LINKING CSR TO STRATEGY: A PRACTICAL VIEW

Olgierd SWIATKIEWICZ
Setúbal School of Technology Polytechnic Institute of Setúbal, Estefanilha, Setúbal, Portugal
e-mail: olgierd.swiatkiewicz@estsetubal.ips.pt

Abstract: The purpose of this paper is to present a basic compendium of how companies can integrate social responsibility into their strategies. The paper analyzes and synthesizes ideas and proposals based on the literature review from different fields. It proposes a practical approach that does not highlight the differences but the positive and mutual synergy of social responsibility with firm’s strategy. There are many practical proposals in the literature and a lot of successful examples from business practice that show how organizations can or have made the implementation of social responsibility into their strategy to work efficiently, but their strategic, social, and environmental importance differs and is limited by many factors. The paper presents different means of connecting social responsibility with organizational strategy to make it work, which can be useful for practitioners, students, and wider public. The paper adds the praxiological or practical perspective to deal with a small but persisting organizational problem and a great social expectation, how to link efficiently social responsibility with organizational strategy into one coherent stream of purposes.

Keywords: strategy, social responsibility, environmental responsibility, triple bottom line, CSR, organization, praxiological/practical approach.

1 Introduction

If organizations may take social responsibility as their strategy or if long-run goals and objectives of social responsibility can be a part of an organizational strategy, how can they do this or how are they doing this in practice?

The raised question is not trivial, because the two areas, strategy and ethics (including in the latter term social and environmental responsibilities of organizations), have been treated as opposite or, at least, as different fields for decades. The tension between strategy and ethics or the dichotomy between the used criteria, priorities, and values are raised by several authors (Behnam and Rasche, 2009; Singer, 2009; Weitner and Darroch, 2010). For Elms, Brammer, Harris, and Philips (2010) “the two fields started with similar interests, diverged, and are beginning to converge again” (p.401), whereas Singer (2009) states that “strategy and ethics have long been regarded as expressions of contrasting value-priorities” (p.480).

It is not our intention to reconsider or discuss once again the arguments for and against the inclusion of corporate social responsibility (CSR) into organizational strategy and operational activities or into a certain type of organization, namely, for-profit organizations. These issues are well developed in the existing literature (e.g., Bird, Hall, Momenté, and Reggiani, 2007; Burke and Longsdon, 1996; Heugens and Dentchev, 2007; Husted and Allen, 2000). Despite these differences, conflicts, disputes, and doubts, which for years have characterized the relationships between strategy and ethics/CSR, there is a strong and continuous pressure exerted on organizations to include CSR in their activities (Bremer, 2008; Fassin, 2008; Mishra and Modi, 2013; Morsing and Perrini, 2009), especially in developed countries and Europe (e.g. European Commission, 2001; 2011).

The European Commission (2011) has even delivered a political document entitled “A renewed EU strategy 2011-14 for Corporate Social Responsibility.” The pressure exerted on organizations to assume the triple bottom line in their strategy or operational activities is justified by the will and the expectation of society, which states that business and all other institutions should assume social responsibility (Almeida and Sobral, 2007; Davis and Blomstrom, 1975).

Elkington (2006), for example, lists up to three great waves of this tendency of social pressure on business
to the present time: the first pressure wave takes place when environmental protection regulations were imposed on industry, it begins in the 1960s and has its peak in the passage from the 1960s to the 1970s; the second pressure wave, associated with the publication of “Our Common Future” by World Commission on Environment and Development, begins in the mid-1980s and has its peak in the end of 1980s; and the third pressure wave begins in 1990 with critics and protest against World Trade Organization, International Monetary Fund, World Bank, G8, World Economic Forum, and others.

In organizational practice, the relationship between the two areas (organizational social responsibility and strategy) does not seem to be very converging, despite strong social pressures and institutional efforts and besides several success stories. For example, the majority of Fortune 250 organizations report social responsibility initiatives and their number increases over the years; more reporting organizations identify commercial opportunities (87%) than business risks (81%) related to social and environmental responsibilities, but the numbers are very similar; the majority of Fortune 250 organizations (83%) report that they have a CSR strategy, but the American organizations are most likely not to refer to strategy in their reports (KPMG, 2013).

For Porter and Kramer (2011), this situation is due to external pressures on the business to assume social responsibility programs in order to improve its reputation, which are viewed by companies as a necessary expense. For these authors, companies are attached to the concept of social responsibility instead of changing the perspective to shared values.

While CSR has the task of solving social and environmental problems, assisting in the clumsy efforts of the national states and non-governmental organizations, it is still far from the target.

The existing statistics indicate ambiguous trends with regard to solutions of social and environmental problems (IPCC, 2014; KPMG, 2013; OECD, 2014); while some of them have improved, most have deteriorated.

For instance, a climate change is a growing risk that is affecting lives and livelihoods of human beings (IPCC, 2014). “Climate change is a threat to sustainable development” (IPCC, 2014, p.21), whereas the disparity of income and wealth increases, generating ever more poverty, hunger, death, social exclusion, and human exploitation. OECD (2014) data show that “the income of the poorest 10% of the population has continued to decline or to increase less than that of the richest 10%” (p.1). Similar, but even more radical, conclusions about wealth are expressed in the Oxfam (2015) report.

Another example confirming rather weak performance of businesses in solving social problems and implementing CSR is the results of the survey Flash Eurobarometer conducted by TNS Political & Social at the request of European Commission, Directorate-General Enterprise and Industry, which states that 40% of Europeans believe that companies pay more attention to their influence on society than they did 10 years ago, but almost the same percentage (39%) say that they pay less attention (European Commission, 2013).

