An Overview of the Main Strategies and Approaches to CSR

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Abstract

Globalization has induced increased competition between organizations which have to find new ways to obtain a competitive advantage. Investing in Corporate social Responsibility may be one of them, killing two birds with one stone as it also favours a sustainable development and the welfare of people. This paper examines the different possible approaches of CSR and the results that can be achieved by making CSR part and parcel of the strategy of an organization.

Keywords

corporate social responsibility; stakeholders; strategies

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Introduction

In a context of globalization and increased competition, corporate social responsibility (CSR) may offer a competitive advantage for a number of enterprises and organizations, even more so as the public opinion is better and better informed and more sensitive to issues of social justice, respect of human rights or protection of the environment. The European Commission defines CSR as a voluntary approach permitting to "satisfy fully the applicable legal obligations, but also to go beyond them and to invest more in the human capital and the environment" (CCE, 2001:7). CSR consists in being "engaged, in close cooperation with stakeholders, in a process destined to integrate preoccupations in social, environmental, ethical, human rights, consumer matters in commercial activities and strategy" (CCE,2011:7). In this context, the formalization of a policy of CSR is part of a logic of control (Trevino and Weaver, 1999) in order to answer better the pressure exerted by the different stakeholders (Mercier, 2001).

The academic literature about CSR is abundant, notably because the subject is not a recent one (Bowen, 1953). There are also many press issues, professional books, internet sites or societies devoted to the question of CSR with the aim of providing enterprises and organizations expertise on the subject, even more so as CSR is developing fast thanks to institutional investors such as pension funds and big listed companies. The question is then to investigate what sort of CSR approach an organization can adopt for what sort of strategic objective. The question was raised by a group of actors in the medical and social sector about a research project on CSR carried out in retirement homes and nursing services at home. In order to try and answer this question, we will first analyze the different approaches proposed by referentials and guides of good practices in CSR most commonly used to rank the degree of integration of stakeholders and their holistic nature. We will then propose a typology of CSR approaches made up of four categories, more or less strategically ambitious, that can be implemented depending on the vision and objectives of the management. Finally different strategies integrating stakeholders, within the framework proposed, will be analyzed.

1. What degree of integration of stakeholders in CSR approaches?

This first part attempts at a typology of CSR approaches made up of four categories: technical, total, hybrid, linked and integrated.

1.1. A technical CSR: focus on the « customer » stakeholder in an operational dimension
We have chosen to use the phrase "technical CSR" to name approaches which have to conform to a small number of engagements, concentrating on only one of the three aspects of CSR. Technical CSR deploys a technical and customer approach permitting organizations to show how they implement the principles of CSR. But this type of approach does not necessarily permit to explain why the management decided to embrace CSR in the first place. In other words the principles are not necessarily integrated into the strategy but may only be the object of some control of conformity by the managers and personnel without any hierarchical responsibility. Technical CSR considers the conformity of the good (produced or bought) with reference to a number of rules or norms present in a guide of good practices or a certification referential. For example:
- The norms of the Ecolabel referential (European label) to prove that cleaning products used respect the environment;
- The purchase of food products from equitable trade (Max Havelaar) to show the organization's respect for individuals;

- The norms of the certification referentials for High Environmental Quality (HQE in France and BREEAM in the United Kingdom) to show that the buildings support sustainable development.

The management of CSR according to this approach is limited to measures that are easily quantifiable to ensure a degree of conformance. A good is deemed to be socially responsible if it groups a maximum of characteristics and performance identified in the referential or guide chosen. This approach also privileges a particular stakeholder; the customer and the consideration of his/her satisfaction increasing the degree of perceived responsibility of the organization. For example organic products little by little are used in collective catering prompted by public opinion. In this approach however the perception of CSR remains limited as it is restricted to the control of the good or service offered in organizational practices.

In this case, the technical approach of CSR refers to a number of dimensions of the good translatable into measurable variables. Consequently CSR is perceived as a characteristic that cannot be separated from the product and the objective as it is defined through a number of indicators chosen by the organization itself. As for the customer orientation, CSR is a combination of attributes deemed to provide greater customer satisfaction. As this customer approach considers aspects of the good that can evolve with the needs of the market, it is not devoid of criticism. Indeed two problems arise:
- The first one is practical: how to aggregate the different expectations of the customers in a few attributes? It seems impossible unless there be a panel of suppliers and sub-contractors compiling labels and certifications covering the diverse expectations of the customers, which is rather impracticable;
- The second one resides in the distinction between the characteristics and the attributes characterizing the responsibility from the point of view of the customer and the responsibility from a technical point of view. For example a hospital can offer its patients organic buns for breakfast but containing palm oil; or organic asparagus but cultivated in Kenya. These discrepancies show the limits of a technical approach of CSR.

