Business sustainability is all about serving the needs of one’s customers, clients, and stakeholders across the globe in a socially responsible and, thus, concomitantly an economic efficacious manner. Business is expected to achieve its core economic value in conformity with the values of morality and legality. That is, business must act in a profitable, legal, and moral manner. Today, moreover, above and beyond the responsibility to act legally and morally in the pursuit of profit is the notion of social responsibility, which typically is called “corporate social responsibility” (CSR). The law defines legal accountability; ethics determines moral accountability, but ascertaining the definition, nature, extent of, and rationales for the value of social responsibility emerges as an even more challenging task. This article provides a philosophical as well as practical review of social responsibility by explaining and illustrating the concept of social responsibility in the global business environment through a business sustainability continuum. Suggestions and recommendations for business leaders, managers, and their organizations are provided to achieve success in a legal, moral, and socially responsible manner.

THE BUILDING BLOCKS OF SOCIAL RESPONSIBILITY

Every safe building stands on a strong foundation. Similarly, every sustainable business should stand on a foundation that has strong values, legal compliance, and high ethical standards. Values are rankings or priorities that a person establishes for one’s norms and beliefs. Deeply held values can drive behavior. Moral values are generally held to be intrinsic. Accordingly, if one holds morality to be an intrinsic value, then one must be moral regardless of the circumstances and consequences. Ethics is the theoretical study of morality. Ethical theories are moral philosophical undertakings that contain bodies of formal, systematic, and ethical principles that are committed to the view that an asserted ethical theory can determine how one should morally think and act. Moral judgments are deducible from a hierarchy of ethical principles. Morality, therefore, properly and accurately should be understood as a development of the ethical, which is part of the philosophical. Social responsibility, however, is not part of ethics, not an ethical theory, not an ethical principle, and is not a means to determine morals, morality, or moral precepts (Cavico and Mujtaba, 2012a). As such, it is important to keep the concept of social responsibility distinct from morality and ethics, which are philosophy based, as well as legality, which, of course, is based on the law. The traditional purpose of business, moreover, is the profitable production, distribution, and sale of goods and services, albeit in a legal and moral manner, but not, traditionally at least, social welfare or philanthropic endeavors. Yet, today, since the issue of the social responsibility of business is
frequently raised, business is forced to concern itself with the "social" dimension of its activities.

Accordingly, one must define the key term "social responsibility." At a basic philanthropic level, social responsibility may be defined as a business taking an active party in the social causes, charities, and civic life of one's community and society (Mujtaba, Cavico and Plangmarn, 2012; Cavico and Mujtaba, 2012b). For example, Newman’s Own is a private sector company praised for its philanthropic mission since it donates all of its profits and royalties after taxes for charitable and educational purposes (Mickels, 2009). The social responsibility of business can also be thought of in a broader constituency or stakeholder sense. Tyagi (2011, p. 29) states that social responsibility encompasses “…a person’s obligation to consider the effects of his decisions and actions on the whole social system”; and adds that “the fundamentals of CSR management is to understand the values and principles of those who have a stake in the business operations – the stakeholders.” Harish (2012) takes a “strategic” as well as stakeholder approach to corporate social responsibility:

Corporate social responsibility (CSR) is a concept whereby organizations consider the interests of society by taking responsibility for the impact of their activities on customer, suppliers, employees, shareholders, communities and other stakeholders, as well as the environment. CSR is a way firms integrate social, environmental and economic concerns into their values, culture, decision-making, strategy and operations in a transparent and accountable manner and thereby establish better practices within the firm, create wealth and improve society. CSR is certainly a strategic approach for firms to anticipate and address issues associated with their interactions and others and, through those interactions, to succeed in their business endeavors (p. 521).

The strategic implications of corporate social responsibility will be explicated further later in this work. Harish (2012, p. 521) also adds that corporate social responsibility by purposefully including the public interest into corporate decision-making results in the “…honoring of the triple bottom line: people, planet, profit.” Millon (2011) explains that a constituency or stakeholder approach to corporate social responsibility “requires management to balance shareholder and non-shareholder interests. Strict shareholder primacy – the idea that shareholder interests should enjoy priority over those of nonshareholders – is rejected because of the costs in can inflict on nonshareholders. …Socially responsible leadership therefore necessitates that management temper its pursuit of profit with regard for such considerations” (p. 525).

The Business Roundtable views the corporation as an entity “chartered to serve both their shareholders and society as a whole” (Mickels (2009, p. 274). The World Business Council for Sustainable Development explains social responsibility in a corporate context as a company’s continuing commitment to act legally and morally and also to contribute to the economic development of society while improving the quality of life of their employees and their families as well as the local community and society as a whole (Holmes and Watt, 2004). This definition evokes another, and even more expansive, concept of the “social responsibility” of business – “sustainability.” The sustainability approach to corporate social responsibility is premised on the idea that a company must remain economically viable in the long-term, and that in order to be viable the company must take into consideration other stakeholders beyond the shareholders. Millon (2011) explains the sustainability approach to corporate social responsibility “as simply the realization that the corporation’s long-run prosperity depends on the well being of its various stakeholders, including workers, suppliers, and customers…Sustainability also requires ongoing availability of natural resources and a natural environment in which the corporation and its various constituencies can survive and flourish…Sustainability CSR looks beyond the current quarter or year and factors in long-run benefits as a potential offset to short-term cost” (pp. 530-31).