The most common organizational response to the call for companies to assume greater CSR “has been neither strategic nor operational but cosmetic” (Porter and Kramer, 2006, p.80).

Social and environmental responsibilities generate additional costs for the organization; hence, this type of venture requires funds (Davis and Blomstrom, 1975; McWilliams and Siegel, 2001; Souto, 2009). Many of social and environmental responsibility initiatives simply do not pay for their economic costs, but someone must pay for them and, because their implementation requires the use of limited resources, these types of social and environmental projects require prioritization (Davis and Blomstrom, 1975). “It is not enough that some social action is desirable. The action must also be desirable in relation to its social costs” (Davis and Blomstrom, 1975, p.32).

In times of economic crises or financial difficulties in an organization, it is not expected that CSR will be implemented in organizational strategy (Souto, 2009), but its implementation, preceding difficulties or downturn, can be an opportunity for the organization to survive this crisis.
Many authors address the question of the relationship between CSR and organizational strategy, analyzing the contribution of social responsibility to economic and financial performance of the organization or vice versa (Bird et al., 2007; Burke and Longsdon, 1996; Mishra and Modi, 2013; Toro, 2006), to explain and reinforce the motivations of a socially responsible strategy.

Nevertheless, the results of these studies are mixed and frequently inconclusive or confusing (McWilliams and Siegel, 2001; Rodrigues, Real, Vitorino, and Cantista, 2011; Ye and Zhang, 2011). However, this is not the only way to address this topic. Here we propose a different approach – a practical or praxiological (Gasparski, 1995, 2007; Lewicka-Strzalecka, 1993) approach that does not highlight the differences but the confluence or positive and mutual synergy of CSR with organizational strategy.

The general method adopted in this paper is the analysis and the synthesis of collected materials based on the literature review from different fields, namely, strategic management, strategic marketing, and business ethics. For this purpose, we have searched largest international data bases of academic journals with the assistance of Biblioteca do Conhecimento Online, known in Portuguese academic and scientific circle as b-on (www.b-on.pt), using pairs of keywords (strategy, responsibility and its synonyms).

The examples of successful cases from actual business practice, usually most appreciated by practitioners, are many, but their performance changes over time and differs in terms of explanatory value. Therefore, we choose those we know well, which continue to perform well and have been reported in the literature. As they are known, we present them in a summarized form; nevertheless, we leave the indication of the source for further research.

To carry out the analysis/synthesis and for the narrative used in the text, we use the concepts of bottom line and the triple bottom line interchangeably with concepts such as economic responsibility and social and environmental responsibilities, respectively, as it is the case in the literature of business ethics. As Elkington (2006) noted, the terms of “corporate governance,” “corporate social responsibility,” and “sustainable development” progressively overlap each other and the same can be true to other synonymous terms.

We know that social responsibility and other concepts discussed herein as synonyms have specific and distinct meanings in the literature, and sometimes CSR can mean lack of responsibility or dubious morality (Greenwood, 2007; Drumwright and Murphy, 2009; Lock, Selee and Heath, 2016), but their terminological precision would add no value for the reasoning presented here. Hence, we assume this reductionist and basic approach purposely in this article.

The main objectives of this paper are summarized in the response and analysis of the following questions or issues: Can an organization have a CSR strategy, or perhaps the CSR can be part of an organizational strategy? How do companies (for-profit organizations) integrate CSR into strategy in their daily practice? What are the practical effects (consequences) associated with the mission and the strategic goals and the achieved results?

The structure of the remaining part of this paper at a glance is as follows: in the next section, we present the general issues and core elements of organizational strategy; in the part related to social responsibility, we discuss the evolution of this concept and some proposals for the use of CSR initiatives into the strategy of the organizations; next, in the main part of the paper, first, we present two short success cases taken from business practice, which can be read as examples to follow or to draw lessons for other cases; second, we describe some proposals taken from subject literature; and, lastly, we raise the issue of company’s size as well as the issue of philanthropy; the main part is preceded by a short enlightening introduction why companies should or need to be socially responsible with arguments of well-known authors; the text finishes with concluding remarks.

2 The essence of organizational strategy

According to Webster's Dictionary (1996), strategy means “the science or art of combining and employing the means of war in planning and directing large military movements and operations. /…/ a plan, method, or series of maneuvers or stratagems
for obtaining a specific goal or result” (p.1880). For Rumelt (1980) likewise strategy “is a set of objectives, policies, and plans that, taken together, define the scope of the enterprise and its approach to survival and success” (p.360); for Porter (1996), it means “the creation of a unique and valuable position, involving a different set of activities” (p.68) and also making trade-offs, when choosing what not to do, in competition game, whereas Kaplan and Norton (2001) consider strategy as the unique and sustainable way by which organizations create value.

Like many authors in strategy and strategic management (Fahey and Randall, 1994; Johnson and Scholes, 1999; Rumelt, 1980) emphasize, strategy or strategic orientation may determine the success (eventually the absence of failure) of the organization in the long run. Success can be understood as growth in one time period or retrenchment in another (in terms of sustainable development of sales, assets or company value, appropriate return or adequate profitability, ability to innovate, etc.), but, ultimately, it is the survival and continuity of the organization in the long run (Freire, 1998; Justis, Judd and Stephens, 1985). Strategy cannot be considered wrong or right in any absolute and abstract sense, but it may be right or wrong in the case of a particular company (Rumelt, 1980).

Mission definition and determination of the objectives of the organization are the core elements of organizational strategy (Freire, 1998; Johnson and Scholes, 1999; Justis et al., 1985). As Hampton, Summer, and Webber (1978) claim: “Organizations exist to accomplish purposes and objectives” (p.457) and Rumelt (1980) confirms: “Strategy is centrally concerned with the selection of goals and objectives” (p.359).

