

Huamin Research Center, School of Social Work, Rutgers University  
China Philanthropy Research Institute, Beijing Normal University  
Huamin Philanthropy Brochure Series - 13  
November 2015

# Corporate Social Responsibility

Jacqulean Salib, Di Sun, Jiang Wu,  
Xin Wen, and Chien-Chung Huang

# What is Corporate Social Responsibility (CSR)?

Corporate Social Responsibility (CSR) is when a corporation goes beyond making money and engages in actions that results in social good, beyond the interests of the corporation which is required by law (McWilliams, Siegel, & Wright, 2006).

*McWilliams, A., Siegel, D. S., & Wright, P. M. (2006). Corporate social responsibility: Strategic implications\*. Journal of management studies, 43(1), 1-18.*

# Types of Corporate Social Responsibility

There are two types of corporate social responsibility: a Traditional CSR and a Contemporary CSR. In a **Traditional CSR**, a company generates its profits and creates value without much consideration for wider societal consideration beyond shareholders and at times customers. In a traditional CSR they will raise funds and make donations however it has little to do with how they function as a company. In a **Contemporary CSR**, they view responsible behavior as a means to generate profits while living up to society's expectations, CSR is part of their daily business.

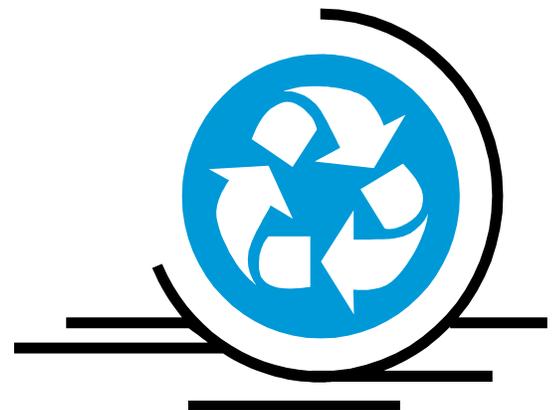
	Traditional CSR	Contemporary CSR
Focus	A way to share or give back	A way to generate profits
Drivers	Image, brand, public acceptance	Performance, markets, products
Actors	Corporation, unilateral philanthropy	Corporation + Multi-stakeholder networks, collaborative value creation
Relation to the bottom-line	Value distribution	Value creation
Orientation	Reactive	Proactive
Motto	CSR is bolt-on	CSR is built-in

*Crane, A., Matten, D., Spence, L. (Eds.).(2014). Corporate Social Responsibility: Readings and Cases in a Global Context. London: Routledge.*

# CSR Examples

- ♦ Supporting charity and philanthropy initiatives
- ♦ Going beyond legal requirements in adopting progressive human resource management programs
- ♦ Not testing product on animals
- ♦ Recycling
- ♦ Preventing pollution
- ♦ Supporting local businesses
- ♦ Endorsing products with social attributes or characteristics

*McWilliams, A., & Siegel, D. (2001). Corporate social responsibility: A theory of the firm perspective. Academy of management review, 26(1), 117-127.*