1.2. Total CSR: integration of all the stakeholders in a strategic dimension

We have chosen to call "total CSR" the approaches granting the same interest to the three aspects of CSR (economic, social, environmental) in their operational, organizational and strategic dimensions. Total CSR applies to the whole of the organization, concerns all jobs and hierarchical levels. It relates essentially to approaches implemented within the framework of the ISO 26000 standard (Doucin, 2012), to an approach sustained by a 'social balance sheet' or certain social gradings.

"Total CSR" follows the logic of the Triple Bottom Line developed by Elkington (1997) taking into account financial results, social results and environmental results. The author sets three postulates: enterprises cannot only focus on economic performance, which would be to the detriment of essential stakeholders such as customers, personnel and suppliers. This choice would create dissatisfaction, a degraded image and a loss of trust on the part of the majority of stakeholders. An organization cannot either focus exclusively on the social aspect of CSR to the detriment of its economic performance, risking jeopardizing its development or even its survival. Finally organizations do not have interest in focusing only on an environmental strategy. In such a case, their image would improve in the eyes of the various stakeholders (customers, investors, media, etc.) but to the detriment of good short-term economic results and also with the risk of creating misunderstandings among people who might feel neglected in favour of an "environmental fashion".

The integration of the customers is done through the detection of their implicit and explicit expectations, and the consideration of the cost constraints in the valuation of the services

offered to meet their expectations. The integration of personnel and other stakeholders is accomplished through various policies of human resource management, communication, etc. making of CSR a key success factor. This choice implies the definition and implementation of a better effectiveness of management systems and a better control of performance thanks to the mobilization, the commitment of all the functions (production, administration, etc.) and the integration of external stakeholders (suppliers, etc.). The notion of responsibility thus acquires a strategic dimension while not neglecting the question of resources.

Total CSR thus covers different approaches; technical ones (not incompatible with ISO 26000), production ones and value ones destined to all stakeholders to ensure its strategic deployment.

- The production approach consists in involving essentially the management and the personnel in seeking performance through a better design and implementation of social responsibility. The means used in this case are essentially centered on control in order to reduce failures, lacks, inadequacies, and also costs due to wastage. With the production approach, CSR shows the capacity of the organization to realize services conforming to CSR norms in the best conditions of effectiveness and efficiency. This approach is thus coherent with a quality approach and the search for an improvement of the production systems;
- The value approach concerns other stakeholders: customers but also potential investors, consumer associations, banks, the media and the public. It integrates at the same time satisfaction and the perceived value of the service offered thanks to two elements: the reduction and control of costs through the improvement of the social performance and the improvement of the price-quality ratio perceived by the customer and other stakeholders interested in this characteristic of the service offered (consumer associations, the media, etc.)

Total CSR presents nevertheless certain difficulties as its design and implementation suppose:

- To consider more systematically the creation of potential rather than immediate results (for example hiring disabled workers)
- To reconsider the whole organization and change practices while dealing with resistance to change among personnel.

1.3. Hybrid CSR: mix of technical and total CSR

A hybrid CSR does not systematically integrate all the dimensions of CSR but is more integrated into the strategy. Hybrid CSR, like total CSR, refers to production and value approaches but only centered on one of the aspects of CSR, for example ISO 14000 certification for the environmental aspect or SA 8000 for the social one.

The main advantage is to give a strategic role to CSR. However limitations are many:

- Like for total CSR new managerial practices need to be implemented finding a balance between immediate results and the creation of potential through the CSR strategy;
- A partial strategic vision of CSR (more social or more environmental) oriented towards a limited number of stakeholders reduces the reach of the objectives and actions.

