition, a new type of business and businessmen has appeared: social innovators, activist shareholders, social enterprises, B-Companies are new concepts of doing business and, at the same time, doing good. This is the time of Frederick's (1978, 1998) Corporate Social Responsibility 4 (CSR4), the time of corporate social reason, dominated by spirituality and religion (concepts shared by the notion of marketing 3.0, that we will refer to latter on).

3. Mapping theories

As we have shown, the concept, practice and ultimate goal of Corporate Social Responsibility have evolved through the decades, as have conceptualizations of organizations, of society, of economics. In each era, several Corporate Social Responsibility theories have emerged. Corporate Social Responsibility presents numerous conceptual challenges, and to organize them is not an easy task, but there have been several attempts.

To illustrate such attempts, we can mention Duane Windsor's three key approaches (2006), that ask for a non-hierarchical conceptual relationship between three conceptions: an ethical conception, based on philosophical notions of Good (Aristotle), Duty (Kant) or Justice (Rawls), that assumes corporate self-restraint and altruism (philanthropy) and an expansive public policy, aiming at the empowerment of stakeholders and the global well-being of society; an economic conception, based on a utilitarian view of Corporate Social Responsibility, grounded on theorists like Milton Friedman, Adam Smith or Ted Levitt. They posit that managers have a fiduciary responsibility towards shareholders, framed only by customary ethics and implying a minimalist public policy (that business must try to influence). Balancing these two radically opposed conceptions is the corporate citizenship conception, based on a political metaphor: that globalization has created businesses as powerful as countries that, therefore, should act as corporate global citizens with responsibilities not only limited to the usual corporate responsibility scope, but also to issues such as human rights.

However, from our perspective, it was Garriga and Melé who in 2004 proposed a more comprehensive approach, flexible enough to accommodate later perspectives. It is therefore our understanding that this is the best categorization of Corporate Social Responsibility theories and that it may help not for profit organizations frame their stance. A decade ago, Garriga and Melé (2004) suggested cataloguing Corporate Social Responsibility theories in four major groups: an instrumental or economic group, aimed at making the business case of Corporate Social Responsibility; a political group, embracing the growing power of corporations in a capitalist society and the increased responsibility it implies; an integrating group, which seeks to coordinate social concerns such as stakeholder management or corporate social performance with strategic options and daily corporate activities; and an ethical group, which argues that societal common good and an holistic vision of sustainability are innate corporate responsibilities. Years later, Domènec Melé (2008) proposed an alternative approach, also using four groups: corporate social performance, shareholder theory or fiduciary theory, stakeholder theory and corporate citizenship.

The two categorizing systems do not match accurately and for the purpose of this study we will use the first one, (Garriga and Melé, 2004), for several reasons. First, Garriga and Melé's perspective is easily adjusted to the most relevant Organizational Theories, which support Organizational Communication studies. We argue that Corporate Social Responsibility is a Public Relations field, which we classify as an Organizational Communication subarea. Second, the 2004's framework is flexible enough to accommodate later theories, such as Porter e Kramer's (2011) theory of shared value, that easily fits in the notion of competitive advantage, or Kotler *et al.* marketing 3.0

approach (2014), that represents a step forward in social marketing. Both are a part of the instrumental or economic group.

a) Instrumental theories

Instrumental (or economic) theories draw their name from the notion that a company is a mere instrument used by managers and shareholders in the pursuit of profit. It should not be mistaken for classical economic theories, famously postulated by Friedman, Levitt or Smith, among others, whereby companies should not use any kind of resource for any purpose other than maximize profits. Instead, instrumental theories see Corporate Social Responsibility as a useful tool for the company's survival and long term sustainability, as well for increasing its profitability. It is therefore admissible as a positive instrument insofar as it contributes to the economic and financial performance of the company. Accordingly, relationships with stakeholders are defended whenever they are deemed to maximize shareholder value.

In a capitalist world, where short term profit is demanded by financial markets and globalization creates market distortions which countries alone can not solve, these theories have a powerful grip on manager's actions, shareholders objectives and even academic research. This is why much of the research in the field aims at proving a business case for Corporate Social Responsibility. As long as it can be proven that a company stands to gain financially by being socially responsible, it is easier for the decision-makers to act accordingly. Studies have discovered traces of a positive correlation between Corporate Social Responsibility and financial performance, although it is difficult to quantify (Garriga and Melé, 2004).

