Contrasting a Conceptual Model for Strategic Corporate Social Responsibility Implementation: a Spanish Case-Study

Uruburu A[1], Moreno-Romero A, Fernández L, Prieto-Remón T

Abstract This paper discusses the application of a global Corporate Social Responsibility policy to the Spanish subsidiary of a large automobile parts firm. By focusing on the most relevant aspects of our self-developed conceptual model, this study provides an insight and an evaluation of the main issues that were raised in the process of implementing this policy. Results based on employees' perceptions have allowed the authors not only to improve the reference framework but also to re-design other related, but broader research.

Keywords: Strategic CSR, Internal CSR, CSR Conceptual Model, Organizational Culture

1.1 Introduction

The development and implementation of Strategic Corporate Social Responsibility (SCSR) policies in companies still presents certain problems that require further investigation. A literature review revealed that there is a lack of practical approaches regarding the areas such as the main SCSR drivers, the key SCSR success factors and the interpretation of SCSR returns.

Therefore, we have developed an explorative case-study methodology that helps not only to better identify and understand these issues but also to assess some of the relevant academic aspects that have been highlighted.

The theoretical reference framework is described in the next section. Section 1.3 presents the research design. Results and discussions are explained in Section 1.4. Finally, conclusions and further steps are included in Section 1.5

---

[1] Ángel Uruburu (✉)

Organizational Engineering, Business Administration and Project Managemnet Department.
Industrial Engineering School, Technical University of Madrid
e-mail: angel.uruburu@upm.es

1.2 Conceptual Model

We propose a model based on a previous study of this subject (Moreno et al.; 2010). Five key elements are identified regarding SCSR implementation: *departure* and *arrival points*, *route*, and the *social* and *environmental impact*. The route element is subdivided into the following three factors: *stakeholders, organisational culture* and *relevant issues*.

The reference model is intrinsically dynamic. The key elements interact between themselves and consequently, the *departure point* (the basic CSR policy) is reformulated from time to time, depending on the case.

In regard with the methodology, a comprehensive literature review has been carried out in two directions: one-by-one analysis of the reference framework's key elements and analysis of other indirect factors that we consider to be relevant in the revision process.

As a result, the new model to be contrasted is represented in Fig.1. The original elements are now split in a specific group of essential factors that have been incorporated in order to better conform to the multiple strategic approaches of CSR. Main aspects are described below:
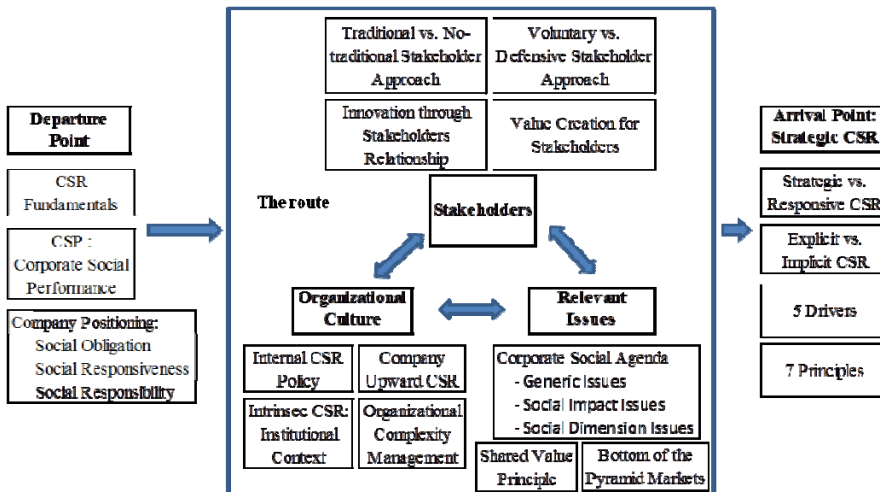

Fig. 1.1 SCSR Implementation Conceptual Model. Source: Own Elaboration

Departure Point: Basic CSR Definition

The construct CSR's literature review has allowed the authors to understand how CSR appears and how it has developed in the past seventy years. The review has also allowed for the identification of future areas for investigation. CSR continues to be the main pillar that supports other theories with its main principle remaining

constant: all the society expects from business community (Bowen, 1953; Davis, 1960; Johnson, 1971; Carroll 1999)

Two concepts have been considered particularly relevant in relation to SCSR: the construct Corporate Social Performance (CSP), (Sethi, 1975) and the three main approaches that characterise the company's position concerning the expected returns from CSR: social obligation, social responsiveness and social responsibility (Carroll, 1979).