1.4. Linked and integrated CSR

"Linked and integrated CSR" refers to the concept of what Morin (2004, 2005) calls "reliance" consisting in sharing and exchanging "respected differences" between stakeholders relying on an ethics of "living together" (Morin, 2005) in order to establish relationships based on trust and inter-relationships, exactly as is suggested in a permanent

system of exchanges with stakeholders. So "reliance" represents the result of what is linked and what links (Le Moigne, 2008). For example a retirement home is linked to its residents in a contractual manner, but the values of respect and freedom of the human being also link the staff and the families. "Reliance" teaches that the juxtaposition of actions which do not take into account situations in their full complexity (Larrasquet, 2000a, 2000b) does not permit to solve problems in the long term, which is contrary to CSR and sustainable development. A linked and integrated approach is consequently systemic, complex and holistic; it is an ideal which supposes at least:

- The development of an organizational culture oriented towards CSR with shared values supported by the management being the touchstone of the organization;
- The definition of strategic objectives and implementation of concrete responsible actions going beyond the requirements of regulations and norms;
- An robust interactive organizational control (in the sense of Simons, 1995) permitting a co-construction of change animated thanks to tools considered as "frontier objects", that is a real infra-structure of knowledge in the sense of Star and Greisemer (1989);
- The integration of all the expectations of all the stakeholders in the definition of the strategy and the formulation of actions conceived in systemic terms for the short, medium and long term. This implies the implementation of devices to be able to listen to them and exchange with them regularly;
- The simultaneous evaluation of the economic, social and environmental aspects and not independently as suggested by total CSR. The linked and integrated CSR also implies the possibility to compensate results between the different aspects.

This type of CSR strategy permits to spread information in order to reduce the information asymmetry between enterprises and their stakeholders. Reporting is in this case an instrument of communication and dialogue with all the stakeholders (internal and external) having a contractual relationship or not (Roberts, 1992).

On the basis of this typology the next part analyzes CSR strategies and the place given to stakeholders.

2. Manipulating stakeholders or integrating them into the strategy

We examine here the different strategies that can be adopted by organizations within the framework of the approaches identified (technical, total, hybrid, linked and integrated). This will bring to light two strategic approaches: manipulation or real integration of stakeholders.

2.1. Different types of CSR strategies
Carroll (1979, 1999) identifies four strategies that can meet stakeholders' expectations in terms of CSR: reactive, defensive, accommodating, proactive. Each strategy is analyzed according to the types of responsibility defined by the author (economic, legal, ethical, discretionary – i.e. implicit social expectations) and their degree of integration, which corresponds to the hierarchy of the approaches presented above:

- The reactive strategy refuses all kind of CSR and then does not implement what the stakeholders expect;
- The defensive strategy accepts the idea of some CSR but defines and implements only the minimum of what stakeholders expect (which can be the case of the technical CSR);
- The accommodating strategy integrates CSR and tries to implement what the stakeholders expect (this is the case of the total CSR and the hybrid one);

- The proactive strategy anticipates the requirements and expectations of the stakeholders, it defines objectives and implements actions going beyond what stakeholders require (this is the case of the linked and integrated CSR).

CSR strategies are all the more developed as the market for standards has been expanding over the last years. In this context, Savage and Cataldo (1998:117) distinguish between two big types of strategy that can be implemented within the framework of a policy of CSR founded on the respect of norms: substantial strategies and symbolic strategies. Substantial strategies modify at the same time the medium and long term objectives and operational practices (organization, methods, norms and work protocols, communication) so that the organization can conform to the values of all or some stakeholders. Conversely, symbolic strategies aim to impose to the stakeholders or have them accept the objectives and practices. In this case, the organization does not seek to adapt to the expectations of the stakeholders, hence the temptation to hide certain practices or to develop a window-CSR. The philosophy of the management can orient the strategy towards one or the other formula proposed by Savage and Cataldo giving rise to several questions:
- Is the policy related to the tenets of CSR, that is the voluntary implementation of responsible civic practices capable of preserving the well-being of everybody? And does it have as an objective to answer the economic, social and environmental issues of the organization while integrating the expectations of the various stakeholders?
- Or is the CSR policy conducted under the pressure of principals or other stakeholders? Is it implemented only to improve performance or maintain it by following the sector's practices? If so, does it just aim at conforming to what is expected, or manipulating the stakeholders in the sense of Oliver (1991:157), that is "influencing (…) or controlling the institutional pressures and the evaluations".
The following two points analyze these two cases.

2.2. A strategy that manipulates stakeholders?
The strategy's ambition may only be to conform to the expectations of stakeholders without supporting the values of CSR. We may recall that "being socially responsible not only means satisfying fully the legal obligations to be applied, but also move beyond and invest more in the human capital, the environment and the relationships with the stakeholders" (Green book of the European Commission 2001:7). It is in this perspective that Elkington (1997) proposes to implement in a continuous way the triple bottom line to favour an evaluation which is at the same time economic, social and environmental.