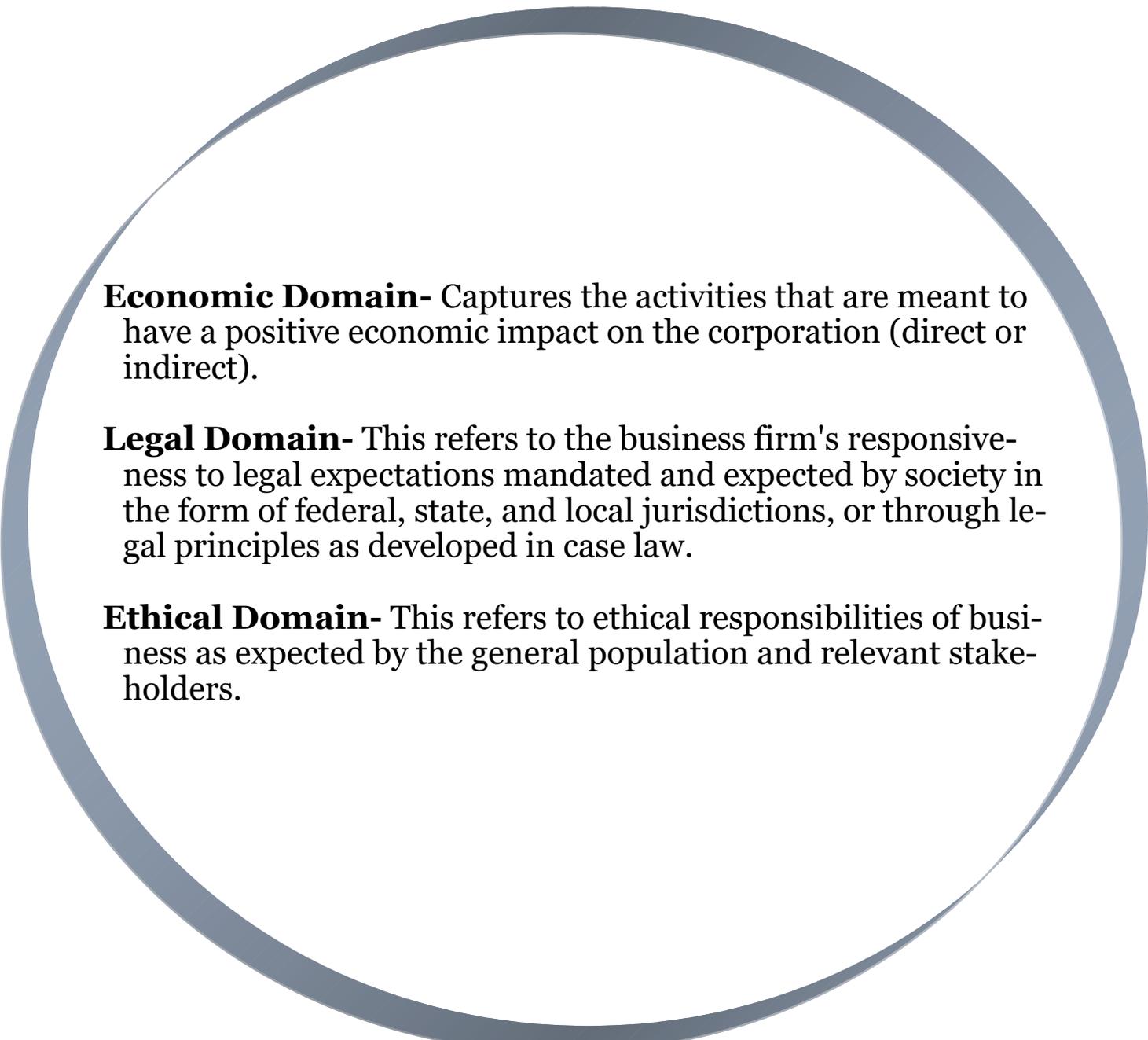


# Historical Development of CSR

- ♦ The concept of corporate social responsibility can be tracked back to the 1960s, when sweeping social and environmental movements began to influence the expectations consumers had of corporate behavior in the United States.
- ♦ Activists began to launch campaigns to demand that corporations treat employees with respect and fairness, create programs of philanthropies to improve the community, and practice environmental sustainability.
- ♦ Consumers came to expect corporation to have moral, ethical, and philanthropic obligations to the local community and – in a larger sense – to the global community.
- ♦ Corporations began to invest time, manpower, and money in order to develop policies, practices and philanthropic programs that addressed serious problems such as poverty, urban blight and crime, educational fairness, access to technology, and economic development in developing countries.
- ♦ In the 1990s, CSR became an established part of corporate culture, influencing the ways corporations communicate with stakeholders and consumers and the ways in which business treat employees, the environment, and communities.

# Domains of CSR

Archie Carroll and Mark Schwartz came up with a three-domain approach to Corporate Social Responsibility that includes the economic, legal, and ethical domain.



**Economic Domain-** Captures the activities that are meant to have a positive economic impact on the corporation (direct or indirect).

**Legal Domain-** This refers to the business firm's responsiveness to legal expectations mandated and expected by society in the form of federal, state, and local jurisdictions, or through legal principles as developed in case law.

**Ethical Domain-** This refers to ethical responsibilities of business as expected by the general population and relevant stakeholders.