Organizational Culture

The organisational culture is a particularly important element in every company. It concerns individual employees, employees on a group level and their collective psychological aspects. Therefore, the Human Resources departments and top managers are essential in the implementation of SCSR policies within companies (Moreno et al., 2010).

Nowadays, a significant gap exists between how CSR is implemented and how effective the strategic management of the company's talent is (Kotler and Lee, 2004) and the challenges that must be overcome in order to use CSR as an internal motivational tool. RSC must be built using a "bottom up" approach within the companies (Bhattacharya et al., 2008). In fact, genuine SCSR is not any different from day-to-day business (Porter and Kramer, 2006).

Relationship with Stakeholders

Stakeholder theories and common definitions were developed in the 1980s (Freeman, 1984). Today there is a classification between *traditional* and *non-traditional* groups that have a relationship with companies. This is a key aspect in the strategic plans (Starik et al., 1996).

Freeman et al. (2006) formulated a new *Company Stakeholder Responsibility Theory (CSR)*, in which they point out the importance and requirement of considering business together with ethics and society.

Drucker (1985) remarked how innovation has to be managed within a particular company context. With SCSR and stakeholders, relationships are understood not only as a source of innovation but a legitimate space of influence and participation in the corporative governance (Bendell, 2000; Prahalad and Hammond, 2002; Porter and Kramer, 2006; Rodríguez Fernández, 2007; Bhattacharya et al. 2008).

According to this new innovative paradigm of shared-value (Porter and Kramer, 2006), it is essential to know who the stakeholder groups are, their relative importance to the company, how they contribute to innovation, how much value they obtain and how they represent society in general (Moreno et al., 2010).

Selection of Relevant Issues

This area's primary concepts include the shared-value principle as a new way to understand the interdependence between business and society, the permanent analysis process which is required in the company value chain to identify the relevant issues and the related SCSR opportunities, and the creation of a social agenda as a classification tool (Porter and Kramer, 2006).

The *Bottom-of-the-Pyramid Markets* (Prahalad and Hammond, 2002) are included by the authors in this model as they consider it to be an important field (4bn people) in which companies can develop SCSR policies and specific relevant (and profitable) issues.

Arrival Point: Strategic CSR

CSR policies must be supported by a social agenda that includes issues belonging to *responsive* and *strategic* categories. *Responsive CSR* (RCSR), comprises as well two elements: acting as a good corporate citizen and mitigating existing or anticipated adverse effects from business activities. *Strategic CSR* goes beyond good practices. It has to be based on a small number of initiatives whose social and business benefits are large and distinctive (Porter and Kramer, 2006).

CSR initiatives should be analysed considering the particular company's culture and the specific strategic opportunities (Heslin y Ochoa, 2008). For this purpose and bearing in mind the complexity of managing SCSR initiatives, the authors have proposed 7 related principles and 5 key drivers.

The principles consider how to cultivate the required talent, develop new markets, protect labour welfare, reduce the environmental footprint, profit from by-products, involve customers and make the supply chain more environmentally friendly. The drivers include the need for growth in market share, organisational learning, committed and engaged employees, supportive external stakeholders, and positive investor relations.

The way SCSR is implemented differs from European to American firms (more explicit in American firms) (Maignan and Ralston, 2002). For this research, it is particularly interesting to compare the articulation of the real-case CSR policy with the global institutional framework and the cultural context of the Japanese companies (Fukukawa and Moon, 2004).

1.3 Research Design

An external assessment of company CSR revealed that, in theory, this is well structured and developed according to the conceptual model's key factors. More than 160 worldwide initiatives are being carried out around two well-defined axes: society safety when driving and the launching of innovative products coming from

the ever-higher standards related to the sustainable manufacturing and environment. Commitments to consumers, investors, foundations, suppliers and society are clearly stated as well as are the laws and regulations in the countries where the company operates (including Spain).

However, the research was aimed at contrasting the authors' external vision with employees' internal perceptions.

A questionnaire comprised of 16 questions directly related to the conceptual model was designed by the authors and validated by academic experts (Table 1.1). All the issues originated from the reference articles that were used to elaborate the model.