Di Maggio et Powell (1983) identify three sources of constraints : coercive laws and regulations, non-coercive norms but influencing organizational choices as conformance becomes unavoidable and mimetism towards organizations considered as models to imitate in a VUCA (volatility, uncertainty, complexity, ambiguity) environment. We can only note that many organizations operate in an environment presenting at the same time these three types of constraints, hence the temptation to manipulate the values of CSR and consequently the stakeholders. For example in France, the big listed companies are obliged to publish social and environmental information according to the law on the New Economic Regulations of 2001. This type of obligation can easily be used as an instrument to give a socially responsible image to the organization (O'Donovan, 2002).

Deciders thus develop a strategy to legitimate "practices of lobbying and attendance to monitoring committees defining norms (…). The social communication and evaluation presented in this context are the result of symbolic actions aiming at creating an image, a reputation showing the social status of the enterprise in a context of information asymmetry. The signals emitted by the firm are relayed by the media shaping the

judgment of the public and influence the stakeholders and contribute to the process of institutionalization of the social responsibility". (Capron and Quairel, 2002: 28). There can be a real communication strategy (Hooghiemstra, 2000) in order to manipulate CSR and stakeholders through visible actions shaping the reputation of the organization (Fombrun et Shanley, 1990), or legitimizing the practices of organizations (Scuchmann, 1995) and ensuring the adhesion of the stakeholders to the strategy.

2.3. Integrating stakeholders into the strategy

According to Acquier (2008: 9), it is necessary to "go beyond a perspective centered on the selection of issues which could be more or less strategic by nature to raise the question of the types of expertise and modes of action permitting to integrate CSR approaches into the strategic proposal of the enterprise". The most common referentials (ISO 26000, 14000, etc.) lay the stress on the satisfaction of the primary stakeholders (i.e. with whom the organization has contractual relationships), notably the owners, the customers and the personnel. These stakeholders are invited to take part in the monitoring process based on a group of indicators permitting more transparency. These indicators are only meaningful if they are linked to the strategy (Bollecker, Mathieu, Clementz, 2006; Meyssoniert and Rasolofo-Distler, 2008). They can be developed in a more interactive control (Simons, 1995). Then reporting is a real means of communication with the various stakeholders. The management wishing to integrate all the stakeholders (consumer associations, the media, society as a whole) will have to overcome the difficulties of conciliating the different, and sometimes incompatible, expectations of the stakeholders. Arbitration will be necessary, that will not satisfy everybody. Davenport (2000) proposes to use the Delphi method to consider a score of major expectations identified through listening to sixty representatives of five different stakeholder groups. The criteria retained by the author remain general (e.g. high standards of behavior towards employees) but can be a guide for the management in their choices.

Table 1: Simplified Panorama of CSR approaches and strategies

	Technical CSR	Total CSR	Hybrid CSR	Linked and integrated CSR
Stakeholders considered	A few	All	A few	All
Approaches adopted	Technical Customer	Technical Customer Value Production	Technical Customer Value Production	Technical Customer Value Production Reliance Systemic Complex Holistic
CSR aspects covered	1 or 2	3	1 or 2	3
Examples	HEQ Certification Organic, Max Havelaar, etc. Labels	ISO 26000 Social balance sheet	ISO 14000 SA 8000	Goes beyond laws, regulations and norms of total CSR
Evaluation of CSR objectives	No object	Bad results on one aspect compensated by good ones on the others		Compensation of bad results impossible
Type of strategy	Defensive	Accommodating and substantial		Proactive and substantial
Possible traps for the strategy	Risk of symbolic strategy and use of CSR as an instrument			None possible (ideal type)

Conclusion

Governance includes the relationships entertained with the different stakeholders, and also the principles and rules to limit the actions of the management. Within this perspective organizations can operate their vision of CSR notably thanks to:
- An approach (technical, total, hybrid, linked and integrated) which shows the degree of integration of CSR into the strategy;
- A strategy (reactive, defensive, accommodating or proactive as regards CSR) which may manipulate or integrate stakeholders and translates the vision and the philosophy of deciders as regards CSR. The recognition of the transverse and multidimensional nature of CSR permits little by little to recognize its strategic character (Dejean and Gond, 2004).

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