Social responsibility and perceptions of being and acting ethically, at least to some reasonable degree, may be in the long-term self-interest of business (Mujtaba, Pattaratawanich and Chawavisit, 2009). Munch (2012) explains that “some corporations have long supported social initiatives as a means of enhancing
their own profits and long-term viability. Through charitable donations, community programs, or holistic decision-making, corporations have pursued tangible goals, such as improving workforce comfort or engendering customer goodwill, arguing that these actions align with the corporation’s ultimate profit-making interests” (p. 178). Significantly, Munch (2012) adds that “there is some evidence that these strategies are successful” (p. 178). Afsharipour (2011), furthermore, reported on an Indian study that revealed a positive relationship between company performance and corporate social responsibility. A corporation cannot long remain a viable economic entity in a society that is uneven, unstable, and deteriorating. It makes good business sense for a corporation to devote some of its resources to social betterment projects. To operate efficiently, for example, business needs educated and skilled employees. Education and training, therefore, should be of paramount interest to business leaders. A corporation, for example, can act socially responsible by providing computers to community schools and by releasing employees on company time to furnish the training. British Petroleum (BP), for example, marketing itself in Europe as “Beyond Petroleum,” before the disastrous Gulf oil spill was regarded as a very socially responsible firm, especially for its environmental and alternative fuel efforts (Cavico and Mujtaba, 2009). Another illustration involves the web-search company, Google, Inc., which has committed almost one billion dollars in stock as well as a share of its profits to combat global poverty and to protect the environment (Delaney, 2005). Starbucks Corporation, in addition, has been engaged in a variety of socially responsible activities in Guatemala, such as building health clinics, and also promising to pay its coffee suppliers a premium price if they adhere to certain labor and environmental standards (Homes, 2002). The Coca-Cola company has teamed with the World Wildlife Fund to protect the arctic habitat by releasing $1.4 billion redesigned white Coke cans each showing a polar bear, which the company hopes will raise awareness of this cause. Coke made an initial donation of $2 million to the World Wildlife Fund, and Coke will match up to $1 million that Coke drinkers will be able to donate to the campaign (Business Briefing, 2011). McDonald’s is so extensively involved in charitable activities and civic affairs in local communities throughout the United States that it produces through its corporate charitable division, Ronald McDonald House Charities of South Florida, special multi-page advertising supplements to local newspapers to describe the company’s many socially responsible activities – from grants, “Wish Lists,” scholarships, volunteer work to, of course, the Ronald McDonald House itself (Ronald McDonald House Charities of South Florida, 2012).

Business is part of society and subject to society’s mandates; and if society wants more "responsibility" from business, business cannot ignore this "request" without the risk of incurring society’s anger, perhaps in the form of higher taxes or more onerous government regulation. Over a decade ago, a Business Week/Harris poll (Taylor, 2011; Editorials, Business Week, 2000) found that only 4% of the public believed that the sole purpose of corporations is to make profits for shareholders; rather, some 95% believed that corporations should sometimes sacrifice some profit do more for employees, communities, and society. Sir John Brown, former chief executive officer of BP, astutely comprehended that society wants and expects business to be socially responsible, and that to be so is in the long-term self-interest of BP and business. Then, BP stood for not only “British Petroleum” but also “Beyond Petroleum” for all the alternative energy and social responsibility efforts that the company was engaging in under his stewardship. An egoist will surely see the value of a prudent degree of social responsibility in today’s global business marketplace. Obviously, superior product and service quality and competitive pricing are essential for business success. Yet another strategic factor to success has emerged in the present business environment – social responsibility. The idea is not “only” to make profits but then to “give back” to the community by means of civil, social, and environmental efforts. Yet a strategic approach to social responsibility would combine profits and social activism; that is, the smart and “social” company will deliver products and services that naturally are profitable but that also serve society by, for example, by saving energy and improving the environment. The idea for a strategic business approach is to incorporate the value of social responsibility into the firm’s business model. Such an approach will enhance opportunities, increase profits, and expand the firm’s market share. In essence, the ultimate goal is not only to contribute in a socially responsible manner to the community, but also to bring new socially responsible products and services into the marketplace. That degree of social responsibility is the egoistic
business model for today’s astute business leaders. Exxon-Mobil for example, recently launched a social responsibility campaign to build schools in Angola, which (perhaps not coincidentally) is an emerging oil power. Coca-Cola Co. is very extensively involved in providing clear drinking water to the “developing world,” for example, by furnishing water purification systems and lessons to local communities. This meritorious social responsibility effort is designed also to promote “Coke’s” reputation as a global diplomat and local benefactor. “Coke,” by the way, uses a great deal of water in producing its products.

