CORPORATE SOCIAL RESPONSIBILITY REVIEW

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Abstract

This research paper represents a literature review of corporate social responsibility (CSR), as it has evolved and their use and impact in several countries. As a consequence of competitive markets, several entities must endeavor to reveal a picture of themselves as highly socially responsible enterprises***. The increment in academic and practitioner interest in "Corporate Social Responsibility (CSR) has led the development of a set of definitions regarding the concept and their application" (Jamali and Mirshak 2007). The term is not a new concept (Taneja, Taneja and Gupta, 2011) it was developed since 1950´s. Nowadays, several literature presents substantial evidence that CSR activities can play a significant role in enhancing a firm's value (Mahfuja, 2013). In this scenario, the following paper examines the broad progress of the ideas behind the concept though its origins and evolution in a country focus approach, practices implementation and literature available from different authors over the time. Also, we outline a set of core elements that many scholars associate this term with and finally we develop a special focus towards the stakeholders approach among all theories available on this matter.

Keywords: Corporate Social Responsibility, Stakeholder Approach, Corporate Social Performance, Corporate Citizenship

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***Uddin & Shigeru: Corporate Social Responsibility and Financial Performance Linkage: A Preliminary Study for the Conceptual Framework (2009)

1 Introduction

The CSR is a concept that has attracted worldwide attention around the world and acquires a new resonance in the global economy[7] besides, it has become one of the dominant themes in business over the last few years (Gross & Roberts 2011). Although the concept of CSR has been studied for decades and it is commonly used by corporations around the world on how CSR should be defined and implemented remains a contentious debate in several fields. It has been center of considerable debate, commentaries, theory building and research on a variety of disciplines including economics, political science and sociology and numerous fields in management, including strategic management, organizational behavior, environmental management, psychology, marketing, risk and finance (Mc Williams, Siegel, & Wright, 2006).

It is important to indicate that CSR has developed and evolved in both academic as well as practitioner communities around the world (Carroll & Shabana, 2010). "Heightened interest in CSR in recent years (Morimoto, Chris, & Jhon) has stemmed from the advent of globalization and international trade, which have reflected in increased business complexity and new demands for enhanced transparency and corporate citizenship" (Jamali & Mirshak, 2007).

Another definition of CSR according Ricardo F. Garcia (2012) is that must be understood as a philosophy and an attitude that takes the enterprises into business and that is reflected in the voluntary incorporation in its management procedures of the precautions and expectations of their stakeholders with a long-term vision.

In today's global economy, corporate social responsibility is a core component of corporate strategy. Due to financial scandals, losses, and the diminished reputation of the affected listed companies. It is emerging as a crucial instrument for minimizing conflicts with stakeholders (Becchetti, Ciciretti, & Hasan, 2009). Since many authors agree that organizations are increasingly concerned about how their actions affect environment and social welfare (Sprinkle and Maines, 2010) there is a reasonable need to be extremely knowledgeable of stakeholder perspectives and their preferences for particular CSR activities and social and community initiatives[8].

Some firms choose to implement CRS strategies focus in social aspects, since most large companies, and even some medium or smaller (SME) ones now,

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[7] *Kakabadse, Rozuel, & Lee-Davis: Corporate social responsibility and stakeholder approach: a conceptual review (2005)*

[8] *Munro, 2013: Stakeholder Preferences for Particular Corporate Social Responsibility (CSR) Activities and Social Initiatives.*

feature CSR reports, managers, departments or at least CSR projects, and the subject is more and more being promoted as a core area of management, next to marketing, accounting, or finance[9]. In addition Munro (2013) states that consumers are increasingly interested in the origin of products and; the transparency of the supply chain.

Besides, from an economics perspective, enterprises would be expected to engage in such activities related to CSR, if the perceived (measured or unmeasured) benefits exceeded the associated costs in the view of the decision-making entity[10].

According to Shubham & Shruti (2014) the goal of CSR is to cuddle responsibility for the company's actions and persuade a positive blow through its actions on the surroundings, consumers, employees, communities, stakeholders and every member of the general public sphere. Additionally, CSR-focused businesses would proactively advance the general public profit by cheering community growth and progress, and volitionally eliminating practices that harm the general public sphere, in spite of lawfulness.