*Schwartz, M. S., & Carroll, A. B. (2003). Corporate social responsibility: A three-domain approach. Business Ethics Quarterly, 13(04), 503-530.*

## Benefits of a CSR Include:

- ◆ Responsible businesses attract more investors, reduce their risks and address stakeholders concerns.
- ◆ Creating a better environment while making a profit.
- ◆ Most consumers prefer to buy products from companies that use CSR.

*Haerens, M. (2014). Corporate social responsibility. Farmington Hills, Mich: Greenhaven Press*

## Drawbacks of a CSR

- ◆ Many critics view corporate social responsibility as a ploy that companies use as a means to generate profit.

*Crane, A., Matten, D., Spence, L. (Eds.).(2014). Corporate Social Responsibility: Readings and Cases in a Global Context. London: Routledge.*

# CSR - Responsibility to Stakeholders

It is fundamental to satisfy stakeholders' needs. There is much to be taken into consideration as an organization, while focusing to meet shareholder's satisfaction without satisfying to some degree the needs of other stakeholders. It turned attention to considerations beyond direct profit maximization. In other words, even when an organization seeks to serve its shareholders as a primary concern, its success in doing so is likely to be affected by other stakeholders (Foster and Jonker, 2005; Hawkins, 2006).

Foster, D. & Jonker, J. (2005). 'Stakeholder relationships: The dialogue of engagement', *Corporate Governance* 5(5), 51-57

Hawkins, D. (2006). *Corporate Social Responsibility: Balancing tomorrow's sustainability and today's profitability*. Palgrave Macmillan, New York.



# Implementation of Stakeholder Values

Stakeholders	Values	Actions
Employees	<ul style="list-style-type: none"> <li>• Health and safety at work</li> <li>• Development of workers skills</li> </ul>	<ul style="list-style-type: none"> <li>• Provide a family friendly work environment</li> <li>• Invest in employee development</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Partnership between ordering company and supplier</li> <li>• Selection and analysis system of suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• Engage in fair trading transactions with suppliers</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Production quality</li> <li>• Safety of customer during use of product</li> </ul>	<ul style="list-style-type: none"> <li>• Provide information that is truthful, honest and useful</li> <li>• Products and services provided are safe and fit with their intended use</li> </ul>
Community	<ul style="list-style-type: none"> <li>• Creation of added value to the community</li> <li>• Environmental safety and production</li> </ul>	<ul style="list-style-type: none"> <li>• Encourages employee participation in community projects</li> <li>• Demonstrates a commitment to sustainable development</li> </ul>

*Papasolomou-Doukakis, I., Krambia-Kapardis, M., & Katsiolouides, M. (2005). 'Corporate Social Responsibility: The Way Forward? Maybe Not!'. European Business Review 17(3), 263–279.*

*Longo, M., Mura, M., Bonoli, A. (2005). Corporate social responsibility and corporate performance: The case of Italian SMEs', Corporate Governance 5(4), 28-42.*

# How to Apply CSR to a Business

Instead of viewing CSR as an initiative look at it as a way of doing business. Little steps make a substantial difference.