Another example of “smart” social responsibility concerns Microsoft’s “wellness” efforts to help its overweight employees. The company, which already provides free medical coverage to its employees, now has created a weight management benefit for employees. The software company will pay for 80% of the cost, up to $6000, for a comprehensive, clinical, weight loss program for employees. The program, intended for employees who are obese or clinically overweight, includes up to a year’s worth of sessions with a personal trainer, behavioral and nutritional counseling, support groups, and medical supervision. Microsoft in the long-run expects to obtain a return on its health care investment for the formerly obese and overweight employees due to cost savings from less prescription drugs and fewer doctor and hospital visits (Cavico and Mujtaba, 2009). Similarly, Million (2011, p. 532) relates that Johnson & Johnson has invested substantially in employee health through its Wellness & Prevention program; but the company has received an excellent return-on-investment, because the program has been estimated by the company to have saved $250 million in employee health care costs over the past decade, with the savings representing a return of $2.71 for every dollar spent. Millon (2011) concludes that “the whole point is to generate net gains in the future from expenditures incurred in the present – benefits to nonshareholders come not at the expense of shareholders but rather are deployed for their ultimate advantage” (p. 533). Millon (2011) labels this corporate social responsibility approach “strategic” too (p. 533).

HR Magazine (Fox, 2007) in a human resources context underscored the egoistic and strategic rationale for a company to be rightly perceived as a socially responsible one. In a constrained and highly competitive global labor market, the shrewd corporate executive will use his or her firm’s social responsibility stance to attract new employees, especially top talent, as well as to engage and retain highly skilled and highly motivated current employees. To bolster its argument, HR Magazine (Fox, 2007) pointed to a 2003 survey where 70% of North American students surveyed stated that they would not even apply for a job in a company that was deemed “socially irresponsible.” Afsharipour (2011) related the thoughts of high-level executives of Indian companies who believe that companies with corporate social responsibility programs, particularly employee-driven ones, will increase employee pride, satisfaction, loyalty, retention, and productivity. Christopher and Bernhart (2009) reported on studies that demonstrated the recruitment and retention benefits of social responsibility, for example, a study indicating that 64% of employees indicated that corporate social responsibility (CSR) activities increased their loyalty, and that 90% of employees would choose an employer viewed as more socially responsible. Christopher and Bernhart (2007) also reported that a “meta-analysis of over 50 studies found CSR social components, including treatment of employees, significantly affected financial performance measures. In addition, objective CSR performance ratings were significant predictors of employer attractiveness to potential applicants” (p. 9). Accordingly, corporate social responsibility can be a key recruitment and retention strategy for the global organization, which business leaders and managers can use to attract, develop, and keep a highly engaged, motivated, and productive workforce.

However, a socially responsible firm must also be a realistic one, HR Magazine (Fox, 2007) counseled. That is, socially responsible and environmental efforts must be sustainable economically and should have some relationship to the firm’s business. Employees should also be engaged directly in the company’s social responsibility activities so as to engage them, inspire them, motivate them, and thereby enhance morale and productivity. Moreover, a firm’s social responsibility program does not have to be a multi-million dollar effort; rather, something as simple as an employee social responsibility “suggestion box” or as straightforward as a recycling or energy saving program will do to promote employee involvement as well as to promote and give credence to employee social values. Nonetheless, despite the size, a firm’s social responsibility efforts should be publicized widely within the company, for example, in company newsletters, as well as externally, for example in company annual “social responsibility”
Being socially responsible, therefore, advises *HR Magazine*, is a smart and sustainable business strategy, especially in a human resource context. An actual illustration of *HR Magazine*’s social responsibility recommendation is the PepsiCo. The company’s chairperson and CEO, Indra Nooyi, has urged companies to follow her company’s approach to being a “good” global company; and by “good” she means that in addition to having a strong financial performance, a firm must value and take care of its employees and also the public’s health and the environment. For example, PepsiCo has expanded its product lines to include more juices and waters as well as introducing low-sugar versions of its popular “fitness drink,” Gatorade. The company is also promoting energy management, for example by reducing its water usage and creating more environmentally “friendly” packaging. One major benefit of being a socially responsible firm, PepsiCo has discovered, is that its employees are inspired and energized, thereby helping the company to retain employees.