Following this introduction, we first outline a view through several concepts of corporate social responsibility among the literature available reviewing the history behind the term and then, we highlight review the stakeholder model approach (Korschun & Sen, 2009).

2 Origin and evolution

The theory that enterprises have some responsibilities to society beyond that of making profits for the shareholders has been around for centuries but, the first attempts to define CSR appeared in the United States during the 1950s, but studies on the subject had already been published in the 1920s, as a consequence of the debate on the need for company managers to take into account not only shareholders' interests but also other stakeholders' interests[11]. Due to the Great Depression of the 1930s and the Second World War this debate remained secondary. It was therefore only during the 1950s that the CSR debate became the subject of an important number of studies. Definitions of CSR began to proliferate in the 1970s, and the overall trajectory was towards an emphasis on social performance – CSP (Carroll 1999; Sethi 1975)[12].

The 1980s produced fewer new CSR definitions of the concept, more empirical research, and the rise and popularity of alternative themes (Carroll, A & Shabana, K 2010). In 1990s, CSR was generally

limited to corporate philanthropy (Tripathi & Bains, 2013), however formal attention to Corporate Social Responsibility (CSR) strengthened from 2000 onwards, with a growing recognition of a number of international voluntary regulations, codes, guidelines and several initiatives for example: the Global Reporting Initiative (GRI), the UN Global Compact, the Principles for Responsible Investment (PRI), the Dow Jones sustainability index and (2010) the International Integrated Reporting Committee (IIRC) to mention a few.

Table 1 presents selected academic definitions of CSR and also critical questions with regard these definitions.

We proceed to present a compilation of corporate social responsibility practices in different countries around the globe; besides some definitions often could differ as they represent historical and social differences between countries. Indeed, certain definitions underline a particular theme because it is more relevant in that particular state; at other times the concept of CSR reflects the level of economic and, therefore, social development of a country[13] **See Table 2.**

Now CSR is an important concept and has traversed from being focused on social issues and collectivism to being involved with transparency, accountability and corporate citizenship. (Sharma & Kiram, 2013).

3 The concept of corporate social responsibility

Several different authors have tried to develop and define the concept of CSR. For instance, Cannon (1992) "discusses the development of corporate social responsibility via the historical development of business involvement leading to a post-war re-examination of the nature of the relationship between business, society and government"[14]. The social responsibility of business considers the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time (Carroll, 1979). The concept was examined and discussed in depth resulting in the emergence of several CSR models and debates on the managerial consequences of CSR and introduce important concepts of Business Ethics and Corporate Social Responsiveness" (Carroll, 1999)[15].

Although various definitions had been developed, the one proposed in 2007 for the Corporate Social Responsibility Forum held in Spain state that Corporate social responsibility is apart from the strict

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[9] *Crane, Dirk, & Laura J., 2008: Corporate social responsibility: readings and cases in a global context. Available at SSRN: http://ssrn.com/abstract=1667081*
[10] *(Morrison & Seagel, 2006: Corporate Social Responsibility and Economic Performance.) Avaliable at SSRN: http://ssrn.com/abstract=900838 or http://dx.doi.org/10.2139/ssrn.900838*
[11] *Sustainable development through the global impact (2007)*
[12] *Carroll, A. B., & Shabana, K. M. (2010). The business case for corporate social responsibility: a review of concepts, research and practice. International Journal of Management Reviews, 12(1), 85-105.*

[13] *Vergalli & Poddi, 2009: Does Corporate Social Responsibility Affect The Performance of Firms? Retrieved from http://ssrn.com/abstract=1444333 or http://dx.doi.org/10.2139/ssrn.1444333.*
[14] *Moir, L. (2001). What do we mean by corporate social responsibility?. Corporate governance, 1(2), 16-22.*
[15] *Kakabadse, N. K., Rozuel, C., & Lee-Davies, L. (2005). Corporate social responsibility and stakeholder approach: a conceptual review. International Journal of Business Governance and Ethics, 1(4), 277-302.*

application of all the current legal obligations (done by the company), the voluntary integration of social, working, environmental and human rights observation concerns, that arise from the relationship and transparent talks with its stakeholders, into its government and management, strategy, policies and procedures, in a way that the enterprises takes responsibility for their act and impact of their actions.