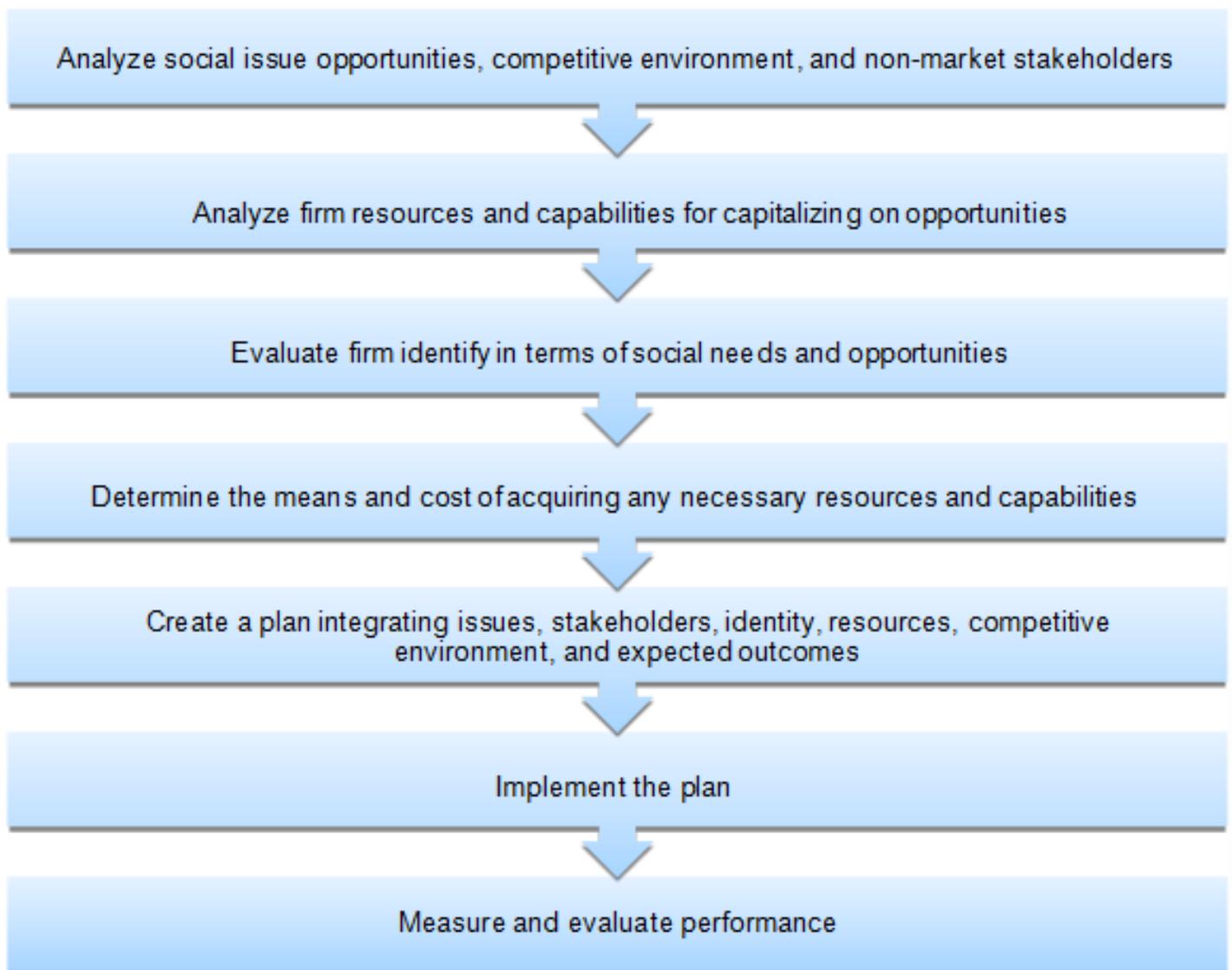
**The Environment-** “Think Sustainably”. Just by doing simple things in your office such as shutting of your computer monitor and recycling paper can help not only the environment and the bottom-line.

**Staff Welfare-** “Invest in your staff”. Get your staff involved, make it a point to hear their opinion and most of all keep them motivated. Employees will do a better job when they feel like they have a purpose and feel like they are helping to make a difference.

**Community-** “Support your local community”. If possible create part time jobs and purchase locally. Support the communities needs and challenges by creating programs and grants.

# Developing CSR strategy

One way to think about the intersection of CSR and Strategy is to focus on the formulation and implementation of a distinct CSR strategy. Typical steps would be a planning phase, an implementing phase, and an evaluation phase, with the last phase potentially initiating a feedback loop to build on successes and learn from mistakes.



*Husted, B.W., & Allen, D.B. (2010). Corporate Social Strategy: Stakeholder Engagement and Competitive Advantage, Cambridge: Cambridge University Press*

