

# Chapter 66

## Corporate Social Responsibility (CSR): Theory, Regulations, and New Paradigms in the Framework of Sustainable Development Strategy

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### ABSTRACT

*CSR is a driver unanimously recognized by companies. This is more important looking to the Horizon 2020 objectives, in which CSR will play an important role. However, at present, there are a lot of theories and regulations about CSR, which are controversial, complex, and unclear. In this confusing landscape, a critical element emerged: the importance of social enterprise as key. The authors, after a brief summary about the main CSR theories and the principal normative aspects to frame the issue, focus their attention on new sustainable models, with particular referring to the social enterprise. The authors base their starting idea on national CSR approach and support their hypothesis of CSR by bringing examples from various countries (United States, Switzerland, Germany) and from important companies. In their conclusion, the authors clarify their idea about the correct CSR approach, introducing the concept of the Gross National Happiness (GNH).*

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## INTRODUCTION

Since the second half of the last century, the debates concerning the CSR theory were numerous (Bowen, 1953; Levitt, 1958; Friedman, 1962; Ackerman, 1973; Evan and Freeman, 1988; Freeman, 1994; Lee, 2008). Initially, this “tool” has been adopted by businesses only as “interface” towards external stakeholders needed of some social input. Today, the CSR represents a key driver for a sustainable innovation: in fact all the modern companies focus their attention not only towards economic objectives, but also towards other kind of these (environmental impact, social address, sustainable and rural development linked to the management of territories and productive contexts, etc). In this sense, the CSR could be considered as a “new behavior” that transform the company’s approach regarding the modern market and the stakeholder.

The CSR is based on the valuations, resources and needs of social significance; it is directed to the creation of economic, human, social, and environmental integrated value in long term. This has been confirmed by the crisis period that has underlined the flaws of the modern economic model and society. Nowadays, in fact, the European Union (EU) is faced with an unprecedented crisis. Originated in the United States of America (USA), the financial crisis soon became global through complex and subtle contagion mechanisms.

Much has been written about how the financial sector has indulged in mindless risks and how this and the resulting fiscal deficits have seriously afflicted the economy (Allen et al., 2010; Stiglitz, 2010; Battiston et al., 2012). The financial crisis has brought dramatic consequences for economies and societies. Various questions emerge about responsibility for the crisis and, implicitly or explicitly irresponsibility; the obligations to take responsibility for the costs and other adverse effects of the recession; and the nature of responsibility for social welfare and business probity in future national and global governance (Herzig & Moon, 2013). EU’s economic and monetary union, understood as a hybrid governance model seeking the reconciliation between centralized monetary policy and national fiscal policy, is subject to many controversies and debates.

In this context, the concept of the CSR and, in particular, the social enterprise as an alternative business model has arisen as a response to the relentless and never-changing economic and political swings. In the last 30 years or more, numerous studies have been dedicated to the relationship between CSR and financial performance (Cochran & Wood, 1984; McGuire et al., 1988; McWilliams et al., 2000; Barnett & Salomon, 2006; Ducassy, 2012). This relationship still gives rise to debate and the results remain controversial, although recent surveys of the available literature give the upper hand to a generally positive relationship between these two variables (Orlitzky et al., 2003; Margolis et al., 2007). Through the CSR application, the enterprises aim to become more competitive, producing wealth and operating in compliance with the environment and the interests of consumers (Margolis et al., 2007). In other words, an enterprise that has a series of objectives, outside the income production, will be more stimulated to reach them implementing and creating new methods and tools helping this purpose. In fact, using the old approach of the company (that linked only to the economic objectives) there is not great space to creativity and inventive because the instruments to reach economic scopes are more or less the same. Instead, through the CSR approach, it is possible to stimulate proper mind to create particular and innovative ideas to reach all the objectives. Inevitably this behaviour will bring a competitive advantage in the market. Moreover, we have to consider that many people give to charities, invest in socially responsible funds, consume “green products” (products that protect the environment and replaces artificial ingredients with natural ones), supply their blood, or give their time and sometimes even their lives for

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