“These goals are statements about what the organization desires to become and what it desires to accomplish in the future in terms of such factors as composition of assets and level of profits, industry rank, range of products, and markets shares” (Justis et al., 1985, p.6). There are three other essential features of organizational strategy, namely, the long-term scope or direction, a broad/comprehensive/wide perspective that includes relevant factors and desired objectives or results, and an integrative plan for all parts (resources) of the organization (Freire, 1998; Johnson and Scholes, 1999; Justis et al., 1985).

The organizational strategy in the classical view can be seen as a decision-making process that consists essentially of the following interrelated activities (Justis et al., 1985):

1) Assignment of mission and purpose that entails a structure of objectives and goals that an organization strives to accomplish;

2) Assessment of needs/resources/skills (including financial, managerial/human, marketing and technical capabilities) that define potential limitation (strengths and weaknesses of the organization);

3) Internal and external analyses (including the current and future situation) that include the variables or factors (economic, demographic, technological, socio-cultural, and political-legal) that might influence organizational strategy, its mission, its purpose, and its objectives (opportunities and threats);

4) Strategy formulation (including the evaluation of alternative strategies, their relative advantages and disadvantages, as well as the evaluation of associated risks);

5) Review of the strategy in the light of the goals and the evolution of the environment in which the organization operates;

6) Strategy implementation by development of policies, actions plans, and operational methods to achieve the objectives of the organization;

7) Strategy evaluation (analysis of success or failure of the implemented strategy, reevaluation of existing strategy, and implementation of corrective measures and changes) for “executives strategy evaluation is simply an appraisal of how well a business performs” (Rumelt, 1980, p.359);

8) Strategy control (to monitor the actions in accordance with the plans) to ensure that the selected strategy is being used and implemented as intended.

Watson (2003) puts forward a different approach from the presented one in this section and probably a better suited one to understand and interpret the issue of CSR strategy. For this author, current
processual analysis of strategy has been too much concentrated on the organizational level and missed the political processes and individual players involved in the process of strategy orchestrating. Similarly, Aguinis and Glavas (2013), in relation to CSR, state that strategy research has concentrated overly on macro analysis with the main focus on institutional level, ignoring the very fact that individuals are the ones who strategize all organizational initiatives, make decisions, and then implement them and take responsibility.

Watson (2003) rejects the systemic thinking that reifies organizational artifices and does not accept to treat the organization as an entity existing in its own right with its fixed properties such as organizational goals. He suggests applying a processual–relational approach with the central concept of “strategic exchange,” because as he states: “Organizational strategists inevitably bring their own personal orientations, identity projects and life priorities into their strategy-making work and these both influence and are influenced by the strategy-making in which they engage” (Watson, 2003, p.1321). While Watson's approach (2003) would certainly be applicable in the analysis of particular cases, it seems to be less useful in a generic and decontextualized analysis like the present one.

The very term “strategy” is to be used for different purposes (Rumelt, 1980), and in the literature and business practice, we may often notice failure to distinguish between strategy and operational activities (Porter, 1996). This happens often when the instruments used to raise the operational performance (e.g., total quality management, reengineering, benchmarking, outsourcing, empowerment, core competencies, learning organizations, and change management) replace organizational strategy (Porter, 1996).

Porter (1996) argues that operational effectiveness, although necessary to superior performance, is not sufficient, because its techniques are easy to imitate by rivals. In contrast, the essence of strategy is choosing a unique and valuable position rooted in systems of activities that are much more difficult to match and duplicate or as Rumelt (1980) states that each “business strategy is unique” (p.359). The company must: /.../ deliver greater value to customers or create comparable value at lower cost, or do the both. /.../ cost advantage arises from performing particular activity more efficiently than competitors. Similarly, differentiation arises from both the choice of activities and how they are performed /.../ Overall advantage or disadvantage results from all company’s activities, not only a few (Porter, 1996, p.62).

On the other hand, Rumelt (2003) raises the question that in the field of strategy and strategic management, there is a need for a clearer and more precise definition or for an answer to what is exactly meant by competitive advantage, because the common theme of value creation and others substitute terms found in the literature can mean many different things (e.g., value is created when revenue excess costs in sales; advantage is revealed in supernormal returns, measured as return on capital, return on assets, or market-to-book ratio; and advantage may come from superior market performance) or simply nothing. Rumelt (1980) finds up to four areas of disagreement on this matter.

For Porter (1996), competitive strategy “is about being different. It means deliberately choosing a different set of activities to deliver a unique mix of value. /.../ the essence of strategy is in the activities – choosing to perform activities differently or to perform different activities than rivals” (p.64).

Rumelt (1980), in turn, writes that competitive strategy “is the art of creating and exploring those advantages that are most telling, enduring, and most difficult to duplicate” (p.362) and “in contrast with generic strategy, focuses on the differences among firms rather than their common missions” (Rumelt, 1980, p.362).

Aguinis and Glavas (2013) also state that what matters in the strategy of organizations is the context-specific results associated with their competitive advantages because the implementation of anything that is generalizable may be copied by any organization.

Does this mean that if all companies wanted to be socially responsible and take care of the environment, such a strategy would not be any strategy at all? In other words, would this type of strategy become the generic and noncompetitive strategy
in the sense given by Rumelt (1980)? Or maybe does it mean that only some companies (the first in each sector or industry) will be able to adopt CSR strategy and the remaining will have to work out other strategies?