Table 1.1 SCSR Questionnaire. Source: Own Elaboration

Element	Nº	Topic to Evaluate
Responsive CSR	Q1	Company efforts to reduce the environmental impacts of the usual operations.
	Q11	Corporate philanthropic activities.
Stakeholders	Q3	Information to tyre dealers concerning environmental commitments.
	Q4	Consumers' involvement concerning environmental commitments.
Relevant Issues	Q2	Company efforts to develop innovative products to protect the environment.
	Q7	Appropriateness of tyre-safety as a main relevant issue.
	Q12	Company SCSR initiatives at the bottom-of-the-pyramid markets.
Strategic CSR	Q5	Society benefits from the *Think Before You Drive (TBYD)* campaign
	Q6	Long term Company benefits from the campaign (TBYD).
	Q8	Competitive advantage from competitors of the tyre-safety issue.
	Q16	SCSR as a new global model for corporate governance.
Internal CSR	Q9	The company acts internally with the employees as stated in the CSR policy.
	Q10	Receive periodical information concerning company's CSR initiatives.
	Q13	Managers regularly take personal opinions concerning CSR into account.
	Q14	The Company satisfies personal needs.
	Q15	Feeling of involvement in the Company.

Evaluation scale varied from 0 (minimum) to 10 (maximum) in order to identify variability and significant differences amongst the answers ($\alpha=0.05$). Homoscedasticity and normality hypotheses were verified. A sample of 22 employees was used, corresponding to two categories: *intermediate* and *manager* position, all from the company's sales department. There were no difficulties when the topics to be evaluated were individually explained to the respondents.

1.4 Results and Discussion

The evaluation's statistical analysis is shown in the Table 1.2, including the p-value related to the comparison between the *intermediate* and *manager* levels:

Table 1.2 Statistical Analysis. Source: Own Elaboration.

Element	Nº	Median	Mean	St. Deviation	p-value
Responsive	Q1	6	5.95	2.439	0.1946
CSR	Q11	8	7.31	2.032	0.1975
Stakeholders	Q3	4	4.22	2.266	0.1899
	Q4	4	4.27	1.956	0.0559
Relevant	Q2	7	6.86	2.396	0.3567
Issues	Q7	9	8.40	1.918	0.7738
	Q12	5	4.63	2.279	0.0002
Strategic	Q5	7.5	6.81	2.575	0.1501
CSR	Q6	8.5	7.36	2.628	0.2100
	Q8	8	7.45	3.497	0.0650
	Q16	9	8.50	1.566	0.1308
Internal	Q9	4.5	5.00	2.563	0.4109
CSR	Q10	5	4.90	2.598	0.1024
	Q13	3.5	3.72	2.433	0.0125
	Q14	6	5.40	2.462	0.9569
	Q15	7.5	6.86	2.356	0.8276

Questions Q16 and Q7 were the best ranked (median =9). However, Q3, Q4, Q12 and Q13 were valued behind 5 points (symbolic limit of success or approval).

As the table above shows, Q12 and Q13 present p-values lower than the significant level $\alpha=0.05$ for these two factors: *intermediate* and *managers*. Therefore, the mean for both questions are significantly different (6.55 and 3.30, 5.22 and 2.69 respectively).

On first reflection, the variation between the results is significant (3.62 to 8.50), which can be interpreted in the sense that employees' perception differs very much for each topic. Therefore, the *selection of the main relevant issue* and the *strategic vision for achieving long terms benefits from CSR* are the strongest points for the company's CSR, while the *internal CSR* and *relations with stakeholders' elements* can be considered as elements that clearly need improving.

Secondly, the *consideration of the opinions concerning CSR* results (Q13) clearly represents different perceptions according to employee group: intermediate workers don't feel that they are treated in the same manner as managers concerning CSR matters. According to the results, the *upward CSR (*one of the key factors of the SCSR conceptual model) is not properly managed by the company.

Thirdly, we highlight the employees' positive opinion (mean 8.50) concerning CSR as a new powerful model for corporate governance in the near future. This is particularly relevant in this case due to the discrepancy perceived with other important aspects of the model (e.g. Internal CSR).

Finally, it is also remarkable on the positive side, the vision about the strategic approach and potential returns that CSR could represent in a medium-long term.

1.5 Conclusions and Further Research

Once most of the most notable global corporations have adopted CSR programmes, policies and initiatives inside their strategic plans, the attention is focused now on issues such as how CSR is being articulated internally or what kind of returns can be expect from its application.

In this context, our conceptual model intends to comprise and relate all the relevant aspects that a genuine SCSR policy must take into account in the definition, development and re-formulation processes, with the objective to position a company in an advanced, competitive edge with respect to their competitors.

A well-structured CSR policy of a traditional Japanese firm has represented the first attempt to contrast locally (in Spain) the main factors of the model. Under a different, internal perspective of the company's employees, the results have provided the investigators with high-value qualitative information to take into account in further research.

