

## PERSPECTIVES AND DEBATES

# Corporate social responsibility and external stakeholders' health and wellbeing: A viewpoint

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## Abstract

In recent years there has been increased interest in the role played by business corporate social responsibility (CSR) strategies in promoting the health and wellbeing of internal and external stakeholders. However, the sparse public health research to date has mainly focused on the health and wellbeing of internal stakeholders. This viewpoint article aims to ignite discussion of how CSR strategies need to also target external stakeholders beyond the workplace. Businesses have an opportunity to help address the most important societal challenges, especially the social determinants of health which are the root causes of inequities in health. However, while advancing a new agenda for promoting external stakeholders' health, businesses need to take into account potential challenges that might arise from ethical conflicts when trying to balance their CSR initiatives against their business operations.

## Introduction

The concept of corporate social responsibility (CSR) has been the subject of considerable debate and theory-building, and over the past few decades has become of growing interest to policymakers, practitioners, and academics from a range of disciplines.<sup>1-3</sup> On the other hand, there has been very little discussion within the public health field of the potential impact of CSR strategies on external stakeholders' health and wellbeing, despite a myriad of other health challenges within society such as mental health problems, pollution, and the health consequences of climate change. This motivates the initiation of a discussion on how business CSR strategies and the triple bottom line (people, planet, and profit) can contribute to improving external stakeholders' health and wellbeing. This viewpoint article discusses the need to investigate the impact of CSR strategies on the health and wellbeing of external stakeholders. In particular, it discusses the opportunities and challenges of the CSR approach to external stakeholders' health promotion.

## CSR and external stakeholders

CSR has several different definitions, which has led to challenges in applying the concept from both a tactical and a strategic perspective.<sup>2,4-5</sup> This article uses the EU Commission definition, which sees CSR as "the responsibility of enterprises for their impacts on society".<sup>6</sup> The Commission argues that in order to fulfil their CSR, companies should have processes in place that allow them to collaborate closely with their stakeholders in integrating social, environmental, ethical, human-rights, and consumer concerns into their core strategy and business operations.<sup>6</sup> According to stakeholder theory, the essence of business primarily lies in building relationships and creating value for all stakeholders, both internal and external.<sup>7</sup> Businesses are expected to take care of their employees (internal stakeholders), but also have responsibilities toward local communities and society at large.<sup>7</sup>

This viewpoint article focuses on external stakeholders; that is, individuals, groups, and organizations outside the company including customers who purchase the business's goods and services, creditors, suppliers, and society in general. It is argued that CSR activities, both in general and especially those pertinent to society, represent a moral duty imposed on firms as members of a rational community.<sup>8</sup> Others argue further that the relationship between CSR and society can be seen through the lens of the social contract theory, which holds that businesses operate under an unwritten contract with society as a whole, in which society allows a company to do business under the condition that its actions benefit society.<sup>8,9</sup>

For instance, Brummer proposes four theoretical models of CSR (classical, stakeholder, social demandingness, and social activist) which need to be considered when exploring corporations' relationships with their stakeholders. The classical model is related to the role of business in producing profits. The stakeholder theory, as mentioned above, is the expansion of the company interests to all stakeholders, internal and external.<sup>9</sup> It is argued that stakeholder theory gives businesses a broader ethical framework that includes sustainability, human rights, and environmental stewardship extending to all stakeholders including workers in the

### Significance for public health

*The role of businesses in improving public health has mainly been described from the workplace perspective, in terms of employee health and wellbeing. This viewpoint argues that it is time for businesses to also contribute to the improvement of health and wellbeing in society at large, using corporate social responsibility (CSR) strategies to help address the social determinants of health as a way to contribute to health equity and the triple bottom line.*

organization and supply chain, communities, and society.<sup>9,10</sup> The social demandingness model of CSR proposes that the role of business corporations is to attend to public demands, and that the management has a direct responsibility for the welfare of the general public. In this model, the social contract of a corporation is associated with the broader public and society as a reason for the corporation to promote public welfare, and also expects the corporation to work towards social equity and provide social and economic benefits.<sup>9,11</sup> Finally, the social activism model of CSR states that corporations are wholly responsible for what happens in society, and that management needs to exert ethical leadership to address major problems affecting society.<sup>9</sup> According to Brummer, the social activism model adopts an ethical standard for identifying responsibilities that among other things may include product content disclosure, performance measured by various social indices, a code of corporate conduct, charitable giving, and social responsibility planning.<sup>9</sup>

CSR has mainly been promoted with a focus on internal stakeholders and shareholders in terms of economic value and health and safety for the employees.<sup>1,12,13</sup> Either way, however important these are, the external dimension is also important due to its impact on public life with regard to human rights, the global environment, and health concerns.<sup>1,14,15</sup> As pointed out by Webber and colleagues,<sup>16</sup> there is a need to engage the business community in population health improvement, and corporate leaders need to understand that if the company's workforce live in unhealthy communities then employers' investments in health at the worksite could be seriously compromised in the long term.<sup>16</sup>

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### CSR and external stakeholders' health and wellbeing