No, we do not think so, because CSR is associated with solving specific social problems or different ways to solve them. There are many social problems and those related to the environment. Moreover, those problems do not diminish; on the contrary, new problems are added to old ones. It, therefore, seems unlikely that firms lacked opportunities to do business and, at the same time, that they directly benefited society in addressing the social and environmental problems. As Aguinis and Glavas (2013) state, “each company has different core competencies and therefore unique strategies for implementing CSR” (p.323).

3 The essence of social responsibility

Social responsibility means deliberately taking into account the public interest or, in other words, it “is the obligation of decision makers to take actions which protect and improve the welfare of society as a whole along with their own interests” (Davis and Blomstrom, 1975, p.39). McWilliams and Siegel (2001) define CSR “as actions that appear to further some social good, beyond the interests of the firm and that which is required by law” (p.117).

European Commission (2001) has first defined CSR as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis” (p.6) and, when promoting a new strategic policy of CSR for the years 2011–2014, shortened it to “the responsibility of enterprises for their impacts on society” (European Commission, 2011, p.6).

In our contemporary society, there is a growing expectation that business, in addition to taking care of their own economic interest, will help to address some of the pressing social and environmental problems and provide a social service (Davis and Blomstorm, 1975; Kreng and Huang, 2011).

The discussion on CSR in the literature has developed around two extreme positions: a for-profit orientation (minimal involvement, socially neutral influence, narrow economic and technical values and goals) and other pro-social, pro-active, and environmentally inclusive orientation (Buchholz and Rosenthal, 1998; Lewicka-Strzalecka, 1999; Lovell, 2002; Sison, 2000). According to Lewicka-Strzalecka (1999), those who support the for-profit orientation consider maximization of profit as the main objective of the company and an exclusive duty of managers to make money for company’s shareholders (the owners). The opposite, pro-social orientation, state that business should and could “do well while doing good” (Spiller, 2000, p.49).

Unlike traditional sole purpose of business (bottom line), which was limited only to the profit (economic or financial dimension), now one can talk about the existence of a tripartite organizational purpose (triple bottom line): economic, social, and environmental (Fisher and Lovell, 2003; Elkington, 2006).

Triple bottom line (or people, planet, and profit–3Ps) is another expression of economic, social, and environmental responsibilities of organizations, often used in the literature (e.g., Aguinis and Glavas, 2013; Graafland, Ven, and Stoffele, 2003).

The term “triple bottom line” was coined by Elkington (1994), and it expresses “the fact that companies and other organizations create value in multiple dimensions. In this case, we are talking about economic, social and environmental value added – or destroyed” (Elkington, 2006, pp.523-524).

For Schroeder and Denoble (2014), a “triple bottom line” business is the one that serves customers, allows profit, and helps to protect the environment, “it reflects a growing societal desire to create and operate businesses that contribute positively to the global economy” (p.48).

According to Kaler (2003), stakeholder theory, which states that the ultimate purpose of the organization is to serve all those who are identified as stakeholders, opposes the conception of the company focused on shareholder value, which states that the ultimate purpose of organizations is to serve the interests of their shareholders. The concept of stake-
holders, as Luijk (2000) writes, is a central concept of business ethics. According to Gasparski (2002), the search for the answer to the question what are companies responsible for and before whom led to the formulation of the theory of stakeholders. “Businessmen apply social responsibility when consider the needs and interests of others who may be affected by business actions. In so doing, they look beyond their own personal interests and also beyond their firm’s narrow economic and technical interests” (Davis and Blomstrom, 1975, p.40).

The stakeholders of a company or “trustees” are all people, groups, or organizations that can affect and be affected by the company in question or whose welfare depends on the latter, that is, the owners (stockholders, shareholders, investors, etc.), workers /employees, customers, suppliers, competitors, distributors, financial institutions, interest groups, local communities, courts, municipalities, governments, educational institutions, and natural environment (Buchholz and Rosenthal, 1998; Davis and Blomstrom, 1975; Fisher and Lovell, 2003; Husted and Allen, 2000; Moreira and Cunha, 1997; Porębski, 2000).

The concept of stakeholders, as Freeman (2002) states, is not a new one, it had a growing development in the 1960s, and according to an old tradition, business activity is seen as an integral part of society and not as an institution apart of society with purely economic goals.

Stakeholder engagement, often assumed as the fulfillment of the organization's social responsibility, may or may not have moral/ethical dimension and can even be a case of social irresponsibility (Greenwood, 2007).

Different groups of stakeholders exert, directly and indirectly, an important influence on company’s strategy; therefore, to know who are the most influential is crucial to business strategy, because not everyone has the same impact (Buysse and Verbeke, 2003). It refers also to the small and medium-sized enterprises (SMEs) that, similar to large companies, rank the stakeholders according to the importance they attach to them (Harangozó and Zilahy, 2015). As Buysse and Verbeke (2003) conclude, “more proactive environmental strategies are associated with a deeper and broader coverage of stakeholders” (p.453), but they require the use of more resources in different areas.

In the literature, there are many theories and approaches to CSR (e.g., Garriga and Melé, 2004), but some such as stakeholder theory and social capital theory seem to be more popular (Sen and Cowley, 2013). We will not present them here because this is beyond the scope of this work.

Porter and Kramer (2006, 2011) consider that company leaders, governments, and nongovernmental organizations must change the CSR underlying reasoning, replacing what they call CSR mind-set for something to be called “corporate social integration.” All these stakeholders should start to perceive “social responsibility as building shared value rather than as damage control as a PR campaign” (Porter and Kramer, 2006, p.92).