*Business Week* published a very revealing Social Responsibility Special Report (Engardio, 2007.) that enumerated and extolled the socially responsible practices of many companies today; and then asked the seminal question as to whether these laudatory socially responsible efforts positively contributed to the companies’ “bottom-line.” *Business Week* (Engardio, 2007) listed these companies in a chart, grouped by sectors of the economy, and then detailed their social responsibility as well as “eco-friendly” activities, and under a very revealing chart sub-title, “Who’s Doing Well by Doing Good.” For example, Unilever, the British-Dutch multinational, has opened a free community laundry in Sal Paulo, Brazil, provides financing to help tomato growing farmers to convert to more environmentally sensitive irrigation systems, and has funded a floating hospital that provides free medical care to people in Bangladesh. In Ghana, Unilever provides safe drinking water to communities; and in India, the company’s employees assist women in isolated villages commence small entrepreneurial enterprises. As related by *Business Week*, Unilever CEO, Patrick Cescau, views the company’s social responsibility effort as one of its biggest strategic challenges for the 21st century. Cescau explains that since 40% of the company’s sales come from consumers in developing countries, assisting these countries to overcome poverty and to safeguard the environment is vital to the company’s sustaining its competitive advantage. In order for the company to maintain its leadership role, it must be concerned about the impact its policies have on society, local communities, the environment, as well as future generations. Cescau’s rationale for social responsibility underscores the ethically egoistic justification that “good deeds” will produce strategic and competitive advantages and thus inure to the benefit of the company in the long-term. Another example given by *Business Week* was General Electric, which is taking the lead in developing wind power and hybrid engines. Even Wal-Mart, perennially criticized by labor and human rights groups, was praised for its efforts to save energy and to purchase more electricity derived from renewable sources. GlaxoSmithKline was given credit for investing in poor nations to develop drugs. Moreover, the company was praised for being one of the first major pharmaceutical companies to sell AIDS drugs at cost in 100 countries worldwide. *Business Week* (Engardio, 2007) pointed out that such socially responsible behavior by the large pharmaceutical company worked in its favor as the company is working much more effectively with these governments to make sure its patents are protected. In addition, as noted in *Business Week* (Engardio, 2007), the company’s CEO, Jean-Pierre Garner, explained that the company’s social responsibility efforts produce other egoistic advantages, such as motivating top scientists to work for the firm, as well as enhancing the overall morale of the company’s workforce, which gives the company, stated Garner, a competitive advantage. Another example was Dow Chemical, which is developing and investing in solar power and water treatment technologies. Also as noted by *Business Week* (Engardio, 2007), Dow CEO, Andrew N. Liveris, explained that there is a “100% overlap” between the company’s business values and its social and environmental values. Toyota was cited as another illustration of a socially responsible firm due to its work with hybrid gas-electric cars. Such practices have given Toyota a very good reputation as a company that makes clean-running and fuel efficient vehicles; and *Business Week* (Engardio, 2007) related that this “green” reputation has given Toyota a competitive edge. Another example involves PepsiCo and its charitable-giving program, called Refresh, where Pepsi drinkers can vote online, using votes obtained from the company’s products, for “refreshing ideas that change the world” (Bauerlein, 2011). Winners will have their socially responsible projects funded by the company.
Past winners of grants have included cheerleading squads for the disabled students, a project to make school bus windshields more aerodynamic. The Refresh program has been extensively advertised by the company in order to give consumers a “voice” in the company’s charitable giving, and also, significantly, to engage consumers, enhance the company’s image and brand as a socially responsible one, and in the long-term to increase sales and profits (Bauerlein, 2011). Business “sustainability” and success emerge as the very practical instrumental reasons given by the companies for their social responsibility efforts. Furthermore, social responsibility is certainly not just a concept applied in the United States; rather, U.S. multinationals doing business overseas, as well as foreign companies in their own countries, are now engaged in social responsibility activities.

CORPORATE SOCIAL RESPONSIBILITY–A GLOBAL VIEW

Today, corporate social responsibility (CSR) “debates are not just occurring in developed economies...Countries around the world are engaging in rich and nuanced debates and undertaking significant reforms in the corporate governance and CSR arenas” (Afsharipour, 2011, p. 996). Mickels (2009) adds that “directors all over the world are questioning whether corporations should exist solely to maximize shareholder profit” (p. 271). The Society of Human Resource Management (SHRM) (Workplace Visions, 2007) found that a majority of Human Resource professionals (United States, Australia, India, China, Canada, Mexico, and Brazil) reported that their organizations had corporate social responsibility practices in place. SHRM put forth a number of reasons for the extent of corporate social responsibility (Cavico and Mujtaba, 2012a/b). First, companies realize that they need to respond to large scale social problems before they become a threat to business. Second, SHRM contends that solutions to major social problems can increasingly be viewed as new sources of business opportunities. That is, providing goods and services to the people of developing nations may be a way to enter into potentially vast markets of consumers. Similarly, “going green” and investing in environmentally “friendly” technology may be a way for companies to initially establish themselves in potentially highly profitable energy sectors.

Millon (2011) calls for a “sustainability” approach to corporate social responsibility globally: “For transnational corporations doing business in developed countries, sustainability may require investment in community-level infrastructure development projects, technological innovation, education, and health care. As these investments lead to greater productivity and better product quality, workers and producers can earn higher incomes, allowing the local population to enjoy a higher standard of living” (p. 531). Millon (2011, pp. 531-32) provides two excellent examples of global “sustainable” CSR: 1) The Norwegian company, Yara International, the world’s largest chemical fertilizer company, has sponsored public/private partnerships to develop storage, transportation, and port facilities in parts of Africa with significant untapped agricultural potential, thereby developing local agriculture, providing jobs and improved incomes for farmers, and at the same time benefitting the company through an increased demand for its fertilizer products. 2) The Nestle Company is working to improve milk production in certain regions of India, by investing in well drilling, refrigeration, veterinary medicine, and training, thereby significantly increasing output and enhancing product quality, certainly beneficial to the company, and at the same time allowing the company to pay higher prices for farmers and their employees, resulting in a higher standard of living for the local community.