Instrumental theories have three main goals: to maximize the shareholder value, to obtain strategic competitive advantage or to engage in cause-related marketing, as described below.

i) **Maximizing the shareholder value** theories are supported by the teachings of liberal economists, according to whom a company should only deploy resources if the action maximizes value for shareholders. They are allowed to invest in the societal well-being, but only in order to better attract and motivate skilled workers, for instance. This is what Jensen (2010) called an "*enlightened* value maximization" - aimed at long-term value maximization. One of the most popular theories is the Agency Theory (Jensen and

Meckling, 1976), that studies what happens when two collaborative parties have different goals and attitudes towards risk.

ii) **Strategic competitive advantage** theories may be subdivided in three areas.

(1) The first area regards social *investments in a competitive context*, as it perceives philanthropic donations as a business tool, aiming at improving social and environmental context in which it operates and therefore seeking for a competitive advantage. Michael Porter e Mark Kramer (2002) dispute Friedman's proposition - that there is an irreconcilable incompatibility between social and economic goals and that individuals are better suited than companies to accomplish social objectives - and argue that companies are better positioned than governments and individuals to achieve the best social investment results, as long as that investment is related to its core business. Following this capitalist perspective, Porter and Kramer (2011) recently developed a new concept, of "shared value", according to which instead of pursuing a better distribution of existing wealth, companies should strive to cooperate with stakeholders in order to increase wealth. In a known example, the authors say that instead of better distributing the wealth created by cocoa between producers, distributors and consumers, there should be a collaborative effort to maximize the cocoa value, from crop to consumers. More than fair trade, which assigns each party a fair slice of the pie, shared value seeks to increase the size of the pie.

(2) The second area, a *natural resource-based view of the firm and of its dynamic capabilities,* argues that companies can outperform their competitors if they put in place a unique and ongoing relationship between three types of resources: human, organizational and physical. This relationship should be built on organizational and strategic routines by which managers transform the resources in order to obtain value-generating strategies.

(3) The third advocates that there is an immense wealth and need at the *bottom of the economic pyramid* (Prahalad and Hart, 2002), the estimated four billion people living with less than two dollars a day. Companies should, then, provide them with goods and services, gaining a new and giant market and benefiting from a "disruptive change" (Christensen and Overdorf, 2000) that draws them out of their comfort zone and forces them to adapt their processes, culture and business practices. For the people, it can be the first opportunity to access basic goods and services, thus fulfilling social needs that were, until then, unmet.

iii) Cause-related marketing is a theory by which a commercial brand is associated with a social cause, in a win-win situation. The first cause-related marketing was promoted by American Express, which joined the recovery efforts of the Statue of Liberty (Kotler and Lee, 2009) and has been mirrored in Portugal in campaigns such as Delta for Timor. Assigning an ethical dimension to a commercial brand generates reputational capital and increases demand and profitability. For social causes, the benefits are also clear: they obtain the necessary financial support to further their activity; get media exposure, which leads to greater credibility and maximizes the chances of assistance from state authorities or society; and provides skills and knowledge they wouldn't otherwise receive (Cunha et al., 2006).

However, the strategy is not risk free, especially for social causes. Cunha *et al.* (2006) warn that they may associate themselves with unworthy companies, with poor social and environmental track records and may ultimately be seen as mere instruments in pursuit of commercial objectives. Still, both for businesses and for social causes, it is important to eliminate any kind of incongruity that would derive, for instance, from an association between a tobacco company and a health not for profit organization.

Even though Garriga and Melé do not mention it, cause-related marketing has evolved and recently one of the major marketing thinkers, Philip Kotler, has proposed the concept of marketing 3.0 (Kotler et al., 2014). Initially driven by the industrial revolution and developed mainly from the 1950's, marketing 1.0 is centered on the product. Following hypodermic communication theories, public is seen as functional, cerebral, with physical needs that can be fulfilled by organization's products. But the economic decline resulting from the oil crisis of the 1970s and the advent of the Internet and social media, among others, gave way to strategic marketing: marketing 2.0 focuses on the consumer, whose needs are now regarded as emotional. So, product differentiation became the key concept in order to foster an emotional relationship with consumers.