4 How companies (may) accomplish CSR objectives and goals in their strategy?

We will start by searching for arguments: what is the purpose of including CSR into an organizational strategy and why is it necessary or why should the company do it? And the answers are as follows:

- with the introduction of social and environmental objectives into organizational strategy, beyond the economic one, it is intended “to do well while doing good” (Spiller, 2000, p.149),
- because of the fact that businesses and for-profit organizations are in the contemporary world the most powerful and dominant institutions and because they have at their disposal rich resources that can be applied to solve social and environmental problems, they need to take responsibility for the society as a whole and the environment we live in (Davis and Blomstrom, 1975; Spiller, 2000), or as Porter and Kramer (2006) state the goal of CSR is the improvement of social welfare,
- significant new expectations related to social responsibility or triple bottom line exist in relation to business (Davis and Blomstrom, 1975; Krenge and Huang, 2011; Gautier and Pache, 2015), “precisely because business was immense-
ly successful in meeting the old expectations” (Davis and Blomstrom, 1975, p.24) or as Souto (2009) states in relation to the CSR: “everybody in the academic and business spheres agree that it is a fundamental strategy for achieving the sustainable development that our globalized world needs” (p.38).

- for Burke and Longsdon (1996), Aguinis and Glavas (2013) CSR strategy reduces activity costs, increases employee morale and loyalty, and improves productivity because “working for socially responsible organizations helps employees feel that their work serves a greater purpose” (Aguinis and Glavas, 2013, p.318),

- while in “recent years the business increasingly has been perceived as a major cause of social, environmental, and economic problems”, it is “widely perceived to be prospering at the expense of the broader community” (Porter and Kramer, 2011, p.64).

In Yvo de Boer’s executive summary of the KPMG (2013) report, the author states that “many of the world’s largest companies are using the process of CR reporting to bring CR and sustainability right to the heart of their business strategy, where it belongs” (p.9).

There is no universal solution to include social and/or environmental objectives in organizational strategy, but there are several possible ones, as many as existing organizations and unsolved problems.

And what are the practical solutions of the incorporation of CSR goals and objectives into corporate strategy in organizational practice? The answers are given in two success examples from actual business practice presented below (Section 4.1) as well as through some considerations or proposals to solve this issue found in the literature (Section 4.2).

4.1 Two among many success stories from triple bottom line business practice

A great part of new businesses (start-ups, new venture initiatives) do not survive in the long term: only 60% of new ventures survive up to 3 years and no more than 35% survive 10 years (Gage, 2012).

Every person who has ever tried it knows how difficult it is to develop an idea into a profitable and long-term business. When this new business also includes the social and environmental dimensions, beyond the economic one, it may seem that it becomes even more difficult and risky.

The story of the Solo Eyewear company that produces handmade glasses from recycled bamboo, founded in 2011 in the United States can be followed on their website (http://www.soloeyewear.com). But there is also the analysis of this case developed by two authors Schroeder and Denoble (2014) who closely followed the case during its development.

Solo Eyewear firm wants to serve customers, protect the environment, and make money, so in addition to making sunglasses, they use recycled material in the manufacturing and help people to restore eyesight by providing either eyeglasses or cataract surgery. According to Schroeder and Denoble (2014), the company’s founder Janny Amaraneni “with no initial product, distribution, or revenue strategy, sought to develop a company that could provide the marketplace with a valuable product while also staying true to a corporate vision of positively affecting less fortunate people” (p.48). The authors attribute the success of the firm to “the founder’s vision, passion, transparent communication, and leveraging of partners’ resources” (Schroeder and Denoble, 2014, p.48). Quoting directly from the source:

*The concept for SOLO Eyewear was developed in a classroom at San Diego State University. Jenny was enrolled in the MBA Program. While completing an International Entrepreneurship course, she was given the option to read Paul Polak’s Out of Poverty. While reading the book, she discovered there was a great need for eye care around the world and decided to research the issue further. Jenny, who has poor vision, encountered two startling statistics: approximately 1 billion people do not have access to eye care and nearly 80% of the world’s blindness is preventable. /.../ the idea for SOLO Eyewear was born. Since launching in 2011, SOLO has restored vision for nearly 10,000 people in need across 19 countries and it’s only the beginning (http://www.soloeyewear.com/pages/about-us).*

Another example of social responsibility implemented into long-term strategy of the organization is the company Ecover story described by D. Develter

Ecover was founded in 1979 or 1980 in Belgium by Frans Bogaerts to produce phosphate-free cleaning detergents with minimal impact on natural environment. In the early 1990s, the company passed some financial difficulties, but the original idea of the company (the use of renewable resources, natural and biodegradable materials, minimization of pollution and waste, simplified and moldable packaging, etc.) was recovered with the construction of the first ecological factory in the world, which cost 30% more than the cost of a traditional plant. Now Ecover is part of the Ecover Group, a global company, and it is a very well-known case in marketing and strategic management.

As the company itself tells its story:

In 1979, a group of eco-pioneers sought to help people break free from all their bad cleaning habits. /.../ At the time, many cleaners contained toxic ingredients. These toxic ingredients could pollute waterways, could destroy wildlife and could even cause harm to the people cleaning with them.

The scientific visionaries knew that if people continued to use toxic products, the world would soon become a very dirty place. So they founded Ecover in a small garden shed in a rural Belgian town and introduced the world’s first phosphate-free laundry detergent, proving that you can get a powerful clean and still make Mother Nature happy. Ecover has a come a long way since then.

Now with a base in San Francisco, we continue to take inspiration from nature to pioneer green cleaning ingredients that work well and leave nothing dirty behind. We currently have 35 products distributed in more than 40 countries. /.../

In addition to our green factories in Belgium and France, we are opening a manufacturing facility in Chicago that is anticipated to be the first LEED (Leadership in Energy and Environmental Design) Platinum-certified plant in the industry. (http://us.ecover.com/about-us/).

