Corporate Social Responsibility and Management in a Glocal Context

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INTRODUCTION

Corporate Social Responsibility (CSR) – both as a concept and an adopted practice – is ubiquitous and in widespread use by international, national and local corporations, and supporters, skeptics, and critics alike. It is also a growing area of concern and practice for businesses, in particular in relation to challenges such as poverty, sustainable development goals, climate change, environmental issues, and a range of diverse ethical issues. More recently the issue of corporate social irresponsibility has emerged and will be tackled here briefly in the next section (Section 1) and in the section on solutions and recommendations (section 4).

This chapter reviews the literature and the main problems related to corporate social responsibility, to identify the most important current challenges and their relevance to management and business information systems. Sustainability and social responsibility tools - such as the Global Compact, Global Reporting Initiative (GRI), SA8000 standards and ISO 26000 standards - have drawn our attention.

In the first section, we review the literature on the CSR concept and its context. In the second section, the focus is on the discussion of CSR issues. In the third section, the discussion focuses on the problem of communication, internal management of knowledge, stakeholder participation and management of information and knowledge systems. Finally, the last section emphasizes the main challenge for the near future.

BACKGROUND

The Concept of CSR

It is important to talk about Corporate Social Responsibility (CSR), this is a fundamental concept for the most part of corporate decisions (Cochran, 2007), when we look at the relations between them and society. Its definition has been developing, with many proposals from academics, commentators, consultants, companies, civil society and governmental organizations.

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When investigating different ways of defining CSR, Banerjee (2008) concludes that, in relation to companies, in all we find three aspects: they must generate wealth, attending to environmental and social issues; should behave ethically, revealing high integrity and transparency, and they must engage with the community in which they carry out their activities, improve their well-being and support them through philanthropy or other means at their disposal.

“Firms are stepping up their environmental and social performance because investors are asking for it” (Dyck, Lins, Roth, Wagner, 2019). Studies such as that of Hou (2019) conclude that “socially responsible firms can achieve financial results superior to those of firms which do not pursue CSR initiatives”. Other authors consider firms are “being socially responsible”, they will have a tendency to experience minimized shareholder wealth and lower profits, which restricts the socially responsible investments (Lin, Law, Ho, Sambasivan, 2019).

For the outside observer, CSR is an opportunity for the company to self-regulate, to monitor its activities, and to respect the spirit of the law, ethical standards, and international norms, with positive impacts on the environment, consumers, and all other interested parties (Torrecchia, 2013).

Since the beginning of the first decade of the twenty-first century a growing number of companies have published SR reports or social responsibility reports. The writing and publication of CSR reports end up defining the company’s responsibility to the stakeholders, highlighting its values and building a relationship of trust.

Tanimoto (2015) reinforces accuracy, credibility and comparability of information as, if each company provides information according to its own criteria, it will not be possible to compare information between companies and justifies the role of the Global Reporting Initiative (GRI) to ensure the validation and certification of SR reports and adds yet another challenge: national governments should control the existence of such reports, believing that they can increase value for business and confidence levels to stakeholders.

Miguel, Jorge, and Candas (2017), in favor of social responsibility, consider that companies with better CSR performance have fewer funding constraints and suggest that for those corporations CSR may be considered as a lever for their reputation in the market and for their differentiation from competition, which is favorable not just for attracting institutional investors but also for fostering existing relationships with the main credit institutions.

Large companies, under pressure from representative entities of society, join the social responsibility (SR) in various ways, responding to various social demands (Torres, 2005). Because of this, some take ownership of social discourse and are an influence for other organizations by adopting or reproducing the same discourses and practices that are being disclosed as good and positive practices in social and environmental areas.

The existence of several stock indexes, whose listed companies have to meet a series of demanding conditions in areas such as environment and social governance prove that financial markets value these matters. In the United States, the Dow Jones Sustainability Index emerged in 1999 and the FTSE4GOOD in the United Kingdom emerged in 2001.

In 1999, the UN Secretary-General launched an initiative, which, in terms of SR, sought to make a commitment among the entities of all countries, challenging companies to adhere to and implement within their action the principles and values of human rights, working conditions, the environment and anti-corruption actions. It is the Global Compact which aims at companies to consider in their strategies and operations 10 principles (Global Compact Network Portugal, 2011).

Among the existing codes, principles, and norms in the SR domain, we summarize some initiatives:

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