As already mentioned, much of the current research linking CSR, health, and wellbeing has focused on internal stakeholders (employees) who have a direct impact on business performance and profitability.<sup>17–20</sup> Within this relationship, job satisfaction is by far the most studied outcome, further reinforcing the idea that many business organizations see internal stakeholders' wellbeing as their first priority.<sup>17–20</sup> However, in recent years there has been agreement that businesses need to place more emphasis on the impact of their actions on external stakeholders' health and wellbeing.<sup>10</sup> This would mean businesses aiming to be involved in public health initiatives beyond the workplace, in order to also improve health and wellbeing across the entire value chain including suppliers, local communities, the general public, and the environment.<sup>10</sup> The small amount of available research regarding CSR and external stakeholders has concentrated on the food and beverage industry, sponsorship of sport events, and obesity.<sup>21–24</sup> These studies have commonly found that the CSR activities carried out across different groups were all of a compensatory nature (*e.g.* the introduction of reduced-sugar soft drinks) and did not seem to have very strong ethical and legal frameworks to genuinely address potential health impacts.<sup>21–24</sup> For instance, Batty and colleagues reported that the CSR strategy of sponsoring sport events was often used as a defence mechanism.<sup>23</sup> However, there is other evidence pointing to companies that have attempted to contribute to health initiatives beyond the workplace. For instance, an investigation of Johnson and Johnson's CSR strategies for combating HIV/AIDS in Africa found that the company was working to fight the spread of disease and improve the quality of life of those who were living with illnesses through donations of its products as well as sponsorship of local programs for local communities.<sup>25</sup> The same study pointed out that the company's CSR activities included cause promotion, cause-related marketing, corporate philanthropy, corporate social marketing, and corporate volunteering.<sup>25</sup>

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### Opportunities

For a long time, business organizations have centred their activities on occupational health and safety for their employees.<sup>26</sup> As mentioned above, although CSR research is relatively new it has also been concentrated around employee satisfaction. We argue that in the context of sustainable development, businesses need to view CSR as an opportunity to use innovation, systemic solutions, and responsible leadership to help address societal challenges at the local, regional, national, and international levels.<sup>10</sup> With regard to external stakeholders' health and wellbeing, the CSR activities of business organizations should have the potential to implement innovative solutions for the root causes of health inequalities (the social determinants of health) for current and future generations.<sup>10</sup> It is argued that business organizations can elevate population health as the next frontier of CSR, given the fundamental links between health and the wider ecosystem of social and environmental challenges, from maintaining healthy and productive natural systems to achieving equitable prosperity and economic progress. All these factors are linked to human health, and it would be quite difficult to address them separately.<sup>10</sup> Following the arguments posed by three of Brummer's four CSR models (stakeholder, demandingness, and social activism), we argue that the social contract between business corporations and society implies corporations should be involved in promoting health equity. This means that businesses should help to address the social determinants of health, defined as the environmental circumstances under which people are born, grow up, live, work, and age. These determinants also include the economic, social, and political forces that shape the lives of individuals, and how these conditions affect a wide range of health and quality-of-life risks and outcomes.<sup>27</sup> The social determinants are considered to be the "causes of the causes" of ill health in every society, regardless of the society's stage of development.

CSR activities directed toward external stakeholders also provide businesses with an opportunity to enhance health and wellbeing inside and outside the organization, creating systemic change. This can be done directly through their products, services, operations, and business relationships, but also through activities tailored to address factors associated with the ecosystem of environmental and social factors that impact population health. For instance, Macassa argues that CSR teams in collaboration with human resources management within business organizations might be well-positioned to facilitate efforts aimed at improving population health, due to their experience in driving progress on other social and environmental issues that affect business performance and their ability to view issues and solutions as interconnected parts of a larger system.<sup>28</sup>

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### Challenges

Although CSR has the potential to help address societal and environmental challenges, especially those pertinent to external stakeholders' health and wellbeing, there are several challenges that business organizations will need to overcome. Firstly, there is the potential for conflicts of interest to arise when trying to balance CSR initiatives against business operations.<sup>10,24</sup> This is a particular concern for sectors producing goods that can be considered somewhat harmful to health (*e.g.* the so-called industrial epidemics).<sup>24</sup> Secondly, businesses will need to explore the pros, cons, and trade-offs of CSR initiatives related to expanding the usual workplace health and safety concerns to the implementation of broader health

and wellness programs including family members as well as external stakeholders in the communities they serve.<sup>1,10</sup> Thirdly, businesses operating in low-and middle income countries where the structural challenges are greater should use their CSR to help combat poverty, the environmental degradation and pollution caused by rapid urbanization, and the effects of climate change which might contribute to ill-health among external stakeholders.<sup>25,29</sup> Such initiatives might prove to be costly, depending on business branch type and revenue.<sup>29</sup> Overall, it is suggested that businesses can overcome these challenges of contributing to external stakeholders' health and wellbeing by having measurable objectives, through collaboration with other sectors such as public health and health-promoting organizations and governments, and by following stronger regulatory safeguards which will contribute to fewer CSR-driven conflicts of interest.<sup>30</sup>

## Conclusions

CSR strategies carried out by business organizations need to also address the health and wellbeing of those outside the workplace. This article argues that CSR initiatives present a unique opportunity for businesses to target external stakeholders and help to address the most important societal challenges, especially the social determinants of health which are the root causes of inequities in health. However, while advancing a new agenda for external stakeholders' health promotion, businesses need to take into account potential challenges that might arise from ethical conflicts when trying to balance their CSR initiatives against their business operations.

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**Key words:** CSR; external stakeholders; health and wellbeing; health promotion.

**Contributions:** GM, conceptualized and critically reviewed the manuscript; ASH, CWH, wrote the first complete draft of the manuscript; GM, ASH, CWH, AV, reviewed and edited the manuscript. All the authors have read and approved the final version of the manuscript and agreed to be accountable for all aspects of the work.

**Conflict of interest:** The authors have no competing interests.

Received for publication: 27 January 2020.

Accepted for publication: 25 May 2020.

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Journal of Public Health Research 2020;9:1742

doi:10.4081/jphr.2020.1742

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