The United Nations now has a business initiative on corporate social responsibility, called the United Nations Global Compact, whereby companies can join; and thus voluntarily agree to make improvements in human rights, labor, the environment, and combating corruption (Afsharipour, 2011). The World Bank, moreover, has an Internet course on social responsibility, called “CSR and Sustainable Competitiveness,” offered by its educational and training division, the World Bank Institute (World Bank, 2007). The corporate social responsibility course is designed for “high-level” private sector managers, government officials and regulators, practitioners, academics, and journalists. One major purpose to the course is to provide a “conceptual framework” for improving the business environment to support social responsibility efforts and practices by corporations and business. The course is also designed to assist
companies to formulate a social responsibility strategy based on “integrity and sound values” as well as one with a long-term perspective. By being socially responsible, declares the World Bank, businesses not only will accrue benefits, but also civil society as a whole will benefit from the “positive contributions” of business to society. Although it is beyond the scope of this book to discuss in detail the World Bank’s very laudable CSR educational effort, a few key elements in the course must be addressed. First and foremost, as the World Bank points out, correctly so, there is no single, commonly accepted, definition of the critical term “CSR.” Nonetheless, the World Bank offers its definition, stating that CSR generally refers to: 1) “a collection of policies and practices linked to the relationship with key stakeholders, values, compliance with legal requirements, and respect for people, communities and the environment; and 2) the commitment of business to contribute to sustainable development.” The World Bank also explains the key term “Corporate Citizenship,” which is “the concept of the corporation as a citizen” and which is a term often used when referring to CSR. As a matter of fact, the World Bank notes, again quite correctly, that the terms “CSR” and “Corporate Citizenship” are at times used interchangeably. The World Bank, moreover, in order to fully explicate CSR, indicates several material components to that concept, to wit: 1) environmental protection, 2) labor security, 3) human rights, 4) community involvement, 5) business standards, 6) marketplace, 7) enterprise and economic development, 8) health protection, 9) education and leadership development, and 10) human disaster relief. The World Bank also offers several decision-making frameworks for companies to plan, implement, and measure CSR. An important part of the World Bank course is a segment, eminently practical for business, called “Benefits of CSR.” There are, according to the World Bank, “many reasons why it pays for companies, both big businesses and small and medium enterprises…to be socially responsible and be conscious about the interest of key stakeholders.” The Bank pointed to a survey conducted by its Institute that indicated that 52% of its respondents had either “rewarded” or “punished” businesses by either buying or not buying their products based on the perceived social responsibility performance of the companies. Other reasons for being a socially responsible firm are, according to the Bank, as follows: 1) obtaining a “social license” to operate from key stakeholders; 2) ensuring “sustainable competitiveness,” 3) creating new business opportunities, 4) attracting and retaining quality investors and business partners, 5) securing cooperation from local communities, 6) avoiding difficulties due to socially irresponsible behavior, 7) obtaining government support, and 8) building “political capital.” These reasons make the “business case” for being a socially responsible company.

Corporate social responsibility is being promoted in the European Community today. Mickels, 2009, p. 275) relates that in 2000 the European Council in Lisbon formally encouraged companies to become more socially responsible, for example, by taking into consideration sustainable development. Moreover, “the European Commission has recognized that shareholder value is not achieved merely through maximizing short-term profits, but also through ‘market-oriented yet responsible behavior’” (Mickels, 2009, p. 277). Furthermore, Mickels (2009, p. 276) reports that in 2006, the European Commission enacted a Resolution, titled “Corporation Social Responsibility: A New Partnership,” which proclaimed that corporate social responsibility has become an increasingly important topic for the European Community and that CSR is in integral “part of the debate about globalization, competitiveness, and sustainability.” Mickels (2009, pp. 276-77) explains that “according to the European Commission, CSR 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.’” Mickels (2009, p. 277), however, points out that both the British and American definitions of corporate social responsibility are “vague”; but nevertheless, “…both embody a conviction that a corporation’s existence should not relate solely to making money for the sake of making money but that a corporation has a social responsibility to contribute and improve the community in which it operates.”

In China, Hai-yan and Silva (2012) relate that due to the scandals regarding product safety and environmental damage as well as a concern over workers’ rights, the concept of corporate social responsibility is developing as an issue for Chinese companies and their executives. Hai-yan and Silva (2012, pp. 61-62) conducted a survey of the executives of 206 companies, mainly engaging in trade, in the Beijing area, and they found an awareness of social responsibility among the executives, and specifically found that these executives believed that a company could best be a socially responsible one.
by complying with the law, providing customers with safe and reliable products, improving the quality of the education system in China, and protecting the environment. Hai-yan and Silva (2012) cite egoistic “market” reasons for this development of corporate social responsibility internationally as well as now encompassing China: “…We have seen the expansion of the concept of CSR from large to small and medium enterprises as well as an increase in corporate awareness, knowing that their performance in the market depends on the market demands, the society in which they operate, and the socially responsible actions which they perform” (p. 58). To further make the point, a survey conducted by Cone Communications and Echo Research (Chu, 2012) of more than 10,000 consumers in 10 countries found that three out of four respondents in China stated that they were very likely to change brands to those associated with a good cause (assuming there was an alternative in the same price range and of similar quality). Furthermore, 83% of the respondents in China stated that they refused to purchase a company’s product when they became aware that the company acted in an irresponsible manner (Chu, 2012).

