

CORPORATE SOCIAL RESPONSIBILITY: SUPPORTERS VS. OPPONENTS OF THE CONCEPT

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Abstract. The goal of the study is to present Corporate Social Responsibility (CSR) in the context of different views of the concept. The representatives of the traditional, conservative trend claim that the only purpose of the enterprises' activity is to maximize profit. On the other hand, the representatives of the socio-humanistic, reformist trend emphasize the fact that the success of a company relies on sustainable development resulting from including three, economic, environmental and social dimensions in its activities. The difference of views on CSR appears to arise from the multi-dimensionality of the concept and locating it on the border of ethical reflection and economic analysis. Thus, it does not mean the same to all CSR representatives.

Key words: Corporate Social Responsibility, enterprise, supporters, opponents.

Introduction

The development of a modern enterprise is determined not only by the effective use of resources and applying appropriate strategies, but also taking into account the concept of CSR (Corporate Social Responsibility) in management processes. Due to globalization and internalization, CSR activities have proven that without them businesses may lose potential staff, value for employees and its attractiveness to the society. Companies are forced to maintain profitability and in the same time behave responsibly (Mohr et al. 2001). Through CSR, a company may improve its corporate performance by retaining talented employees, earn consumer and brand loyalty, reduce risk and build goodwill (Mullerat 2010). CSR initiatives may also decrease consumers' will to buy a company's products (Sankar, Bhattacharya 2001). In other words, CSR is of a key importance in the existence of companies in numerous countries and regions. If a company wishes to be perceived as a reliable partner in business, it should implement elements of this concept, and indeed this concept itself (Sroka, Lórinicz 2015). This relates not only to global corporations, but also to small and medium-size companies, operating in developed, as well as developing countries and a variety of sectors functioning within.

Corporate Social Responsibility is primarily seeing the effects of own decisions and bearing responsibility for them; it is respecting the interest of society, even if it means sacrificing profits in the short term. The approach to this

concept evolved from reconciling divergent interests within the organization to two-way responsibility of the organization's internal and external groups.

The concept has its supporters and opponents, though it seems that a company that cares about its positive image must take into account business ethics and related social responsibility. In the process of strategic management, CSR translates into building a mission and strategies based not only on the willingness to make a profit, but also social, environmental, and humanitarian objectives, that is creating a new corporate culture. Given these facts, the goal of the study is to present CSR in the context of different views of the concept. The difference of views on CSR appears to arise from the multi-dimensionality of the concept and locating it on the border of ethical reflection and economic analysis.

1. The concept of Corporate Social Responsibility

Corporate social responsibility (CSR) is, generally, the perception of a company as an integral part of society functioning in a socially responsible manner, i.e. fulfilling certain obligations to society. It is the name of the concept, or rather a set of ideas, according to which corporate responsibility is more than just making a profit for shareholders. Wołowiec (2004: 3) defines CSR as a philosophy of doing business, taking into account the establishment of stable, transparent relationships with all partners. In his opinion, the implementation of CSR leads to building the strategy of competitive advantage based on providing sustainable value for both shareholders and other partners – stakeholders. This means that the principle of competition focused on the interests (goals) of owners should be replaced with the principle of social responsibility towards the interest groups associated with the company. The objectives of a company should, therefore, reflect a balance between the desire to make a safe (satisfactory) profit and a sense of social responsibility and willingness to bear it (Chwistecka-Dudek 2014: 7-8).

In turn, Rok (2001: 32) claims that CSR is a philosophy of conducting production and service activity, aimed at building lasting, positive relationships with all stakeholders. It determines the characteristics of management systems ensuring the desired course of processes or activities, relevant to the purpose of management.

Another definition addresses the fact that profitability from business for some may come at the expense of others (Kraisornsuthasinee 2012). CSR operates on the principle that companies are obliged to meet their responsibilities to their stakeholders and also shareholders (Goel, Ramanathan 2014). As one may see from the definitions provided, it is of limited validity to properly explain the meaning of CSR, and thus the proper definition becomes more problematic. CSR is regarded, therefore, as the institutionalized and rationalized element

of a well-thought-out business strategy, which may become a new source of competitive advantage.

CSR concepts can be identified due to their stages of development and problem-related aspects. The following concepts can be distinguished (Nakonieczna, 2008: 35):

- classical concepts (CSR-1) focusing on the ethical and philosophical aspects of responsibility;
- the stage of studying companies, taking into consideration their response to the concept of corporate social responsibility (CSR-2);
- the stage of analyzing corporate social responsibility that is characterized by the normative perspective of the concept and developing appropriate standards and mechanisms allowing companies to act in a socially responsible manner (CSR-3).

