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Article

Corporate social responsibility: Evolution through institutional and stakeholder perspectives

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A B S T R A C T

This article presents a structured review of the literature about corporate social responsibility, from the origins and evolution of the discipline, as a field of research, until the present. A review is also presented on the main contributions of authors and institutions in relation to the promotion of social responsibility, focusing on two complementary trends that have gained prominence as theoretical support: institutional theory and stakeholder approach. Some controversies and discussions generated in the years around the concept are also discussed.

Introduction

The increasing complexity and turbulence of the environment provokes that firms should develop competitive management models aimed not only at obtaining profit margins in the short term, but also to meet the balanced expectations of society and the different stakeholders involved in its activities in the long-term (Crane, Mcwilliams, Matten, Moon, & Siegel, 2008; Solano, Casado, & Ureba, 2015).

Regarding these requirements for companies, corporate social responsibility (CSR)[1] has been proclaimed in recent years as a key tool that helps companies to meet these environmental pressures as well as to improve its competitiveness as a result (Aguilera, Rupp, Williams, & Ganapathi, 2007; Boulouta & Pitelis, 2014; Carroll & Shabana, 2010). The analysis of the concept CSR reveals that for a long period of time, organizations have played a fundamental and exclusive economic function in society, contributing actively in the distribution of goods and services, and the generation of wealth and employment.

However, in recent decades, circumstances such as: (i) the growing number of corporate fiscal abuses and opportunistic strategies in the financial landscape (Sami, Odemilin, & Bampton, 2010); (ii) the increase of social inequalities reflected in the poverty, hunger or discrimination among countries (De Neve, 2009); (iii) the great power held by multinationals (Bouquet & Deutsch, 2008); or (iv) the environmental degradation accused by the planet (Lindgreen, Maon, Reast, & Yani-De-Soriano, 2012), have generated that the parties affected by firm's decisions and outcomes – shareholders, employees, unions, customers, suppliers, citizens, local community, government, etc. – the requirement of a greater commitment and responsibility from organizational activities.

Given these requirements, in accordance with the fundamentals of institutional theory (Dacin, Kostova, & Roth, 2008) and stakeholder perspective (1984), which argue that companies must gain the support of society and the various stakeholders to operate with greater freedom and guarantees of survival, companies are progressively adapting their behaviour and actions, guiding them to a greater commitment to these parts.

Considering the previous frame, this article concentrates its efforts on providing an analysis of the literature on corporate social responsibility, focusing on two main theories (institutional and stakeholder), which have helped to develop, consolidate and internalize this concept and management philosophy as a necessary and

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[1] According to the European Commission, CSR is defined as "the process of integration in the organizational activities the social, environmental, ethical and human concerns from its groups of interest with two aims: (1) to maximize the value creation for these parts, and (2) to identify, prevent and mitigate the adverse effects of firm actions on the environment" (European Commission, 2011: 6).

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crucial for organizational success. The manuscript also examines some controversy around the term corporate social responsibility and its implications for businesses today, thus providing future research lines.

Literature review: origins and foundations, moving towards a change in responsible business model

Research in social responsibility reveals that a large number of scholars have been reflecting on the raison d'etre of a company, and whether it should pursue a dual economic and social function (Friedman, 1970; Galbreath, 2010; Lozano, 1999).

Specifically, the origin of the debate on corporate social responsibility goes back to the early twentieth century, where the intensity where the intensity of increased production merges with the second phase of the Industrial Revolution highlighting Western Europe, United States of America and Japan. In this process, the consolidation of capitalism as an economic philosophy, the first proposals for a welfare state and/or labour shortages reflect some social and labour shortages in the management system (Araque-Padilla & Montero-Simó, 2006).

The situation experienced in this period led authors such as Weber (1922) and Clark (1939) to express the need to educate businesspeople towards a new framework of social responsibility. In these efforts, leading business schools, with Harvard as a reference point, and professional magazines like Fortune have joined in a common purpose: to demonstrate that executives and managers of companies, might achieve a competitive management model through responsible guidance of their actions from an economic point of view (i.e., ensuring the payment of wages for employees, suppliers responsibilities in contracts, reduction of risk for shareholders, etc.). Moreover, it is necessary from a social point of view to identify improvement aims for the common good of the community in which firms operate.