India emerges as a country in the vanguard of corporate social responsibility developments – both legally as well as practically. Regarding stakeholder corporate social responsibility (CSR), Afsharipour (2011) states that:

The stakeholder model of CSR recognizes that companies have responsibilities to not only their shareholders, but also to their employees, customers, surrounding communities (including the environment) and society as a whole…According to a broad survey of Indian executives, many Indian firms have a sense of a social mission and purpose. These executives do not see shareholder wealth maximization as their primary goal. Instead, ‘they take pride in enterprise success-but also in family prosperity, regional advancement, and national renaissance’ (p. 1014).

Harish (2012) lists in detail the social responsibility activities of multinational as well as Indian companies in India. Examples include Bajaj Auto, which has created a Trust to help promote development among the rural poor so as to raise rural living standards; Infosys Technologies, Ltd, which has a Foundation to support and promote underprivileged sections of society, such as training poor women in tailoring and donating sewing machines; and the Indian Oil Company, which has adopted as part of its strategic plans several environmental initiatives, especially the development of cleaner fuels (Harish, 2012). In India, moreover, the government is now involved legally in corporate social responsibility. Afsharipour (2011) indicates that in 2009 the Indian government, specifically the Ministry of Corporate Affairs (MCA), promulgated in 2009 Voluntary Guidelines for Corporate Social Responsibility. The Guidelines, relates Afsharipour (2011), are premised on a “fundamental principle,” to wit: “Each business entity should formulate a CSR policy to guide its strategic planning and provide a roadmap for its CSR initiatives, and that should be an integral part of overall business policy and aligned with a company’s business goals…the policy should be framed with the participation of various level executives and should be approved and overseen by the board” (p. 1019). Moreover, “according to the CSR Guidelines, the CSR policy should cover the following core elements: (i) care for all stakeholders, including shareholders, employees, customers, suppliers, project-affected people, society at large…; (ii) ethical functioning, transparency, and accountability; (iii) respect for workers’ rights and welfare; (iv) respect for the environment; and (vi) activities for social and inclusive development” (p. 1019).

In India, in 2009, the government mandated that public-sector oil companies spend 2% of their net profits on corporate social responsibility efforts; and there are proposals for the government to mandate that private sector companies spend 2% to 5% of their net profits on corporate social responsibility efforts (Afsharipour, 2011). However, in 2010, the Indian government “just” required that Indian companies have a CRS policy which “targets” a 2% spending allocation on CSR; and that companies provide disclosure and details of their CSR efforts and suitable reasons for these efforts (or the lack thereof) in an annual report (Afsharipour, 2011). Afsharipour (2011) criticizes the 2009 Indian law because “the CSR Guidelines…provide little concrete guidance on how companies are to implement the guidelines or what legal changes need to be made to ensure that socially responsible practices will be part of a firm’s way of...
doing business” (p. 1019). Afsharipour (2011), moreover, criticizes the 2010 law because “the recommendations do not explain in any detail what constitutes CSR” (p. 1021). However, Afsharipour (2011) does admit that “one important aspect of the CSR Guidelines is the move toward additional disclosure. Very few Indian companies disclose their CSR policies, so additional disclosure could be a tool NGO advocates and lawyers to work with companies and pressure them to comply with their CSR policies” (p. 1022). As such, in order to assist companies fulfill their social responsibility obligations, Kumar, Kuberudu, and Krishna (2011, pp. 10-11) offer the following recommendations for “socially responsible” businesses in, as well as doing business in, India: 1) create and nurture an “eco friendly environment” within and outside the organization; 2) adopt poor, needy, and “sleepy” villages and bring them into inclusive growth by supplying “econ friendly” projects; 3) wage a “war” on bribery and corruption; 4) control pollution, including “social pollution,” and help build a “healthy society”; 5) provide assistance when natural calamities occur; 6) develop the “highest ethical standards” with “transparency” as the “watch word”; 7) avoid deceptive and exaggerated advertisement, be restrained by “general social acceptability” regarding advertising, and do not exploit women in advertising; 8) offer financial scholarships and financial assistance to meritorious students; assistance in education and vocational training; and adopt schools, providing for their growth and management. These social responsibility activities will naturally help Indian companies fulfill their legal obligations, but also will, as Kumar, Kuberudu, and Krishna (2011) assert, result in a more stable society, the survival of the organization, and its maximization of profits, since there is a “direct relation” between the well-being of the organization and the good will of the people in society (p. 8). Actually, the Society for Human Resource Management (McConnell, 2006) reported on a global corporate social responsibility survey of human resource professionals from the U.S., Australia, China, and India that indicated that the respondents from India, who were surveyed before the recent Indian CSR laws, were more likely to have formal corporate social responsibility policies, such as written objectives and reports, or corporate social responsibility efforts tied to the organization’s mission and/or goals. Of course, there is a big difference between India and a country such as the United States, because in India corporate social responsibility is now legally mandated to some degree by the government, whereas in the U.S. a company may be socially responsible pursuant to state corporate “constituency” statutes, which allow directors to consider non-shareholder stakeholder interests in making decisions, and also may impose a legal obligation upon itself to be socially responsible by forming a social benefit corporation called a “B-Corp,” which requires directors to consider non-shareholder stakeholders interests in making decisions; but neither the federal government nor the state governments in the U.S. presently are mandating legally that companies be socially responsible ones.