Table 1. Scholars defining CSR

Scholars	CSR Definitions	Critical Questions / Dilemmas
Bowen (1953)	"What responsibilities to society may businessmen reasonably are expected to assume? [CSR] refers to the obligations of businessmen to pursue those policies to make those decisions or to follow those lines of action, which are desirable in terms of the objectives and values of our society" Interest in politics in the welfare of the community, in the education, in the happiness of its employers and in fact in the whole social world about it. Therefore business must act justly as a proper citizen should.	What present a "reasonable" or unreasonable" expectations of businessmen? What if the objectives and values of our society are irresponsible? How does business combine "interest in politics" with being an impartial, responsible citizen?
Frederick (1960)	"Social responsibility in the final analysis implies a public posture toward society's economic and human resources and a willingness to see that those resources are used for broad social ends and not simply for the narrowly circumscribed interest of private persons and firms"	Why is "social responsibility" only a public posture toward resources? What about intangible matters of CSR?
Sethi (1975)	Social responsibility implies bringing corporate behavior up to a level where it is congruent with the prevailing social norms values and expectations of performance"	How does it address business influences on "social norms, values and expectations of performance?
Carroll (1979)	"The social responsibility of business encompasses the economic, legal ,ethical an discretionary expectations that society has of organizations at a given point in time"	What to balance society expectations with business responses? Does it imply that business only responds to expectations?
Drucker (1984)	The proper social responsibility of business is to tame the dragon that is to turn all social problem into economic opportunity and economic benefit into productive capacity into human competence into well-paid jobs, into wealth	What about non-tangible, non-economic benefits? How to measure these opportunities?
Wood (1991)	Argues that the basic idea of corporate social responsibility is that business and society are interwoven rather than distinct entities	How does society evaluate business social responsibility if being interwoven it may be influenced by business irresponsibility?
Mc Williams and Siegel (2001)	CSR is situations where the firm goes beyond compliance and engages in actions that appear to further some social good beyond the interest of the firm and that which is required by law	What are the boundaries of "some social good"? How to address potential disparity between different social groups understanding of "some social good"?
Kottler and Lee (2005)	"Corporate social responsibility is a commitment to improve community well-being through discretionary business practices and contributions of corporate resources"	Does this exclude business organization's internal wellbeing?
Hopkins (2007)	CSR is concerned with treating the stakeholders of the firm ethically or in a responsible manner. Ethically or responsible means treating stakeholders in a manner deemed acceptable in civilized societies. Social includes economic responsibility. Stakeholders exist both within a firm and outside.	How to define universally acceptable benchmarks of civilized societies? How to represent nature as valid stakeholders? What constitutes "higher and higher standards of living"?

Table 1. Scholars defining CSR - Continued

Scholars	CSR Definitions	Critical Questions / Dilemmas
Freeman (2008)	Propose to replace ―corporate social responsibility with an idea of company stakeholder responsibility. "Company" signals that all forms of value creation and trade, all businesses need to be involved. "Stakeholder" suggests that the main goal of CSR is to create value for key stakeholders and fulfill our responsibilities to them. And "Responsibility" implies that we cannot separate business from ethics.	How organizations can achieve higher levels of commitment towards this new CSR? How is possible for executives and business thinkers to begin applying this approach?
Tanguy, and Joan (2009)	Their research seeks to question the corporate responsibility (CR) department alignment with the business model of the company to provide (related to CSR) some insights concerning the strategic focus of the CR department, the necessity or not to align the CR department to the business model of the company, and the ability to incorporate CR into the organization as competitive advantage from a specific business strategy.	Should companies have a specific business model in order to foster the CR concept? Should the CR department always obey to long-term considerations focus in CSR?
Visse (2010)	Using the metaphor of a computer analogy, CSR 2.0 is about global commons, innovative partnerships and stakeholder's involvement. He states that CSR 1.0 was about ''one size fits all'' meaning standardization, accountability through external certifications and listing companies at sustainability ranking lists, whereas CSR 2.0 is about decentralizing the power to shared local panels of stakeholders, real-time reporting and social entrepreneurship	What corporate principles are capable to reflect this new concept?
Korschun et al (2014)	This study examines frontline employee responses to corporate social responsibility (CSR) using a multisourced data set at a Global 500 financial services company.	Perceived management (employee and customer) support for CSR and organizational identification?
Cheng et al (2014)	Their papers focus in that better access to finance can be attributed to a) reduced agency costs due to enhanced stakeholder engagement and b) reduced informational asymmetry due to increased transparency.	whether superior performance on corporate social responsibility (CSR) strategies leads to better access to finance