4.2 Some conceptual proposals of CSR strategy based on the literature

Burke and Longsdon (1996) consider that social responsibility to be strategic for the organization must “yield substantial business-related benefits to the firm, in particular by supporting core business activities and thus contributing to the firm’s effectiveness in accomplishing its mission” (p.496).

McWilliams and Siegel (2001) proposed to use the neo-classical cost–benefit analysis to determine the optimal level of investment in CSR that maximizes profit of the company and meets the stakeholders demand for it. According to these authors, CSR can be viewed as a form of investment in product differentiation. “In this context there are CSR ‘resources’ and ‘outputs’” (McWilliams and Siegel, 2001, p.119).

Organizational leaders should apply the same decisional process in respect to CSR, as they do in relation to all other investment decisions (McWilliams and Siegel, 2001). For McWilliams and Siegel (2001), on the demand side, CSR can be seen as a way to achieve differentiation, as a reputation building element, and as a means to reduce the information asymmetry as a result of free publicity in the media; while on the supply side, CSR may result in economies of scale and economies of scope, because “CSR attributes are like any other attributes a firm offers” (p.125).

The point of view presented by Porter and Kramer (2006) is substantially the same to the McWilliams and Siegel (2001), but they add some strategic concerns. These authors state that organizations should use the same approach in relation to CSR that they use to their core businesses. “CSR can be much more than a cost, a constraint, or a charitable deed – it can be a source of opportunity, innovation and competitive advantage” (Porter and Kramer, 2006, p.80).

These authors consider that, in the full range, CSR problems can be distinguished into three types of more or less strategic issues for the company and more or less important to society, namely:

1) generic social problems that can be socially important, but without a significant relationship with
the company's activities and with no impact on its long-term competitiveness;  
2) value chain social issues that significantly affect and are affected by the daily activity of the company, its practices, and its customs, associated with the creation, production, marketing, and distribution of its products and services;  
3) and, what Porter and Kramer (2006) call “social dimensions of competitive context” refers to “factors in the external environment that significantly affect the underlying drivers of competitiveness in those places where the company operates” (p.85), that means: availability of production inputs/factors, demand conditions, rivalry level and conditions, and supporting infrastructure (Porter and Kramer, 2002).

According to Porter and Kramer (2006), every company should classify social issues into these three categories and order them according to their potential impact. Strategic involvement in CSR raises when it moves from simple mitigating harmful value chain impacts, a good corporate citizenship, and an applying of best practices to a small set of initiatives that are closely tied to the company’s core business and whose social and business benefits are large, distinctive, and unique in terms of value proposition (Porter and Kramer, 2006).

“When value chain practices and investments in competitive context are fully integrated, CSR becomes hard to distinguish from the day-to-day business of the company” (Porter and Kramer, 2006, p.89).

Some years later, the same authors deepened their approach and called this a process of creating shared value and defined it “as policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates” and where the term “value” means “benefits relative to costs, not just benefits alone” (Porter and Kramer, 2011, p.66).

Other authors, for example, Aguinis and Glavas (2013), use the same term “shared value,” which they assume as a type of activities that are beneficial to both the business and the society but can be considered as either peripheral or embedded from the viewpoint of the strategic and/or operational engagement of an organization.

*Although most companies have value statements /.../ in reality most value statements are just words on a piece of paper or a company’s website, and the only true value is financial gains for the company. When CSR is embedded the values become real (Aguinis and Glavas, 2013, p.321).*

When we think about or discuss the issue of organizational social responsibility, we would like to know what might be those social and environmental objectives and goals for organizations to undertake and orchestrate in their strategies. As Porter and Kramer (2006) acknowledge, many “companies have adopted a checklist approach to CSR, using standardized sets of social and environmental risks” (p.88). According to these authors, these checklists are good as a first step but the next step should be greater involvement and more related to the core business of the company.

Davis and Blomstrom (1975) presented some areas of potential social involvement (social causes) for organizations in their book. The list of social problems or societal objectives for organizations presented by Davis and Blomstrom (1975) is casual and, as it seems, was compound of hot social and environmental issues of the mid-1970s, namely:

1) Ecology and environmental quality (cleanup of existing pollution, design of processes to prevent pollution, aesthetic improvements, noise control, dispersion of industry, control of land use, required recycling);  
2) Consumerism (truth in lending, advertising, and all business activities; product warranty and service; control of harmful products);  
3) Community needs (use of business expertise and community problems; reduction of business’s role in community power structure; aid with healthcare facilities; aid with urban renewal);  
4) Governmental relations (restrictions on lobbying; control of business political action; extensive new regulation of business; restrictions on international operations);  
5) Business giving (financial support for artistic activities; gifts to education; financial support for assorted charities);
6) Minorities and disadvantaged persons (training of hard-core unemployed, equal employment opportunity and quotes for minority employment, operation of programs for alcoholics and drug addicts, employment of persons with prison records, building of plants and offices in minority areas, purchasing from minority businessmen, retraining of workers displaced by technology);

7) Labor relations (improvement of occupational health and safety; prohibition of “export of jobs” through operations in nations with low labor costs; provision of day-care centers for children of working mothers; expansion of employee rights; control of pensions, especially vesting of pensions rights; impatience with authoritarian structures; demand for participation);

8) Stockholder relations (opening of boards of directors to public members representing various interest groups, prohibition of operations in nations with “racist” or “colonial” governments; improvement of financial disclosure, disclosure of activities affecting the environment and social issues);

9) Economic activities (control of conglomerates, breakup of giant industry, restriction of patent use).