IMPLICATIONS AND RECOMMENDATIONS

Socially responsible business leaders and managers should always include social responsibility goals in their corporate articles and bylaws as well as mission and vision statements. Moreover, the authors long have argued that it is in the long-term, egoistic, self-interest of the corporation to be a socially responsible one, and thus to be active and engaged in community, civic, and charitable activities. Porter and Kramer (2011) use the term “shared value” to underscore the value of sustainability and for business leaders to use a decision-making criterion in business, to wit: “Policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates” (p. 66). The objective is to simultaneously produce economic value for the company, but also value for society as a whole by helping to solve societal needs, particularly by improving the lives of the people (and potential consumers) who live in the communities where the company does business.

Yet what exactly is the effect of all these social responsibility efforts on the “bottom-line”? This critical fact is difficult to ascertain due to the paucity of research as well as the need for a long-term perspective. One academic study, conducted by Schnietz and Epstein (2005), found that there is value to a
corporation during a crisis by having a reputation for corporation social responsibility, and, in particular that a reputation for social responsibility protects firms from a decline in share prices associated with a crisis. Sauser, Jr. (2008) points to studies that found direct financial benefits for companies who are deemed to be socially responsible; and these benefits encompass enhanced business reputation, consumer acceptance, employee loyalty, as well as better environmental management. Hemlock (2007) reported on an academic analysis of dozens of corporate social responsibility studies that found that social responsibility performance and financial performance reinforce each other; that is, companies that excel in a socially responsible manner generally excel financially and vice versa. Wang and Qian (2012) conducted a study of the philanthropic of publicly listed Chinese firms from 2001 to 2006 and found that corporate philanthropy enhances corporate financial performance by enabling firms to elicit better stakeholder responses and to gain political resources. Tyagi (2011, p. 31) reports on studies that support the proposition that corporate social responsibility positively affects “corporate attractiveness.” The aforementioned illustrations and studies demonstrate that social responsibility “pays off” for the company and its shareholders as well as for other stakeholders and society as a whole.

Business Week (Engardio, 2007) reported one thought-provoking study that concluded that if Wal-Mart possessed the social responsibility reputation of its competitor, Target, Wal-Mart’s stock would be worth 8.4% more, thereby adding $16 billion to its market capitalization. The problem of determining if “doing good” translates to “doing well” is exacerbated since companies only report the value of tangible physical assets and investments in equipment and property. Social responsibility efforts are perhaps a bit too intangible for the company’s accountants to quantify; and government regulators do not mandate that social responsibility, labor, and environmental practices be quantified. Nonetheless, a company’s commitment to social responsibility could constitute a valuable intangible business asset. Moreover, Spector (2012, p. 39) emphasizes that “tough global social issues are increasingly seen as responsibilities of businesses as well as governments, and innovative business leaders are viewing these problems as growth opportunities.”

The term “sustainability” also has emerged, along with social responsibility and corporate governance, as important subject matters for business today. Spector (2012, p. 41) reports that a 2009 study of the views of chief executives, done by the Business Roundtable and the Conference Board, “found that almost two-thirds indicated that sustainability has reached a tipping point and has become a mainstream concern for business. An even larger 81% agreed that business leadership will increasingly be judged by the ability to create enterprises that are economically, socially, and environmentally sustainable.” Furthermore, Spector (2012, p. 42) reports that a 2011 IBM Institute for Business Value study, consisting of interviews at 320 global companies, “concluded that today enterprise sustainability is a strategic imperative and ‘no longer just a matter of legal compliance or philanthropic generosity.’” The United Nations also lists environmental sustainability as one of its Millennium Development Goals, along with reducing poverty, increasing education, promoting gender equality, improving child and maternal health, and combating HIV/AIDS (Harish, 2012). It is also possible now for a company to have a “sustainability” assessment. Moreover, an independent, international, private organization, the Global Reporting Initiative, based in Amsterdam and originating as part of a United Nations environmental program, has established Sustainability Reporting Guidelines, and has published assessment reports on a wide range of industries, including pharmaceutical, automotive, and consumer product industries (Resor, 2012).

Sustainability, of course, encompasses legal, ethical, moral, and social responsibility values, and also is related in to corporate governance. However, as Spector (2012, p. 42) correctly points out, dealing with sustainability may be a difficult challenge for certain business executives: “One of the causes may be that the sustainability aim of creating long-term value, while balancing the business need for profit with the ethics of social and environmental responsibility, is uncharged territory for traditional compliance-oriented corporate governance practice.” In order to better illustrate as well as explicate the values of practicality, legality, morality, and social responsibility and their relationship to sustainability, the authors have developed the Business Sustainability Continuum (BSC) model, presented in Figure 1. This model presents a continuum where start-up businesses often focus on meeting their bottom-line break-even
points and legal requirements in order to stay in business. As these firms grow in terms of their market share and revenue, these businesses begin to see the importance of their actions being seen as ethical and socially responsible for all relevant stakeholders in the community. Furthermore, intense local and global competition forces firms of all sizes to strategically act in an economic, legal, ethical, and socially responsible manner.

