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Approaches to the evaluation of Corporate Social Responsibility

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Abstract

The evaluation of corporate social responsibility (CSR) becomes the problem. The practice demonstrates that currently there are methods, standards and initiatives that allow evaluating this state. The question is which approach is the right one, because his choice may depend from the findings "whom and to what purpose the evaluation serves", from the object and subject of the evaluation, as well as from the knowledge of current trends in the evaluation. The aim of this paper, based on an analysis, is to identify appropriate approach to evaluating the CSR of the company. The CSR concept is closely connected with ethical, environmental and social audit, sustainable development, management, philanthropy and various forms of donation. De facto, CSR offers a set of principles and values on which is possible to build a more cohesive society and to establish the transition to a sustainable economic system.

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1. Introduction

There are many approaches how to define corporate social responsibility (instrumental theories, political theories, integrative theories, ethical theories), since this area does not have clearly defined boundaries and is based on a voluntary basis of the company.

First definition of corporate social responsibility came from the fifties of the 20th century. In 1953, Howard Bowen, the first theorist of corporate social responsibility, in his book *Social Responsibilities of the Businessman* stated (Bowen, 1953): "*Social responsibility is a commitment of entrepreneurs to seek strategies to make such decisions or carry out such activities, which are desirable in terms of goals and values of our society*". In the 1966

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Keith Davis and Robert Blomstrom in their book *Business and its Environment* defined social responsibility as (Davis, Blomstrom, 1966) "a person's obligation to consider the effects of his decisions and actions on the whole social system". The breakthrough came at the end of the sixties and seventies of the 20th century, when with the influence of turbulent social change in western society were created definitions, they were less emphasized on the personality of manager and more focused on the interaction between company and socio-economic system. The proof is the definition from 1973, which is based on the idea of good neighborliness (Eilbert, Parket, 1973): "Perhaps the best way to understand social responsibility is to think of it as good neighborliness". The concept involves two phases. On one hand, it means not doing things that spoil the neighborhood. On the other, it may be expressed as the voluntary assumption of the obligation to help solve neighborhood problems. In the eighties of the 20th century interest was transferred from the general theory in social responsibility on empirical research on corporate social responsibility. As a result of efforts to operationalization was its fragmentation, which has led to the creation of several alternative concepts like social business performance, business ethics, stakeholder theory, or public policy. From the eighties comes definition of T. M. Jones, focusing on a theory of stakeholders (Jones, 1980): "Corporate social responsibility is the notion that corporations have an obligation to constituent groups in society other than stockholders and beyond that prescribed by law and union contract. Two facets of this definition are critical. First, the obligation must be voluntarily adopted; behavior influenced by the coercive forces of law or union contract is not voluntary. Second, the obligation is a broad one, extending beyond the traditional duty to shareholders to other societal groups such as customers, employees, suppliers, and neighboring communities".

At the beginning of the 21st century contributed to the definition of corporate social responsibility voluntary associations of business responsibly companies (Business in the Community; Business for Social Responsibility, ...), NGOs (World Business Council for Sustainable Development; The Canadian Centre for Philanthropy; Pontis, ...) and the European Union (Green Paper; European CSR Strategy).

Corporate social responsibility comes in many different shapes and sizes (Carroll, 1979; Buciova, 2008; Dahlsrud, 2008; Kuldova, 2010; Remisova, 2011; Lorinczy, Sroka, Jankal, Hittmar, Szanto, 2015), but it usually be categorized into three areas (Elkington, 1994): the first is economic; the second is social and the third is environmental. Alexander Dahlsrud (Dahlsrud, 2008) in his work "How Corporate Social Responsibility is defined: an Analysis of 37 definitions" identified five main areas of CSR: environmental, social, economic, stakeholders and voluntariness. He found that four of these five areas appear in 80% of the definitions and at least three of the five areas are in 97% of the definitions. For the needs of fulfillment of the aim of this paper, it will be based on the approach of Alexander Dahlsrud (2008). The reason for this choice is also the fact that companies that wish to successfully develop their activities are forced to engage all key partners into the corporate social responsibility (stakeholder), including all links of the production process, item of providing quality products and services, transparent company management (economic), care of employees (social), environmental protection (environmental) and cooperation with the local community (voluntariness).

Nowadays the evaluation of individual items of corporate social responsibility has been recently becoming the problem despite the fact (Jankalova, 2013), that there are currently methods, standards and initiatives which enable to measure this status (Business Excellence models, Dow Jones Sustainability Index, FTSE4Good Index, Ethibel Index, Global Challenges Index, MSCI World ESG Index, DAXglobal Sarasin Sustainability Germany Index EUR, Global Challenges Index, STOXX Global ESG Leaders, STOXX Sustainability Indices, Dax Global Alternative Energy Index, Stox Europe Christian Index, Hang Seng Corporate Sustainability Index, UN Global Compact principles, Global Sullivan Principles, OECD guidelines for multinational companies, Ethical Trading Initiative Base Code ...). The problem is not the lack of these approaches, but the fact that not every approach can measure the state of CSR in each area, i.e. in environmental, social, economic, stakeholder and voluntariness. The aim of this paper, based on an analysis, is to identify appropriate approach to evaluating the CSR of the company. Because of the many approaches to the evaluation of corporate social responsibility, this paper reviews only the selected approach as sustainability indexes.

The paper is organized as follows: section 2 describes the theoretical background (studies) on structure, purpose and application of sustainability indexes; section 3 describes the methodology approach; section 4 review the findings about secondary data on structure, purpose and application of sustainability indexes; section 5 is the conclusion and discusses the appropriate approach to evaluating the CSR activities of the company.

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