In the meanwhile, many things have changed considerably, such as some social needs have changed because of technological advances; views on some social and environmental issues have changed; and new social and environmental problems emerged, while the old problems remained largely unresolved. Twenty five years later, Spiller (2000) has presented a similar idea of the list of potential social and environmental objectives and targets for organizations to choose and implement in their strategies. The Spiller’s (2000) list consists of 6 major stakeholders and 10 social and environmental targets for each stakeholder. As he states, this list is neither exhaustive nor unquestionable.

However, it allows organizations to choose and focus on one or more objectives, namely:

1) Community (generous financial donations, innovative giving; support for education and job training programs, direct involvement in community projects and affairs, community volunteer programs, support for the local economy, campaigning for environmental and social change, an employee-led approach to philanthropy, efficient and effective community activity, disclosure of environmental and social performance);

2) Environment (environmental policies, organization and management; materials policy of reduction, reuse and recycling; monitoring, minimizing, and taking responsibility for releases to the environment; waste management; energy conservation; effective emergency response; public dialogue and disclosure; product stewardship; environmental requirements for suppliers; environmental audits);

3) Employees (fair remuneration; effective communication; learning and development opportunities; fulfilling work, a healthy and safe work environment; equal employment opportunities; job security; competent leadership; community spirit; social mission integration);

4) Customers (industry-leading quality program; value for money; truthful promotion; full product disclosure; leadership in research and development; minimal packaging, rapid and respectful responses to customer comments, complaints, and concerns; customer dialogue; safe products; environmentally and socially responsible production and product composition);

5) Suppliers (develop and maintain long-term purchasing relationships, clear expectations, pay fair prices and bills according to terms agreed upon; fair and competent handling of conflicts and disputes, reliable anticipated purchasing requirements, encouragement to provide innovative suggestions, assist suppliers to improve their environmental and social performance, use local suppliers, sourcing from minority-owned suppliers, inclusion of an environmental and social element in the selection of suppliers);

6) Shareholders (good rate of long-term return to shareholders; disseminate comprehensive and clear information; encourage staff ownership of shares; develop and build relationships with shareholders; clear dividend policy and payment of appropriate dividends; corporate governance issues are well managed; access to company’s
directors and senior managers; annual report and accounts provide a comprehensive picture of the company’s overall performance; clear long-term business strategy; open communication with the financial community).

The Spiller’s (2000) list was replicated and used by Lamberti and Lettieri (2009) in their longitudinal study on CSR practices and corporate strategy. Nowadays, the Global Reporting Initiative (GRI; https://www.globalreporting.org/Pages/default.aspx) also presents in different languages a list of standardized CSR issues and related problems for companies from different sectors or industries, as well as for large enterprises and SMEs (Fassin, 2008; Porter and Kramer, 2006).

In the 1990s, Kaplan and Norton (2001) proposed the “balanced scorecard” as a kind of solution to the performance measurement problem, and later, they applied this to the process of new strategy implementation. For these authors, strategies are changing because “opportunities for creating values are shifting from managing tangible assets to managing knowledge-based strategies that deploy an organization’s intangible assets: customer relationships, innovative products and services, high-quality and responsive operating processes, information technology and databases, and employee capabilities, skills, and motivation” (p.2).

Based on the idea of Kaplan and Norton, Spiller (2000) proposed the “ethical scorecard,” because, as he asserts, the purpose of ethical business “is to create environmental, social and financial wealth, thereby making a positive contribution to the environment and society in a financially responsible manner” (p.151).

4.3 CSR, the size of an organization and the issue of philanthropy

Linking CSR to strategy in organizational practice depends on many factors (e.g., organizational size/type, type/sector of activity, national culture, and institutional framework), but because of the length of the text, we confine to two of them.

In the usual typology of organizations, among the large (including multinationals), the medium-sized, and small-sized enterprises, there are significant differences in approach to the relationship between organizational strategy and CSR.

Research on the relationship between CSR and strategy, as well as proposals on how to turn bottom line strategy into one socially and environmentally responsible, has concentrated mainly on large and multinational companies (Fassin, 2008; Lamberti and Noci, 2012; Morsing and Perrini, 2009), while in the European Union, for example, non-financial business economy, SME account for 99% of all for-profit organizations and approximately two-thirds of employment (Eurostat, 2014).

The implicit assumption that CSR-related strategy solutions for large companies (e.g., formalization of CSR, CSR reporting, and communication) can be copied with success to SME is incorrect and, in some circumstances, can even be counterproductive (Fassin, 2008).

SME seems to be aware of their social and environmental responsibilities; however, they include with difficulty CSR-related issues in their strategies (Lamberti and Noci, 2012; Morsing and Perrini, 2009). According to Morsing and Perrini (2009) and Lamberti and Noci (2012), the role and nature of the relationship between CSR and the strategy in SME is distinct from that of large companies because of the following factors:

- the entrepreneur’s ethos, culture, values, and identity play a fundamental role in making decisions related to CSR, because most of the SMEs are managed personally by their owners (there is no agency problem),

- natural close relationship exists between CSR and organizational strategy that results from an ongoing dialogue with company’s stakeholders which are vital for them because SMEs are more socio-tropic, dependent, and embedded in their communities than large companies,

- between proactivity related to CSR and zeal for efficiency and bottom line or self-interest in the decisions taken, there is a dynamic equilibrium, because the SMEs have a structural scarcity of resources and are more exposed to potential losses than large companies,
• and there is a strong integration of CSR in the strategy to achieve growth and sustainability.

SME ranks as more important stakeholders, regulatory authorities, and shareholders than local community groups or environmental organizations, but with regard to environmental issues, differently than large companies, they attach greater relative importance to suppliers than to final consumers and owners; SMEs frequently engage and cooperate with non-governmental organizations (Harangozó and Zilahy, 2015).