Source: adapted from Russell (2010 p 44-47)

Table 2. Corporate social responsibility: practice country wise focus

Country	Author	Sector	CSR Practices
Europe	Furrer et. al. (2009)	Education	Business students attribute more importance to environmental CR and less importance to social CR than managers
Europe	Steurer (2010)	The role of governments in CSR characterizing public policies.	CSR started out as a neo-liberal concept that helped to downscale government regulations but that it has in turn matured into a more progressive approach of societal co-regulation.
Germany and UK	Silberhorn, D. and Warren, R.C. (2007)	CSR view from big companies	German companies could benefit more from demonstrating a broad business-driven understanding of CSR.
Finland	Kapoor and Sandhu (2010)	Compares CSR practices of forest company a cooperative bank and a retail cooperative	The local corporate social responsibility should be in balance with global corporate social responsibility. Companies have still much work to do for good "corporation citizenship"
Turkey	Melsa (2008)	CSR in several sectors in the country	Corporate social responsibility (CSR) practices in Turkey by exploring the role of the economy, state and societal culture.

Table 2. Corporate social responsibility: practice country wise focus - Continued

Country	Author	Sector	CSR Practices
Asia	Cahpple and Moon (2005)	CSR Web site Reporting	Multinational companies are more likely to adopt CSR than those operating solely in their home country.
India	Murthy (2008)	Top Software firms	Corporate social disclosure practices of the top 16 software firms in India. Firms had different motives/reasons for reporting the different attributes of CSR.
India	Kapoor and Sandhu (2010)	Impact of Corporate Social Responsibility on Financial Performance	Bi-Dimensional model.
India	Kiran and Sharma (2011)	Health , education and environment	Investment in CSR initiatives vary according to the firm size.
Indonesia	Arli and Lasmono (2010)	Consumers perception of CSR	Consumers are often unaware and unsupportive towards CSR. But when consumers have to buy similar products with the same price and quality, CSR could be the determining factor.
Chinese	Ramasamy and Yeung (2009)	Consumers perception of CSR	Economic responsibilities are most important while philanthropic responsibilities are of least importance.
Japan	Fukukawa and Teramoto (2009)	Multinational companies	Japanese business is not keeping up with corporate social responsibility practices and it needs to achieve a more global mode of transparency and accountability.
Mexico	Muller and Kolk (2009)	Auto industry	Local companies do engage in the type of CSR activities commonly associated with CSR in developed countries
United States, Europe and Asia	Hill (2007)	Company stock market valuation	European countries and United Stats represented in this study are best characterized by horizontal individualism. Thus, their possible impact on socially responsible investing may be very different than Asian investors.

Source: Sharma & Kiram, 2013: Corporate Social Responsibility: Driving Forces and Challenges.

There is increased public demand today for more integrity and transparency in the way a corporation and its internal functions are administrated. There is also demand for accountability[16]. According to Crowther, D., & Aras, G. (2008) there are some principles such as Sustainability, Accountability, and Transparency. It is, therefore, necessary to be able to identify the "activity", and we take the view that there are basic principles, which together comprise all CSR activity.

- Sustainability: This is concerned with the effect about "action taken" in the present has or could has impact in the future (such as consequence positive or negative). "Environmental practices, management strategies, long-term financial management, and innovation are the key concepts that provide clarity and an ease of application for businesses seeking a comprehensive CSR strategy"[17]. If resources are the utilized in the present, then they are no longer available for use in the future, and this is of particular concern if the resources are finite in quantity.