This evolution also benefited from developments in communication theory, which by then regarded communication as a two-way, mutually influenced activity. In the current millennium, the global financial crisis, globalization and growing social disruptions, new social media and new technologies have empowered consumers, transforming them into prosumers and given rise to Marketing 3.0. That is, after conquering the mind and the hearts of consumers, today's marketeers should aim for their spirit, taking a step forward in corporate consciousness. Marketing 3.0 is, therefore, driven by values and requires organizations to adjust their mission, vision and corporate values to new market requirements.

Thus, instrumental theories assume that there is a positive correlation between Corporate Social Responsibility and corporate performance and try to make the business case for being socially responsible, assuming three goals: to avoid financial losses, to protect the company's reputation; to gain tangible financial assets by increasing the quality of the productive force and stimulating innovation; and to integrate it on the company's strategic approach to long-term performance (Blowfield and Murray, 2011). These authors concede a fourth goal: that Corporate Social Responsibility may influence learning processes, innovation and risk management, allowing companies to adjust to a new business ecosystem, increasingly dynamic and complex. This new goal, however, is being hampered by the fact that research has studied the impact of Corporate Social Responsibility on business performance, but not the impact of business performance on its social programs. Furthermore, a utilitarian vision of Corporate Social Responsibility is a tricky premise, because it frees managers from pursuing a responsible path if they don't receive the expected financial and economic advantages.

These theories advocate the business case for Corporate Social Responsibility which, alongside with the social justice case defended by political theories, has received the most attention of theoreticians (Duarte and Houlihan, 2010).

b) Political theories

Influenced by the thought of the Frankfurt School with Marxist roots, political theories analyze power and power relations between a company and society. In a capitalist world, a company has an immense power over society and is able to influence both the balance of the markets (thus contradicting classical theory claims that the price of products, raw materials, labor, among others, is best set by a free functioning market, in the presence of a perfect information system) and the political system itself, thanks largely, but not solely, to globalization. Given their huge and growing power, sometimes bigger than nation's, companies should therefore take on social duties, including participating in social cooperation actions. Although there are several schools of thought within political theories, Garriga and Melé (2004) highlight three.

i) **Corporate constitutionalism** posits that, in organizational models, responsibility derives from power and, according to Davis' Iron Law (1960), companies that do not act in conformity to society's expectations risk loosing that power. Davis, moreover, was not in agreement with any extreme position: neither the company is the sole responsible for societal well-being

nor that it should be free from any kind of social responsibility. Instead, he believed that a company has real power, but this power is limited by stakeholder's pressure - the same way a national constitution works, hence the name of "corporate constitutionalism".

ii) A radically different view is proposed by the **integrative social contract theory**, authored by Donaldson e Dunfee (1994). They advocate that a company signs an implicit and voluntary contract with society that allows it to operate, according to some rights and duties. There two levels of contracts: a macro level, between organizations and society, with "hyper norms" that define a common basis for all individual contractual relations; and a micro level, where "authentic norms", consistent with "hyper norms", regulate the actual relationship between the company and society.

iii) The third concept, of **corporate citizenship**, is not new - Davis (1973) mentioned it already - but has been gaining significance as a result of recent events, such as the crisis of the welfare state and globalization, which gave rise to companies more powerful than states. Although it is not a closed concept - Matten et al. (2003), for example, postulate three levels of corporate citizenship: a limited one, equivalent to philanthropy or social investment; an equivalent to Corporate Social Responsibility; and a broader one, embedded on the idea that companies should be accountable on matters traditionally awarded to the State - the theme has been increasingly discussed in academic literature. The prevailing assumption is that companies' behavior should be watched not only by shareholders but also by society, and that they should accept the responsibility that stems from their growing power.