**Implementation framework**

When? (Conceptual phase)	What? (Task delineation)	How? (Checkpoints on the journey)
Plan 	1. Conduct a CSR assessment	<ul style="list-style-type: none"> <li>Assemble a CSR leadership team;</li> <li>Develop a working definition of CSR;</li> <li>Identify legal requirements;</li> <li>Review corporate documents, processes and activities, and internal capacity; and</li> <li>Identify and engage key stakeholders.</li> </ul>
	2. Develop a CSR strategy	<ul style="list-style-type: none"> <li>Build support with CEO, senior management and employees;</li> <li>Research what others are doing, and assess the value of recognised CSR instruments;</li> <li>Prepare a matrix of proposed CSR actions;</li> <li>Develop ideas for proceeding and the business case for them; and</li> <li>Decide on direction, approach, boundaries and focus areas.</li> </ul>
Do 	3. Develop CSR commitments	<ul style="list-style-type: none"> <li>Do a scan of CSR commitments;</li> <li>Hold discussions with major stakeholders;</li> <li>Create a working group to develop the commitments;</li> <li>Prepare a preliminary draft; and</li> <li>Consult with affected stakeholders.</li> </ul>
	4. Implement CSR commitments	<ul style="list-style-type: none"> <li>Develop an integrated CSR decision-making structure;</li> <li>Prepare and implement a CSR business plan;</li> <li>Set measurable targets and identify performance measures;</li> <li>Engage employees and others to whom CSR commitments apply;</li> <li>Design and conduct CSR training;</li> <li>Establish mechanisms for addressing problematic behaviour;</li> <li>Create internal and external communications plans; and</li> <li>Make commitments public.</li> </ul>
Check 	5. Assure and report on progress	<ul style="list-style-type: none"> <li>Measure and assure performance;</li> <li>Engage stakeholders; and</li> <li>Report on performance, internally and externally.</li> </ul>
Improve 	6. Evaluate and improve	<ul style="list-style-type: none"> <li>Evaluate performance;</li> <li>Identify opportunities for improvement; and</li> <li>Engage stakeholders.</li> </ul>
Cross-check: One cycle completed 		Return to plan and start the next cycle.

Source: [http://www.iisd.org/pdf/2007/csr\\_guide.pdf](http://www.iisd.org/pdf/2007/csr_guide.pdf)

# Reporting and Auditing of CSR

In this process, it is crucial for stakeholders to find out whether the company has acted responsibly or not. A socially responsible company has to prove to its stakeholders that it is 'doing the right thing'. Companies have long been required to audit and report on their performance, albeit with regard to a very limited range of issues and to just one main stakeholder. The annual report reports on the financial performance of the firm, and is primarily prepared for the purposes of shareholders and, to a lesser degree, governments. However, non-financial reports inform various stakeholders about performance regard to social and environmental issues. (Brown et al, 2009)

## Reasons for reporting and auditing:

### Economic reasons

- ◆ Social and environmental issues might pose a threat to the company's financial performance. In order to manage these risks, companies need to know about them and monitor them over time.

### Political reasons

- ◆ Increased power might call for more transparency and accountability to the public in terms of how the corporation has impacted on society; in the same way that a government might report on its social impacts.

### Integrating demand from stakeholders

- ◆ Increasing transparency and credibility brings more interest into the business.

Brown, D., Dillard, J., & Marshall, S. (2009) 'Triple bottom line: a business metaphor for a social construct', In *Understanding the social dimension of sustainability*, New York: Routledge: 211-230



# Case Studies

## Case Study 1: Starbucks Coffee

**Background:** Created in 1971, Starbucks Coffee made it a priority to have a positive impact on the communities they serve. Starbucks' focus is on certified coffee that helps protect the environment and the livelihoods of farmers in coffee-growing regions. Starbucks works with Fairtrade and other organizations to help purchase their coffee in order to ensure protection of the environment and the livelihoods of farmers. As of 2013 Starbucks grossed a net revenue of \$14.9 billion.

**CSR mission:** Since Starbucks Coffee started in 1971, the company has focused on acting responsibly and ethically. One of Starbucks' main focuses is the sustainable production of green coffee.

**Strategy:** Starbucks created C.A.F.E. Practices, a set of guidelines to achieve product quality, economic accountability, social responsibility and environmental leadership.

**Impact:** Using C.A.F.E Practices, Fairtrade and other organizations that contribute to the purchase of certified coffee have had a significant impact on its workers, the environmental and social conditions on farms that grow their coffee around the world. In 2014 Starbucks Corporation gave \$11.4 million in cash, including \$1.9 million to the Starbucks Foundation, and \$38.8 million in in-kind contributions. Starbucks has also invested in renewable energy and have promoted recycling and using re-useable cups. In order to create a better work place and environment for their employees, communities and farmers, Starbucks continues to innovate and test green practices, they also continue to mitigate the risks to economic, social and environmental stability and advocate for climate legislation through Business for Innovative Climate and Energy Policy (BICEP) and others. Starbucks has committed to hire 10,000 opportunity youth by 2018.