- Accountability: Related on recognizing that its actions could affect the external environment and therefore assuming responsibility for the effects of its actions. CG is an umbrella term (Shleifer and Vishny 1997; Becht et al. 2003; Bebchuk et al. 2009) which, in its narrower sense, describes the formal system of accountability of corporate directors to the owners of companies. This concept focus in quantification of the effects of actions taken, both internal and external to the organization.

- Transparency: Related to the external impact of the enterprise actions can be ascertained from that organization`s reporting and pertinent facts are not disguised within that reporting. "Besides, a corporations' reputation is based on key factors such as transparency, honesty, whether it treats employees well and is a good corporate citizen (Edelman, 2011)"[18].

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[16] *Ghosh, A., & Chakraborti, C. (2014). Beyond Corporate Social Responsibility: Ethics in Action. Global Virtue Ethics Review, 6(4).*

[17] Massachusetts Institute of Technology. (2009). The business of sustainability: Findings and insights from the first annual business of sustainability survey and the global thought leaders' research project. MIT Sloan Management

Review. Retrieved from http://www.mitsmr-ezine.com/busofsustainability/2009#pg1

[18] Edelman. (2011). Edelman Trust Barometer Global Deck. Retrieved from http://www.edelman.com/trust/2011

Running a business in a socially responsible manner whereby the business (Gopal, 2010) can undertake ethical practices in employment and labor by improving workplaces; is involved in building local communities and communicates with concerned communities regarding the consequences of its policies and products, invests in building social infrastructure, contributes to a cleaner environment, its protection and sustainability and finally how contributes by way of its corporate governance to economic development at large.

Stakeholders include not only employees, but also investors, shareholders, customers, business partners, clients, civil society groups, Government and non-government organizations, local communities, environment and society at large[19] (internal and external groups). The Figure 1 shows a matrix about stakeholder.

Sharma & Kiram (2013) states corporate social responsibility as a concept whereby companies integrate social, environmental and health concerns in their business strategy (policy) and operations and their interactions with stakeholders on a voluntary basis. An interesting point by Mortazavi, Pirmouradi, & Soltani (2013) defines CSR as the responsibility of an organization for the impacts of its decisions and activities on society and the environment through transparent and ethical behavior that is consistent with sustainable development and the welfare of society. CSR also could be known or associate as corporate social performance, sustainable business, sustainable responsible business, corporate responsibility and corporate citizenship. Besides, it is an integral component of the operations of a company whereby it voluntarily could contribute to society in terms of economic, environmental, ethical and social investment. **(See Figure 2)**

Following the review, Basu & Guido (2008) analyzed three fundamental lines of CSR enquiry prevalent in the academic literature they might be characterized as:

- **Stakeholder driven:** CSR is understood as a company´s response to the specific demands of largely external stakeholders such as governments and consumer lobby groups concerning a firm's operations, or concerning to generalized social concerns.
- **Performance driven:** emphasizes in the relation between external expectations and a firm's concrete CSR actions, focusing on measuring the impact and effectiveness of these actions (Wood, 1991) as well as determining which activities might be best suited to deliver the potential performance.

Motivation driven: examines either the extrinsic reasons for a firm's "CSR engagement such as

enhancing corporate reputation" (Fombrun, 2005), preempting legal sanction (Parker, 2002), managing risk (Fombrun, Gardberg & Barnett, 2000; Husted, 2005), generating customer loyalty (Bhattacharya & Sen, 2001 and 2004) among other reasons.

4 Core elements of corporate social responsibility

The core elements of CSR are:

4.1 Beyond the Law

One characteristic on which academics agreed by the 1970s and many authors nowadays is that CSR is about going "beyond the narrow economic, technical, and legal requirements of the firm" (Davis, 1973, p.312; Carroll, 1999). Mortazavi et al (2013) highlight that aspect, stating that: "Corporate social responsibility is concerned with the ways in which an organization exceeds the minimum obligations to stakeholders specified through regulation and corporate governance".