Corporate citizenship comes along with corporate accountability, says Waddock (2004a), which explains the growing interest in different forms of corporate control, such as codes of ethics and conduct, sustainability and social responsibility reports, formal groups of ethical companies or activist organizations against irresponsible practices such as corruption (Transparency International or AccountAbility), standards and certifications (ISO 26000 or the Global Reporting Initiative), international protocols (Caux, Ecuador, CERES, Global Sullivan), dedicated stock indexes, among others.

However, there are multiple ethical dimensions, especially when it comes to multinationals (Blowfield and Murray, 2011) that cannot be fully analyzed in this article. As an example, we can refer other critical issues, such as: what kind of values should a company follow, the home country values or those of the culture where it operates? Are there universal values, such as trust, respect, citizenship (Schwartz, 2002)? Should companies choose which

ethical rules to follow or are they a natural consequence of the ecosystem where it operates? Should citizenship stand above profits in company's priorities? Who should select the causes supported by companies?

c) Integrative theories

Integrative theories are based on the premise that a company's survival and growth depends on society and therefore it should integrate societal demands and values in its core activity. This group of theories tries to detect and appropriately respond to the social demands emerging where and when a company operates, in search for legitimacy, prestige and social acceptance (Cunha et al., 2006). There are four main integrative theories, according to Garriga and Melé (2004).

i) Central to integrative theories is the theme of **issues management**, which explores the gap between the way society expects a company to behave and its actual behavior and the way it impacts business. As a moral agent, a company should detect these gaps and try to fill them, following the notion that it is governed by a social contract which gives it responsibilities beyond generating profit. In order for that to happen, social responsibility needs to be something more than hierarchical orientations: it must be embodied in the organizational culture and behavior, in a process that Ackerman (1973) calls the "institutionalization of the policy". In addition, the strategy may be of advantage to the organization, as an early warning mechanism for social or environmental problems that may negatively impact its activity.

ii) The **principle of public responsibility**, formulated before the current disbelief in western political system, defends that society and companies are interdependent systems that share the same societal ecosystem and, therefore, are equally responsible for it. It posits that business should be part of public life, namely in drafting legislation, especially in emergent areas, but also of public opinion (Preston and Post, 1981). Preston and Post determined two levels of a company's engagement with society: one necessary for its own operation (primary) and another regarding the consequences and impacts of that operation (secondary). It is from this primary and secondary involvement with society that Corporate Social Responsibility emerges and every company should identify an agenda of social issues, based on its actual operation, and program solutions. Donna J. Wood (1991) took a similar stance, by formulating the principle of *managerial discretion*: it is the manager who should decide which actions

should a company undertake, in light of his own moral values and of the broadness of scope given to him by organizational norms and rules.

iii) **Stakeholder management** theory changes the focus from the fiduciary obligation towards shareholders to a broader approach, including all stakeholders (Freeman, 1984). In the absence of a stabilized definition, stakeholders are all the persons, groups or organizations that may influence or be influenced (positively or negatively) by a company's actions: shareholders, workers, clients, partners are directly involved; pressure organizations, public entities and not for profit organizations are *vigilantes*; media and public opinion are observers (Cunha et al., 2006). Stakeholder management posits that stakeholders have a legitimate interest, with an intrinsic value, that does not derive from its ability to influence the company. The ultimate goal of this theory is to establish a mutually beneficial cooperation between the company and its stakeholders.

iv) **Corporate social performance** is the fourth integrative theory and aims at joining together some of the approaches already discussed. It was first introduced by Carroll (1979, 1991), in a framework that the author has been updating with Schwartz (2003, 2008). Carroll's pyramid follows a multidimensional concept of responsibility and evokes a perspective of instrumental citizenship (Windsor, 2006). In the basis of Carroll's model there is the economic responsibility of producing goods and services needed by society, paying wages and taxes, buying raw materials and generating profits for shareholders. Without this first step, says Carroll, the next three would not be possible, like the second one (the legal one), where companies should follow the spirit, not only the letter of the law. These two responsibilities are deemed as "required" by Carroll. The third step is an "expected" one: a company should behave as considered ethical by the community in which it operates. The fourth is a discretionary step, carried out by philanthropy, be it purely altruistic or economically motivated. This is the realm of corporate citizenship, a "desired" step.