**Source:** <http://www.starbucks.com/responsibility/global-report>

## Case Study 2: Johnson & Johnson

**Background:** Johnson and Johnson was founded in 1886 by three brothers. In 1943, General Robert Wood Johnson came up with the companies Credo Johnson and Johnson currently have over 265 operating companies in more than 60 countries with about 126.5k employees. Along with their family of companies through the years they have transformed the world of health by bringing forth innovative products and surgical procedures such as: sterile surgical dressings and suiters, sanitary protection products, first aid kits, minimally invasive surgeries, hip and knee replacements and so on. In 2014 Johnson and Johnson put approximately \$1 billion worth of products and cash towards over 500 programs that address major health related issues in local communities.

**CSR mission:** Johnson and Johnson's mission is to help people live longer, healthier and happier lives. Johnson and Johnson is constantly researching new ways to improve the health and well-being of people.

**Strategy:** Johnson and Johnson uses its Credo as its basis. The Credo states that the company must be responsible for their customers, employees, communities and shareholders. They believe that good corporate governance results from sound processes that ensure that their directors are well supported by accurate and timely information, sufficient time and resources, and unrestricted access to management.

**Impact:** Most recently Johnson and Johnson has collaborated with global health organizations and government agencies to help regions effected by the ebola epidemic. They are contributing to relief efforts to provide aid to both victims and health workers, they are also working on coming up with a vaccine. During the 2014 FIFA world cup Johnson and Johnson created a blood drive in Brazil which they named the Johnson and Johnson Tour do Carinho, it was the largest blood campaign in Brazil. Since the campaign took off more than 23,000 blood donations were collected, a total that will potentially save up to 93,000 lives. To assure that their organization continues to have a positive impact Johnson & Johnson has teamed up with Practice Greenhealth to survey their different facilities to gain insight on sustainability initiatives and challenges. They also continue to work across their organization to drive more sustainable practices that respond to their customers needs and fulfill their

Citizenship & Sustainability priorities to advance human health and well-being, help to safeguard the planet, and lead a dynamic and growing business responsibly.

**Source:** [http://www.jnj.com/?utm\\_source=bing&utm\\_medium=cpc&utm\\_campaign=J%26J+General&utm\\_term=%22johnson%20and%20johnson%22&utm\\_content=J%26J+General+-+P|mkwid|SpRfKOS5\\_dc|pcrid|5876228707](http://www.jnj.com/?utm_source=bing&utm_medium=cpc&utm_campaign=J%26J+General&utm_term=%22johnson%20and%20johnson%22&utm_content=J%26J+General+-+P|mkwid|SpRfKOS5_dc|pcrid|5876228707)

**Source:** [http://files.shareholder.com/downloads/JNJ/595420100x0x815170/816798CD-60D9-4653-BB5A-50A66FD5B9E7/JNJ\\_2014\\_Annual\\_Report\\_bookmarked\\_.pdf](http://files.shareholder.com/downloads/JNJ/595420100x0x815170/816798CD-60D9-4653-BB5A-50A66FD5B9E7/JNJ_2014_Annual_Report_bookmarked_.pdf)

### **Case Study 3: Hanergy Holding Group Limited**

**Background:** Hanergy Holding Group Ltd. is a multinational clean energy company as well as the world's leading thin-film solar power company, committed to changing the world by clean power. Established in 1994, the company is headquartered in Beijing and has a total of 15,000 employees. It has branches in provinces all over China as well as in the Americas, Europe and the Middle East, Asia-Pacific, Africa and other regions, with core businesses covering hydropower, wind power and thin-film solar power. In the year of 2014, Hanergy Thin Film Power Group Limited made total revenue of 96 billion Hong Kong Dollars.

**CSR mission:** Hanergy aims to create a better world and a better way of life through the development and application of clean energy and the provision of professional services. In order to achieve balanced development and to minimize the big difference between urban and rural compulsory education, Hanergy is committed to the construction of the compulsory education to narrow the gap between schools. Hanergy aims to raise awareness and cares of AIDS and reduces discrimination against HIV patients. Additionally, it advocates a civilized and healthy lifestyle.