4.2 Long-term perspective

"The second characteristic of CSR is that it is part of a long-term perspective of economic gain that may not be financially measurable but may provide a valuable asset for future profitability, and eventually for "social power" (Davis, 1973; Carroll, 1999). This idea is reminiscent of the concept of sustainability, i.e., business does not pursue only short-term profits, but rather a multitude of goals which all combine to guarantee business's survival and prosperity in a changing environment". (Kakabadse, Rozuel, & Lee-Davis, 2005).

CSR must be designed, executed and evaluated in line with strategic criteria, following the same guidelines as for any other vital interests of the company. It must also be integrated with the organization's mission. It should not be a sham, or a set of tasks that diverts the organization away from its core business activities[20].

4.3 Accountability to stakeholders

A third characteristic of CSR is the idea that business is accountable to various stakeholders who can be identified and have a claim, either legally mentioned or morally expected, on the business activities that affect them (Frederick, 1987; Mitnick, 1995; Jones, 1999). The assumption that firms have responsibilities to shareholders is usually not contested, but the point is that because corporations

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rely on various other constituencies such as consumers, employers, suppliers, and local communities in order to survive and prosper, they do not only have responsibilities to shareholders (Crane, Dirk, & Spencer, 2008)

Figure 1. CSR – Stakeholder Matrix

ACTOR	PROCESS	OUTCOME
Private sector	Practice CSR	More efficient business, greater share price long - term business success
Non profit organizations	Putting CSR in practice by stakeholder dialogue and consultation	Meaningful change in corporate behaviour
Government	Light - touch regulation	Help organizations to tacke sustainability
Local Inhabitants	Positive stakeholder relationship created by CSR	Less Negative impact on local inhabitant and more positive involvement of the community
General public	Transparency created by CSR	Better quality society
Supplier	Through suplly - chain: pressure from larger corporations	SME participation in CSR
Employee & Staff	Positive stakeholder relationship created by CSR	Motivated, engaged, involved, trained and committed workforce
Clients	Pressure on corporations	Better quality of good and services
Shareholders	Active social responsible investment	Create market for CSR. Greater share prices.

Source: Adapted from (Morimoto, Chris, & Jhon) Corporate social responsibility audit: from theory to practice.

Figure 2. Cyclical matrix of corporate social responsibility

Source: Gopal, K., & Chopra, P. (2010). Corporate social responsibility in a global economy.

4.4 Social contract

In relation to stakeholder arguments, CSR is also often associated with the theme of the 'social contract' or alternatively of 'license to operate' (Kakabadse, Rozuel, & Lee-Davis, 2005). In that perspective:

"A corporation is defined as an entity created and empowered by a state charter to act as an individual.

This authorization gives the corporation the right to own, buy and sell property, to enter into contracts, to sue and be sued, and to have legal accountability for damages and debt only to the limit of the stockholders' investment." This definition alone gives a scary taste of what corporations could do if they operate 'free of any moral restraints'. But the idea of a license to operate implies that society allows business

to operate assuming that it will behave fairly and show accountability for its actions beyond legal requirements[21].

4.5 The notion of power

Finally, some authors of CSR argue that "the source of this responsibility is based on the power and influence that organizations have, which leads them to cause, both directly and indirectly, internal or external moral effects in society" (L'Etang, 1995). Wilson (2000, p.13) explains that CSR is related to various layers of behavior, whose extremes are, on the one hand, "the basic need to meet commonly accepted ethical principles of 'good behavior'", and on the other hand, "an insistence that corporations have a social responsibility to help solve social problems […] they may have, in part, created, and that most certainly affect their performance". He Defines CSR as a 'set of new rules' somewhere in between these two positions, which specifies society's ethical expectations, and which relates to the themes of legitimacy, governance, equity, the environment, employment, public-private sector relationships and ethics (Wilson, 2000). The rule of legitimacy for Wilson implies that "to earn and retain social legitimacy, the corporation must define its basic mission in terms of the social purpose it is designed to serve rather than as the maximization of profit" (Wilson, 2000, p.13). See figure 2.