Based on these initial contributions, the first work arose in the fifties, formally defining the concept of social responsibility as '*the set of moral and personal obligations that the employer must follow, considering the exercise of policies, decisions or courses of action in terms of objectives and values desired by society*' (Bowen, 1953: 6).

With this argument Bowen, generally called the father of the term social responsibility, pointed out that companies can have a significant influence on the lives of citizens, and consequently firms should intervene in improving and solving their main economical and social imbalances. Therefore, in addition to considering the economic function, organizations should contemplate the social consequences resulting from their actions. From this work, the concept of social responsibility starts to take on increased interest as a research topic as Carroll (1999) postulates, a work which examines in detail the evolution of the concept, subdividing the decade into different key periods that have helped the progressive institutionalization of this mental attitude of responsibility between business and academia.

Among these works, it is necessary to highlight the ideas of Drucker (1954) who discusses the need to take the factor of public opinion into account in the decision making process of any organization, regardless of size or industry. According to the author, this idea is based on the experiences of multinationals such as Ford and General Motors, which in the mid-50s received much criticism from the press, media and various national regulatory institutions, due to the development of behaviours qualified as 'irresponsible', which had not considered the interest of their communities. These companies had to take further action to regain the trust of these customers (creating channels of communication, collaborating with environmental organizations, implementing a social volunteer programme for employees, etc.). With these arguments Drucker reflects that even major companies are subjected to an environment of wide social pressure, which consequently determine their actions in the market in the long term.

Regarding these ideas, in the early sixties, Davis (1960) contributed to the concept of social responsibility, suggesting that, depending on the number of agents affected by organizational actions, they must look after their interests in order to win their endorsement and support. Therefore, Davis advised that organizations that use their power without worrying about causing impact on the environment might lose the respect and trust of their stakeholders (customers, suppliers, employees, shareholders, etc.), qualities that Davis considers determinants for success and business consolidation. This idea will be developed in literature through the trend termed 'corporate constitutionalism', which contemplates the firm as a social institution that must exercise its power responsibly, with their groups' interest at heart, in order not to be punished and expelled from the market (Davis, 1960).

Since the mid-sixties, Davis (1967) frames the studies of social responsibility as a macro organizational issue that goes beyond internal and technicians' interest of any company. So far, the works published highlight how the assumption of greater responsibility on the part of the companies could improve their results in relation to particular interest groups. However, Davis' proposals suggest the need for organizational activities to be developed in line with the institutional context that surrounds and affects businesses, it being necessary to know what other companies (competitors or firms which belong in the same sector) and institutions require in economic and social terms. This process, according to Davis, is what helps companies to redefine their responsibilities and commitments regarding their agents, who make up their community.

Taking into account the previous contributions, Walton (1967) stressed that social responsibility emerges as a set of actions that managers try to implement for companies to improve their relationship with the broad range of interest groups that make up their environment. In addition, Walton (1967) made a decisive contribution to the understanding of what social responsibility is, and how it can be activated among organizations. In this regard, Walton highlights that the essential ingredient of social responsibility is the degree of voluntariness by business, because such action is not mandatory, and the decision to carry it out involves the assumption of a significant cost and risk, which can affect the success or failure of a business in a decisive way. Therefore, considering the imbalances and the investment required to develop social responsibility actions, authors like Wallich and Mcgowan (1970) added that, with regard to the viability of social responsibility action, which may ensure a company's success, and to conduct their activities without restrictions, they must maintain a balance between the economic and social interests of their stakeholders.

The contributions examined in the fifties, sixties and early seventies help academics to understand the role that social responsibility plays in the adjustment process of the company, with the environment and with stakeholders.

In the eighties, as Carroll (1999), Garriga and Melé (2004) and Lee (2008) reflect, there is a great theoretical dispersion that aims at analyzing the benefits and advantages of implementing actions in terms of social responsibility by firms.

After considering this large body of approaches, this study, unlike the study of Carroll (1999), is focused on the analysis of social responsibility from two disciplines that, although separated, have evolved in parallel, and can provide a better explanation of the need to internalize socially responsible behaviour by firms in response to environmental pressures: the institutional theory (Fernández-Allés, 2001; Meyer & Rowan, 1991; Scott, 2007); and the stakeholder theory (Freeman, 1984; Freeman, Harrison, Wicks, Parmar, & De Colle, 2010).