**FIGURE 1**

**THE BUSINESS SUSTAINABILITY CONTINUUM**

<table>
<thead>
<tr>
<th>Economic</th>
<th>Legal</th>
<th>Ethical</th>
<th>Social Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have a viable business model to fill a need while earning a profit. Filling an existing need is the goal and profit is the consequence of doing it well.</td>
<td>Align behavior with applicable local, national and international laws that apply to your business employees, associates, partners, clients, and customers.</td>
<td>Act morally and according to your universal values, promises, and obligations. The business must do what it says it will do.</td>
<td>Focus on community, philanthropy, and charity as a strategic part of the business. Successful firms operate on this ultimate end of the continuum.</td>
</tr>
</tbody>
</table>

The BSC illustrates that the continual success and “sustainability” of the business can only be achieved by an adherence to four core values: Economic, indicating that a business obviously must have a viable business model which fulfills a need and enables the business to make a profit; Legal, indicating that this profit must be achieved in legal manner by aligning the conduct of the business with all applicable local, national, and international law; Ethical, indicating that since there may be no law or “gaps” in the law, nonetheless the business must act in a moral manner and also must act in conformity with its values, promises, and obligations; and Social Responsibility, indicating that the business must focus on the community and engage in civic, philanthropic, and charitable endeavors as part of the business’ overall strategic plan. Sustainability will help the business, but also help the business help governments solve pressing social problems, and, as such, “this provides an occasion to rebuild trust that is good for business and good for society” (Spector, 2012, p. 39). Harish (2012, p. 521) adds that “CSR has been widely regarded as a positive phenomenon helping bridge the gap of social inequality and thus contributing to sustainable development.” Accordingly, adherence to these “sustainable” values will enable the business to achieve success and to sustain that success in a continual manner, thereby benefitting the business, its shareholders, the communities where it does business, and all the stakeholders affected by the business, including society as a whole.

The BSC model can be used to assess and evaluate business decisions and viable alternatives prior to implementation in order to determine which options are sustainable over time and more likely to lead to long-term value maximization for all relevant stakeholders. Besides business decisions, organizational
rules and norms can also be assessed using the BSC model to make sure the stated policies and guidelines are economical, legal, ethical, and that they lead to socially responsible conducts over time.

**SUMMARY**

Social responsibility is a very important and relevant topic for business today. Moreover, business leaders are expected to lead by values – legal values, moral values, and now socially responsible values. Cognizance of, adherence to, and dealing with the value of social responsibility have become imperatives for business leaders today. The view today is that business should pursue profits, of course, but also that business should strive to achieve social objectives, such as philanthropy, too. Social responsibility, therefore, should now be incorporated into business values, missions, and models by business leaders. Moreover, as the authors have emphasized throughout this work, social responsibility clearly possesses instrumental value, because it can be used in a smart, shrewd, and strategic sense to help the business achieve and sustain successful performance. Social responsibility, therefore, is more than just “mere” or “pure” charity; rather, in a modern business sense, social responsibility is an integral strategic component in the company’s endeavor to achieve and to sustain larger traditional business objectives. Yet, concomitantly and also propitiously, society as whole is benefitted by these social responsibility activities. So, in essence, corporate social responsibility is “smart” business and “good” business – for business, business stakeholders, and society.

**REFERENCES**


Business Briefing (October 26, 2011). Coke adds white, and also bears. *Sun-Sentinel*, p. 3D.


Christopher, John, and Bernhart, Michelle (Fall 2009). Communicate our Values: Social Responsibility as a Recruitment and Retention Strategy. *HR Florida Review*, pp. 8-12.

Chu, Kathy (April 19, 2012). Apple may polish China image. *USA Today*, p. 9A.


Cone, Tracie (October 15, 2009). IHOP egg production under fire. *Sun-Sentinel*, p. 3D.


*Florida Statutes* Section 607.083(3) (2011).

Foreman, Ellen (October 27, 1996). Businesses told they can be ethical and profitable. *Sun-Sentinel*, pp. 1G, 2G.


Hemlock, Doreen (March 11, 2007). It’s all good: Social awareness now a corporate requirement. Sun-Sentinel, Business and Money, pp. 1E, 2E.


Liedtke, Michael (May 13, 2004). Gap vows to end plant abuses. The Miami Herald, pp. 1C, 4C.


Podsada, Janice (October 13, 2011). Handicrafts headed to Wal-Mart’s website. *Sun-Sentinel*, p. 4D.


Ronald McDonald House Charities of South Florida (February 9, 2012). Celebrating Thirty Years. Sun-Sentinel, Special Advertising Section.


Tasker, Fred (September 23, 2010). AIDS, HIV patients getting help from pharmaceutical companies. The Miami Herald, p. 5B.

Tasker, Fred (January 20, 2011). Funding gap threatens AIDS drug help. The Miami Herald, p. 5B.