5 The stakeholder approach

Extant research indicates that CSR initiatives are successful in generating returns to the company to the extent that they develop strong and enduring relationships with stakeholders (Waddock and Smith, 2000). About the stakeholders, Mitchell et al. (1997) built a theory of identification and salience by bringing together three important social science concepts to characterize stakeholders: power, legitimacy, and urgency, which they labeled or stablid stakeholder attributes. It is important to indicate that stakeholder salience was defined as ''the degree to which managers give priority to competing stakeholder claims'' (1997).

In that sense, Maignan and Ferrell (2004) propose that the degree to which stakeholders develop a bond of identification with the company is based upon the extent to which CSR initiatives address issues that are important to the stakeholder group. "While relationships and the benefits that drive these relationships have received little attention in the CSR literature, the importance of developing strong and enduring relationships with stakeholders by providing those benefits has solid footing in both stakeholder

theory and relationship marketing". (Korschun & Sen, 2009)

Stakeholder theory by itself is not enough in order to ensure the long term competitiveness of the firm. It has to be incorporated into a conceptual framework and an operational management strategy (Ogrean et al., 2008). "One of the main aspects that the different definitions of and approaches to CSR contain is the fundamental role that stakeholders play in a company. Regarding this, in recent years, numerous authors have analyzed the relationship between stakeholders and CSR. This is known as the stakeholder approach presented by Freeman in the 1970´s". (Server & Capó , 2011)

A stakeholder-oriented approach to CSR emphasizes that organizations exist within large networks of stakeholders, all of which stake claims on organizations. Within the organization, the interests of these various stakeholders meet and interact with one another and the interests of the organization. When organizations face demands from stakeholders to recognize the importance of CSR, they generally translate those demands into CSR objectives and develop CSR policies for the stakeholders[22]. It is no surprise then, that a proactive organization able to recognize these varied interests will therefore engages with its stakeholders in other to acquire the ethical right to access those resources.[23]

This approach begins by looking at various groups to which the corporation has a responsibility based on that they are typically analyzed into primary and secondary stakeholders[24], for example, Clarkson (1995, p. 106) defines a primary stakeholder group as ``one without whose continuing participation the corporation cannot survive as a going concern'' with the primary group including ``shareholders and investors, employees, customers and suppliers, together with what is defined as the public stakeholder group: the governments and communities that provide infrastructures and markets, whose laws and regulations must be obeyed, and to whom taxes and obligations may be due'' (p. 106). The secondary groups are defined as ``those who influence or affect, or are influenced or affected by the corporation, but they are not engaged in transactions with the corporation and are not essential for its survival''.

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[21] Mortazavi, Pirmouradi, & Soltani: Corporate social responsibility. *Journal of behavioral sciences in Asia* (2013)

[22] *Wong & Jamilah: Incorporating stakeholder approach in CSR (2010)*
[23] *Uzoma: CSR stakeholder engagement and Nigerrian Tobacco manufacturing sub- sector (2012)*
[24] *Moir: What do we mean by corporate social responsibility (2001)*

Figure 2. Core elements of Corporate Social Responsibility

Source: Adaptation of Mortazavi, Pirmouradi, & Soltani: Corporate Social Reponsibility: 2013

The importance of stakeholders can be determined by their relative power, legitimacy, and urgency (Mitchell, Agle, & Wood, 1997). The overall logic is that CSR increases the trustworthiness of a firm and so strengthens relationships with important stakeholders (e.g., increases employee satisfaction), which decreases transaction costs and so leads to financial gain (e.g., decreased employee turnover, more eager talent pool, union avoidance)[25]. According to Freeman (1978), there are two basic principles on which the stakeholder approach to management is based: The first states that the main objective is to get the maximum global cooperation between all stakeholders to achieve the organization's objectives. The second states that the most efficient strategies to manage the relationships with stakeholders, involve effort that has to be simultaneously applied to other matters that affect multiple stakeholders.[26]

The stakeholder approach has been used to explore the ethical consequences on stakeholders of managerial action[27]. Freeman (2008) "proposed four different ways in which scholars had applied the stakeholder approach to business ethics: as a normative theory, which posits that managers ought to take into consideration the interests of all stakeholders; as a descriptive theory, which limits itself to describing how managers in fact treat stakeholders; as an instrumental theory, which takes the position that managers who take into consideration stakeholders' interests will enjoy better firm performance; and finally, as a managerial theory, that is, as a guide to managerial action".