**Strategy:** 1. Hanergy thin-film power technology is thin, flexible and multi-applicable film with low cost, lightweight, and non-polluting production, which has been considered the future trend. It allows consumers to take advantage of the technology to generate power. Hanergy thin-film power technology adopts photovoltaic power generation, which can be dispersed using a distributed access to low-voltage distribution network, allow surplus electricity for the Internet and other power consumption. Hanergy cooperates with many multi-industry corporations to put thin-film technology on roofs, vehicles, and moveable power station to improve the comfort of vehicles and effectiveness of environmental protection. A great number of people have been using thin-film technology. Hanergy is about to popularize its thin-film nationwide. 2. Hanergy is dedicated to shorten the gap between urban and rural compulsory education by financially supporting students in rural areas to receive urban education. Hanergy, China Yingcai Scholarship Fund, and The High School Attached to Tsinghua University collectively established the "Raising them up" program. They financially aid underprivileged young talents from poor families to have the same opportunities to receive urban education as urban students do. Hanergy's volunteers went to several provinces in China to advocate and

recruit “Raising them up” students and promote new energy and environmental protection. 3. In 2005, Hnaergy and 20 more other corporations established the China Red Ribbon Foundation and the “Red Ribbon·Care for AIDS” . Two hundred million Chinese Yuan is donated every year to help AIDS orphans. Some “China Red Ribbon Homes” and “Red Ribbon Teaching Buildings” have been built in many provinces. Hanergy is the first corporation that involves the AIDS anti-discrimination in their hiring policy and provides workshops of it. Hanergy has its own volunteer organization. Employees actively participate in disaster relief, donation, and volunteer, which have been concluded as a part of Hanergy’s corporate culture. Hanergy has donated a hundred million Chinese Yuan on philanthropy since 2002.

**Impact:** 1. Many corporations and individuals are benefit from Hanergy Thin Film Power Group Limited, which helps them lessen the pollution and energy consumption, reduce the investment as well. It helps to achieve ecological resources recycling. Consumers and Media are satisfied with compliment. 2. “Raising them up” program has been now successfully carried out twice in the past two years. A total of hundreds of students from poor area received a quality education. Students, parents, scholars, and local authorities have highly praised the program. 3. Michel Sidibé, The United Nations Under-Secretary-General and the Executive Director of UNAIDS, visited Hanergy several times to discuss the important role of business in global AIDS prevention and treatment with Hejun Li as the representative of the chairman of some private entrepreneurs. Mr. Sidibé has also granted Hanergy the honorary certificate of “The outstanding enterprise to actively participate in AIDS prevention”.

**Source:** [http://www.hanergy.com/en/responsibility/res\\_31.html](http://www.hanergy.com/en/responsibility/res_31.html)

## Case Study 4: Amway (China)

**Background:** Amway (China) is a branch of Amway Corporation, the largest global direct sale company of high-quality consuming products. Amway (China) established in 1995. Nowadays, its operational region has been covered 31 provinces in China. In 2013, Amway (China) has reached out a total of 4.7 billion dollars for their yearly sales, which became the largest market among all Amway branches. Amway's products include Nutrilite series, Artistry Skincare series, and personal care items as well as home improvement products. Amway is not a sales company, but also a manufacture company. Additionally, Amway always focuses on charitable works, especially in childcare, environment protection and volunteerism.

**CSR mission:** Amway always believes that "helping others means helping yourself". Amway also understands that rewarding the community and society is part of the corporate responsibility. These believe have been insisted by Amway since 50 years ago. When Amway entered into Chinese market, Amway has kept its tradition and devote itself into charitable works.

**Strategy:** For better realizing its mission, Amway (China) sets children welfare, environment protection and volunteerism as their major charitable programs by communicating with government, clients, staff, partners and social environment mutually. By operating children assistance, developing environment-friendly products and teaming up volunteers, Amway develops its corporate responsibility through charitable works.

**Action:** Amway (China) addresses on partnerships, personal values and responsibilities and achievements. Insisting on honesty and a freedom entrepreneur value are also the image of Amway. Listening feedbacks and communications are the keystones for Amway's operation. Since 2003, Amway started a global "One by One" childcare program. Amway (China) is the leading team in this event compared to other Amway branches. Environment protection, Amway treats it as its own responsibility. The first product of Amway was designed with environment-friendly function. In these years, Amway insists on energy saving and efficiency, realizes environmental manufacture and promotes the concept of environment protection through all kinds of activities and events. Besides, Amway dedicates to volunteerism, where people can find Amway volunteers from all different types

of situations.