For Lamberti and Noci (2012), medium-sized enterprises constitute a separate category because they have a small business similar characteristics (e.g., risk-based approach to CSR, sociotropism, social and environmental dependence), while others are typical of large companies (e.g., resource availability and management skills).

Discussing the issue of social responsibility in relation to organizational strategy, one cannot fail to mention the issue of philanthropy. Philanthropy is associated with company size, so large enterprises contribute more to various forms of charity (Brammer, Millington, and Pavelin, 2006), but SMEs also engage in philanthropy (Gautier and Pache, 2015), and the donation increases when the company's performance improves (CECP, 2014).

As Porter and Kramer (2002) write, what used to be called as strategic philanthropy is neither philanthropy in the literal sense of the word nor even strategic for the organization. Philanthropy is used for the purposes of public relations or advertising with the aim of promoting the image of the company, to improve a company’s reputation or its brand through cause-related marketing or other type of sponsorship, to raise the morale of employees, or to increase company visibility, in order to gain the goodwill of customers, local community, or employees (Brammer et al., 2006; Porter and Kramer, 2002).

Sometimes “there are genuine doubts about whether such approaches actually work or just breed public cynicism about company motives” (Porter and Kramer, 2002, p.57) like in the case of one of the largest tobacco producers mentioned by Porter and Kramer (2002) that spent less in 1999 in philanthropic giving than in the campaign to publicize this achievement.

However, when the company uses philanthropy to enhance its competitive environment (context-focused philanthropy) in the locations where it operates, it can leverage its capabilities and it achieves social and economic objectives (gains) at the same time (Porter and Kramer, 2002). While the strategy plays a marginal role of how much the company donates, its role becomes important regarding how the company manages philanthropy (Brammer et al., 2006).

However, to Aguinis and Glavas (2013), philanthropy, volunteering, and so on, belong to the peripheral CSR activities and not to embedded ones, so they do not form an integral part of socially responsible strategy, whereas Gautier and Pache (2015) state that “we still lack a clear understanding of the array of available giving strategies, whether connected to the core strategy or not” (pp.362-363).

5 Concluding remarks

In this paper, a brief review on organizational strategy, as well as on social responsibility literature, was done, showing two among many success stories of organizational strategies that integrate the triple bottom line as well as some proposals of potential solutions from the subject literature.

Table 1 summarizes the possible means to accomplish CSR into company’s strategy, earlier presented. The two fields seem to diverge very widely, despite the growing body of literature on this subject that tries to approximate them, but it depends largely on us to change the current state of affairs.

The social responsibility of organizations is one of the potential solutions to the social, environmental, and economic problems that characterize contemporary society and the environment we live in, but it is not the only solution, nor is it the perfect one.
Largely, this solution or initiative seems to be confined to the more developed countries, where there is a greater organizational density and more interested and influential stakeholders, leaving the rest of the world out of the many benefits of this solution. In developing countries, obviously, there are social responsibility projects, but they are mostly the result of external initiatives, as well as in developed and not developing countries, “demand for products and services that meet societal needs is rapidly growing” (Porter and Kramer, 2011, p.67).

Sometimes it could seem impossible to combine the three objectives (economic, social, and environmental) in an effective strategy, but, increasingly, there are more cases when the improbable became feasible and beneficial for many stakeholders and the society as a whole.

Social responsibility, like all social phenomena, can generate a wide range of unwanted and/or unintended long-term consequences. “It may, for example, contribute to boom-bust cycles and, thus, destabilize financial markets /…/, which would not be in the long-term interest of business or economies at large” (Orlitzky and Shen, 2013, p.349).

The connection of the triple bottom line in a coherent and effective strategy may not be successful for many organizations, although there are still many organizations that do not do this, because either they cannot or simply they did not try it. Sometimes it does not go well, but in this type of projects, organizational leaders can also learn from mistakes and failure. Among others, Cope (2011) writes about the process and the dimensions of learning from venture failure. For him, “The powerful and beneficial lessons of failure can give entrepreneurs revitalized awareness of their abilities and a broader, more sophisticated knowledge base” (Cope, 2011, p.620).

This paper has several limitations: the approach is eclectic and subordinated to the practical dimension and practitioner view; the literature review on linking CSR with strategy is not exhaustive, but selective and demonstrative; the discussion of strategy and social responsibility is very brief without showing in general the vast research that has been done in these areas up to now, because its role is only introductory to the main objective of the paper; the ways of connecting CSR with strategy in practice are subject to a set of constraints that were not covered here, as it would exceed the scope of the article; and so on.

<table>
<thead>
<tr>
<th>Ways of linking CSR with strategy</th>
<th>Some references</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR activity supporting core business of the firm</td>
<td>Burke and Longsdon (1996)</td>
</tr>
<tr>
<td>Cost–benefit analysis of the optimal level of investment in CSR that maximizes profit; CSR as product differentiation and reputation building</td>
<td>McWilliams and Siegel (2001)</td>
</tr>
<tr>
<td>CSR issue such as (1) generic social problem, (2) value chain social issue, and (3) social dimension of competitive context</td>
<td>Porter and Kramer (2006)</td>
</tr>
<tr>
<td>Creation of shared values</td>
<td>Porter and Kramer (2011)</td>
</tr>
<tr>
<td>Embedded vs. peripheral CSR</td>
<td>Aguinis and Glavas (2013)</td>
</tr>
<tr>
<td>Checklist approach to CSR as social and environmental risks</td>
<td>Davis and Blomstrom (1975); Spiller (2000), GRI (<a href="http://www.globalreporting.org">www.globalreporting.org</a>)</td>
</tr>
<tr>
<td>Ethical scorecard</td>
<td>Spiller (2000)</td>
</tr>
</tbody>
</table>
5 References