Therefore, stakeholder management tries to integrate stakeholders in the business decision-making processes of the company. Instead of focusing on a generic responsibility, in specific matters or in the principle of public responsibility, this approach is focused on stakeholders or the people that affect, or are affected by, company policies and practices (Garriga and Melé, 2004). The stakeholder approach encourages management to develop strategies to identify and invest in all the relationships that will ensure long-term success. This helps to "explain the success and influence of the stakeholder concept within the fields of business ethics and business and society" (Freeman & McVea 2001).

Mitchell et al. (1997) develop a model of stakeholder identification and salience based on stakeholders possessing one or more of the attributes of power, legitimacy and urgency. Agle et al. (1999) confirm and complement that the three attributes do lead to salience. Thus, firms would pay most attention to those legitimate stakeholder groups who have power and urgency in order to identify the impact in their activities. In practice "this might mean that firms with problems over employee retention would attend to employee issues and those in consumer markets would have regard to matters that affect reputation" (Moir, 2001). On the other hand, states that Stakeholder dialogue potentially offers a fruitful approach to managing stakeholder relations (O' Riordan & Fairbrass, 2008).

Besides, the research made by Korschun et al., (2014) can be viewed as examining the intersection of three corporate constituencies: society, employees, and customers (type of stakeholders). Through such a mechanism, firms and their stakeholders can participate in a process, which allows them to constructively air their views, and contribute to a debate about the potential shape and extent of the

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[25] *Barnett, 2005: Stakeholder Influence Capacity and the Variability of Financial Returns to Corporate Social Responsibility. Avaliable at SSRN: http://ssrn.com/abstract=853086*
[26] *Server & Capó: The interrelationship between the demands of Corporate Social Responsibility and coperative principles and values (2011)*
[27] *Freeman & Velamuri: A New Approach to CSR: Company Stakeholder Responsibility (2008)*

social responsibilities to be shouldered by the firms. By entering a dialogue about the possible social, economic, and environmental obligations of pharmaceutical companies, business managers may find ways of identifying, evaluating, addressing, and balancing the demands of their stakeholders.

6 Conclusions and comments

This paper it is part of the doctoral proposed[28] and has reviewed a broad understanding of what is meant by corporate social responsibility how and why business might undertake such behavior through studying country wide literature on the matter. In view of the increasing pressure by society for companies to assume responsibility and increase competitiveness, it is important to use Corporate Social Responsibility strategies into business policies.

Currently, corporations in the global economy are strengthening their commitment to respecting human rights, social and environmental accountability, ethical control and promoting sustainable development through their services, processes, products and relationships. Corporate social responsibility in an international economy entails aligning a company's activities with the social, economic and environmental expectations of their 'stakeholders'.

This research has focused attention on a stakeholder approach based on the original work of Freeman's stakeholder theory and was complemented by the Carrol and Agle studies. In fulfilling CSR obligations, organizations are expected to develop a strong relation with their stakeholders through various initiatives and activities.

Our purpose is to outline why stakeholder perspectives and preferences represent a great interest and importance for corporations wishing to gain stakeholder acceptance, understanding and respect (impact in the reputation) and why this should be examined across different markets and countries. Benefits resulting from applying CSR as part of the business strategy will be a significant competitive advantage if each company seeks an exclusive position, establishing strong relations with the stakeholders in order to reinforce their competitive position.

In conclusion, companies should make social responsibility to their environment have a better perception of image. In addition, the company should not see social responsibility as an expense but as an investment.

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[28] *Doctoral thesis introduction, focus in Strategy management in CSR, Stakeholder and Risk (reputation). Besides the paper was present in the* Conference: *SMS - Strategic Management Society Conference From Local Voids to Local Goods: Can Institutions Promote Competitive Advantage? Santiago de Chile, Chile in March 2015*

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