**Impact:** Amway (China) has worked with over 3.15 million of children in the “One by One” program. Amway Charitable Foundation was established in 2011, which focuses on children charitable works and events. Additionally, Amway (China) created an environment education program in the year of 2008, “Amway Environment Protection Carnival”. It is a theme park, which educates people on mutual knowledge sharing about environment protection. So far, the carnival has covered 81 cities, 2.1 million people’s participation in China. Lastly, Amway (China) has established over 210 volunteers’ teams with a total of 2.1 million volunteering hours.

**Source:** <http://www.amway.com.cn/activity/CSR.html>

# Resources

- Brown, D., Dillard, J., & Marshall, S. (2009) 'Triple bottom line: a business metaphor for a social construct', In *Understanding the social dimension of sustainability*, New York: Routledge: 211-230
- Crane, A., Matten, D., Spence, L. (Eds.).(2014). *Corporate Social Responsibility: Readings and Cases in a Global Context*. London: Routledge.
- Foster, D. & Jonker, J. (2005). 'Stakeholder relationships: The dialogue of engagement', *Corporate Governance* 5(5), 51-57
- Haerens, M. (2014). *Corporate social responsibility*. Farmington Hills, Mich. : Greenhaven Press
- Hawkins, D. (2006). *Corporate Social Responsibility: Balancing tomorrow's sustainability and today's profitability*. Palgrave Macmillan, New York.
- Hohnen, P. (2007). *Corporate Social Responsibility An Implementation Guide for Business*. Retrieved from: [http://www.iisd.org/pdf/2007/csr\\_guide.pdf](http://www.iisd.org/pdf/2007/csr_guide.pdf).
- Johnson and Johnson. (2014). *Johnson & Johnson 2014 Annual Report*. Retrieved from: [http://files.shareholder.com/downloads/JNJ/595420100x0x815170/816798CD-60D9-4653-BB5A-50A66FD5B9E7/JNJ\\_2014\\_Annual\\_Report\\_bookmarked\\_.pdf](http://files.shareholder.com/downloads/JNJ/595420100x0x815170/816798CD-60D9-4653-BB5A-50A66FD5B9E7/JNJ_2014_Annual_Report_bookmarked_.pdf)
- Longo, M., Mura, M., Bonoli, A. (2005). *Corporate social responsibility and corporate performance: The case of Italian SMEs*, *Corporate Governance* 5(4), 28-42.
- McWilliams, A., Siegel, D. S., & Wright, P. M. (2006). *Corporate social responsibility: Strategic implications\**. *Journal of management studies*, 43(1), 1-18.
- McWilliams, A., & Siegel, D. (2001). *Corporate social responsibility: A theory of the firm perspective*. *Academy of management review*, 26(1), 117-127.
- Papasolomou-Doukakis, I., Krambia-Kapardis, M., & Katsioloudes, M. (2005). 'Corporate Social Responsibility: The Way Forward? Maybe Not!'. *European Business Review* 17(3), 263-279.
- Schwartz, M. S., & Carroll, A. B. (2003). *Corporate social responsibility: A three-domain approach*. *Business Ethics Quarterly*, 13(04), 503-530.
- Starbucks. (2014). *Starbucks Global Responsibility Report 2014*. Retrieved from: <http://globalassets.starbucks.com/assets/ea2441eb7cf647bb8ce8bb40f75e267e.pdf>

# Corporate Social Responsibility

Jacqulean Salib, Di Sun, Jiang Wu,  
Xin Wen, and Chien-Chung Huang,

**Huamin Philanthropy Brochure Series - 13**

**Huamin Research Center, School of Social Work, Rutgers University  
390 George Street, Room 503, New Brunswick, NJ, 08901, USA**

**China Philanthropy Research Institute, Beijing Normal University  
19 XinJie Kou Wai Street, Room 1003A, Haidian District, Beijing, 100875, China**

**RUTGERS**  
School of Social Work



**中国公益研究院**  
China Philanthropy Research Institute