Carroll did not want to create a hierarchical model, even though he drew it as a pyramid, nor that each step should be confined to its limits. So, along with Schwartz (2003), he refined the model and adopted a new one, in which the discretionary or philanthropy section collapses into the economic or ethical components, according to its motivation. On further thought (Schwartz and Carroll, 2008), the three domain approach was systematized as a series of intertwined circles, defining a matrix of seven possible types of relationship between the economic, legal and ethical aspects of Corporate Social Responsibility. As for philanthropy, it is seen as an instrument to increase the company's reputation and image, to fill the gap left in not for profit organizations by the fading welfare state, to fulfill a civic duty or a personal

conscience, to gain goodwill among public entities or to enhance labor force loyalty and productivity (Cunha et al., 2006).

However, Cunha *et al.* warn to the dangers facing both for profit and not for profit organizations: misleading advertising and unfair commercial activities should be banned; not for profit organizations should confirm the truthfulness of quality declarations made by the company, so they should test them; the nature of their relationship should be transparent and exclusive patronage should be avoided or clearly stated.

d) Ethical theories

Ethical theories may be the most difficult to profile, given that each approach follows a different ethical or philosophical principle that sometimes look incompatible. Globally, they assume that relationships between companies and society are embed in moral and ethical values and that Corporate Social Responsibility is, above all, and ethical obligation. These theories usually are prescriptive and include four perspectives.

i) Garriga and Melé (2004) advocate that **normative stakeholder theory** should be included in both integrative and ethic theories because Freeman (1984) himself gave it an ethical dimension. The stakeholder theory posits that companies have fiduciary duties not only to shareholders but also to everyone who may be influenced or is able to influence the company - that is, to all stakeholders. This is a difficult balance to strike for a number of reasons: stakeholders come in an infinite variety, with a vast and often contradictory variety of interests. For instance, a client wishes to pay the lowest price possible, but development associations want a fair price for raw materials, even if the product will end up more expensive; or not for profit organizations seek financial and other kind of resources, thus reducing shareholders profits and workers wages. In any case, Freeman (1984) said that every company must obey a normative set of ethical principles, wherever it operates. The trouble is: which ethical principles? Should it have a Kantian perspective of Good and never sacrifice a minority for the sake of the majority? Are the ideals of Justice universal and static, as Aristotle defended, or are they a social, variable construction, as Habermas says, so a company should embrace local values and culture, even though they may be in direct conflict with its original culture?

   There are other theorists who point to different ethical approaches, as the feminist one, but this matter should be analyzed in future papers.

ii) The **universal rights** theory is a recent approach to Corporate Social Responsibility (Cunha et al., 2006) and rests in several charters of universal rights: human, children, women, workers, etc. It adopts a pragmatic view in fighting child labor, slavery, health and safety, the right to collective bargaining, wages, amongst others. It began to take the shape of a theoretical body with the publication of international protocols and standards, such as the Global Sullivan Principles, the Global Compact, the Equator or the Caux Round Table Principles (read also the common good approach).

iii) **Sustainable development** approach should also be considered a part of Corporate Social Responsibility, believe Garriga and Melé (2004). It emerged after the UN World Commission on Environment and Development published the Brundtland Report (WCED, 1987). Even though initially it only referred to environmental issues, organizations such as the World Business Council for Sustainable Development rapidly defended that social and economic issues should be considered fundamental in sustainable development theories (Cunha et al., 2006; Garriga and Melé, 2004). The Brundtland Report stated that today's organizations must satisfy their needs without compromising the ability of future organizations to satisfy theirs. It is a vague theory, too ambiguous for authors like Fergus e Rowney (2005), but it shifted the focus of companies from a single (economic) bottom line to a triple bottom line, including the environmental and social ones. Today's capitalist world makes this a difficult battle but the triple bottom line perspective ended up proving beneficial to companies themselves, via lesser energy consumption, innovation in clean energy sources or the advantages of working closely with not for profit institutions.

iv) The **common good approach** is the last ethical theory referred to by Garriga and Melé (2004). Here, societal welfare is regarded as the stated goal of every organization, including for profit ones. It has some similarities with stakeholder and sustainable development theories, but draws its notion of common good from Aristotle and Catholic Church's concept of Justice. Like the two other theories just mentioned, it posits that companies are an intrinsic part of society, so they should contribute to the common good, creating wealth, producing goods and services in a fair and efficient way, respecting individual's dignity and working towards social harmony. Given the multiple possible interpretations of the concept of common good (Mahon and McGowan, 1991), Garriga and Melé (2004) chose the one based on human knowledge and fulfillment, thus avoiding issues like cultural or moral relativism.