The main conclusion of the study lies in the complexity that the articulation of SCSR implies in all aspects of day-by-day business. Our case-study shows that, even though one of the most important SCSR pillar (relevant issues) is clearly fixed and strategically well established, the stakeholder approach and the organizational cultural aspects seems do not be properly aligned with model SCSR vision.

Further investigations will be designed to analyse in-depth how decisive the organizational CSR internal aspects are for company's success as well as the different ways of value creation from SCSR policies.

1.6 References

Bendell, J. (2000). Talking for Change? Reflections on Effective Stakeholder Dialogue, Innovation Network for Socially Responsible Business, New Academy of Business.

Bhattacharya, C. B., Sen, S., Korschun, D. (2008). Using Corporate Social Responsibility to Win the War for Talent, MIT Sloan Management Review 49(2).

Bhattacharya, C. B., Sen, S. (2004). Doing better at doing good: When, why and how consumers respond to corporate social initiatives. California Management Review, 47(1), 9−24.

Bowen, H. R. (1953). Social responsibilities of the businessman. New York: Harper &Row.

Bridgestone (2009). Challenges and Opportunities. Annual Report 2009. Tokyo: Ed. Bridgestone.

Burke, L., Logsdon, J. M. (1996). How Corporate Social Responsibility Pays Off', Long Range Planning, 29(4), 495–502.

Carroll, A. B., (1979). A Three-dimensional Conceptual Model of Corporate Performance. Academy of Management Review, 4(4), 497–505.

Carroll, A. B., (1999). Corporate social responsibility: evolution of a definitional construct. Business & Society, 38 (3), 268–295

Carroll, A. B. (1983). Corporate social responsibility: Will industry respond to cutbacks in social program funding? Vital Speeches of the Day, 49, 604-608.

Davis, K. (1960). Can business afford to ignore social responsibilities? California Management Review, 2, 70-76

Drucker P. F. (1985). The Discipline of Innovation. Harvard Business Review, 63(3), 67-72.

Drucker, P. F. (1984). The new meaning of corporate social responsibility. California Management Review, 26, 53-63

Du, S., Bhattacharya, C. B., Sen, S. (2007). Reaping relational rewards from corporate social responsibility: The role of competitive positioning International Journal of Research in Marketing 24 224–241.

Freeman, R. E. (1984). Strategic management: a stakeholder approach. Boston: Ed. Pitman

Freeman, R. E., Velamuri, S. R., Moriarty, B. (2006). Company stakeholder responsibility: A new approach to CSR. Business Roundtable Institute for Corporate Ethics

Fukukawa, K., Moon, J. (2004). A japanese model of corporate social responsibility? A study of website reporting. Journal of Corporate Citizenship, 16, 45-59.

Helsin, P. A., Ochoa, J., D. (2008). Understanding and developing strategic corporate social responsibility. Organizational Dynamics, 37 (2), 125–144.

Husted, B. W., Allen, D. B. (2004). Strategic Corporate Social Responsibility and Value Creation Among Large Firms in Spain. Fifteenth Annual Meeting of the International Association for Business and Society,

Johnson, H. L. (1971). Business in contemporary society: Framework and issues. Belmont. California: Ed. Wadsworth.

Kotler, P., Lee, N. (2004). Corporate social responsibility: Doing the most good for your company and your cause. Hoboken, New Jersey: Ed. Wiley & Sons.

Maignan, I., Ralston, D. A. (2002). Corporate social responsibility in Europe and the U.S.: Insights from businesses self-presentations. Journal of International Busisness Studies, 33, 497-515.

Moreno, A., Uriarte, L. M., Topa, G. (2010). La responsabilidad social empresarial. Oportunidades estratégicas, organizativas y de recursos humanos. Madrid: Ed. Pirámide.

Porter, M., Kramer, M. (2006). Strategy and Society: The link between competitive advantage and Corporate Social Responsibility, Harvard Business Review, 84 (12), 78-92.

Prahalad, C. K., Hammond, A. (2002). Serving the poor, profitably. Harvard Business Review, 80(9), 45-58.

Rodríguez, J. M. (2007). Responsabilidad social corporativa y análisis económico: práctica frente a teoría. Economiaz, 65.

Sen, S., Bhattacharya, C. B. (2001). Does doing good always lead to doing better? Consumer reactions to corporate social responsibility. Journal of Marketing Research, 38(2), 225−243.

Sethi, S. P. (1975). Dimensions of corporate social performance: An analytic framework. California Management Review, 17, 58-64.

Starik, M., Throop G., Doody J., Joyce M. E. (1996). Growing an Environmental Strategy. Business Strategy and the Environment, 5, 12-21.