There are similarities with the already mentioned concept of *kyosei* (Cunha et al., 2006), that advocates cooperation towards mutual prosperity, based on a healthy and fair competition, aiming at the common good. *Kyosei* includes five necessary steps towards peace and prosperity. The first, *sine qua non*, is economic; then, cooperation between capital and labor, for mutual benefit, and with external organizations; global activism is also considered and governments are deemed as partners, since they must accept being pressured in order to end poverty and commercial imbalances.

These Japanese principles where imported to western organizations in the Swiss town of Caux, in 1994. The Caux Principles argue that companies can be powerful agents of social change, should share wealth and are instrumental in the improvement of workers, shareholders, clients and other stakeholders' lives. Given the greater labor, capital and technology mobility, markets give insufficient guidance, so Caux proposed seven principles: 1) to be responsible towards all stakeholders; 2) to contribute to triple bottom line development; 3) to go beyond the law, in a spirit of trust; 4) to respect rules and conventions; 5) to support responsible globalization; 6) to respect the environment; and 7) to avoid illicit business.

4. Conclusion

The categorization of Corporate Social Responsibility described includes four sets of theories - instrumental, political, integrative and ethical - but they are not air tight and mutually exclusive. Some authors propose theories that can be included in two or more sets, as is the case of the already mentioned corporate social performance, posited by Donna J. Wood (1991), which incorporates elements of the political and integrative perspectives and implicitly refers to instrumental and ethical ones. Garriga and Melé (2004) themselves welcome new approaches that conciliate different kinds of theoretical position.

In any case, the theoretical organization still sees Corporate Social Responsibility as an exclusive dominion of for profit organizations and not even theories such as stakeholder management or engagement, corporate citizenship, corporate responsibility (dropping the "social") or even corporate reputation and corporate relationships have conveniently crossed corporate borders. Accepting the idea that all stakeholders should play a part in the process of building a fairer and equalitarian society - that they are partners of companies, as social constructs -, we believe that Corporate Social Responsibility literature should also study them: who they are and what are their motivations, potentials and weaknesses.

One particular group of stakeholders should be further studied: not for profit organizations, so many times a vehicle through which companies fulfill their social responsibility activities. As we have seen, some theories are particularly well suited to tackle this challenge, especially marketing related theories; the stakeholder management theory, in which not for profit organizations are often the most vocal spokesperson of vulnerable people or groups; the corporate social performance approach, since a not for profit organization has the know-how and tools that allow them to be more efficient than companies in tackling social issues; or the sustainable development theories, given that not for profits are particularly sensible to sustainability and development issues.

Thus, we believe that Academy can make a valuable contribution to this line of research, not only providing not for profit organizations with the full consciousness of their power and ability to partner with companies as equals (and not as beggars or simple executers of other's policies) but also helping them to establish the necessary framework to become proactive partners, aware of their own negotiation strengths with potential sources of resources (financial, human, technical, knowledge, etc).

In order to achieve this purpose, of empowering not for profit organizations to establish Corporate Social Responsibility partnerships, there at least four possible lines of research and theory development:

1. Creating new evaluation indicators (cost-benefit evaluation or indexes) or refining of existing ones, such as SROI (Social Return on Investment);

2. Organizing discussion *fora* or white papers on not for profit organizations and Corporate Social Responsibility;

3. Critically analyzing the *status quo* and proposing new methods with which not for profit organizations may procure much needed resources and help for profit organizations to fulfill their Corporate Social Responsibilities.

4. To develop a Corporate Social Responsibility model that strategically designs a reverse communication program for organizational receivers, as part of a common social ethics.

These ideas will be developed in the next stage of our PhD research, as a contribute to theory development and empirical knowledge advancement in the scientific fields we are positioned: Communication Sciences and Social Economy.

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