The problem-related aspects of CSR include three main approaches:

- a traditional approach, denying the concept of CSR and emphasizing that the only responsibility of the company is its responsibility towards owners and shareholders, who should be provided with adequate returns. Friedman's view is significant here, who believes that corporate social responsibility is to make a profit, while the primary and sole responsibility of managers is to make money for shareholders. This approach, popular in the early 20th century, is now very rare;
- the approach of company's "responsibility" towards its stakeholders. In this approach, a company is accountable for decisions it makes, not only to its owners (shareholders), but also to so-called pressure groups, directly or indirectly associated with the activities of the company. In this approach, it is corporate responsibility towards internal stakeholders (co-owners and employees) and external stakeholders (suppliers, buyers, banks, creditors, local and central authorities, and competitors);
- an affirmative approach, which is an extended option of the responsibility-based approach. It involves not only responsibility towards its stakeholders, but also commitment to actively anticipate changes in the environment and meeting the needs and expectations of relevant stakeholder groups.

It seems that there is a consensus of opinions about the need for socially responsible corporate conduct. In fact, however, the views on this are varied and have both their supporters and opponents, which is largely due to the clash of two visions of the role and place of companies in society: a traditional vision, which is based on the liberal order and a socio-humanistic vision perceiving companies in a broader social context.

Table 1. Arguments for and against responsibility

Arguments for social responsibility	Arguments against social responsibility
Economic activity creates problems, therefore organizations should participate in solving them. Companies are citizens in our society. Economy often has resources necessary to solve many problems. Companies are partners in our economy, as well as government and society.	The goal of economic activity in society is to make a profit for owners. Involvement in social programmes gives companies too much power. There is a possibility of a conflict of interest. Economy lacks experience in managing social programmes.

Source: Griffin (1999: 150).

However, the division into the supporters and opponents of corporate social responsibility is not clear. The liberal argumentation, presenting a rather negative attitude to this concept, also includes statements that justify the use of corporate social responsibility. On the other hand, in the socio-humanistic trend, doubts arise about CSR. It seems that the controversy is caused largely by different ways of understanding corporate social responsibility, the multidimensional character of the concept itself, because it means not always the same for everyone.

2. The opponents of the concept of Corporate Social Responsibility

The concept of CSR has both its supporters and opponents. Its opponents, that is the representatives of a conservative, traditional trend believe that the responsibility of managers is to maximize profits for shareholders, and not moral responsibility. The most famous representative of this trend is Friedman (1970), who believes that in a free market economy, there is only one fundamental corporate social responsibility – to take advantage of their resources and act in a way that maximizes profits, respecting the existing rules of the game, that is competing in an open and market way within the limits of law. Taking CSR activities by managers and therefore not directly related to the goal of the company means allocating the funds of shareholders for charity. This controversial view gained many followers in the 1980s and 90s, who highlight the following arguments (Oblój, 2010: 78-80):

- this view is consistent with the logic of a market economy because we can optimize the value of only one variable, while the other goals are the limitation to this function. So if we regard the assumptions of a market economy on private property and the role of competition as fundamental, the company should optimize its function of efficiency (maximizing profits and long-term payments to shareholders) and other goals (the satisfaction of customers, employees, and social objectives) are the only limitations to this process;
- if the company were to achieve other goals simultaneously, in addition to maximizing profit, and, in particular, to behave in a socially

responsible manner, it would be generally beneficial to everyone, but in practice, it can mean higher costs and uncertainty about the functioning of the company itself;

- companies should not do things that they have not been established for because it means the bad allocation of resources and reducing the effectiveness of their use.

Friedman is opposed to the model of corporate social responsibility that requires companies to perform activities that go beyond the pursuit of the fundamental objective of business activity, that is making a profit. The essence of Friedman's objections (1993: 127) to CSR is two main arguments:

- “the argument of proxy”, which uses the legal concept of a proxy. Because managers are proxies of shareholders in the companies they work for, they should do only what is in the interest of shareholders, that is the most money possible, whereas the actions of managers in the area of CSR are at the expense of financial benefits. The role of managers as proxies, therefore, excludes the objectives associated with social responsibility.
- “tax argument” - assuming tax liabilities can make only financial losses, which someone has to pay for:
 - shareholders, who will receive smaller dividends,
 - customers, who will pay higher prices,
 - employees, who will receive a lower salary.

Thus, Friedman concludes that in fact, managers levy these groups, forcing them to fund social objectives, the implementation of which should be ensured by the government. Friedman considers the concept of social responsibility as a bad idea, not only for economic reasons, but also because it is a threat to democracy. In his opinion, the interest of managers in other issues than “making the most money possible for their shareholders” undermines the foundations of a free enterprise. He considers it to be a subversive doctrine, leading to a situation in which managers, appointed to run the company, are beginning to deal with issues that do not fall within their competence. It is the disturbance of the division of responsibilities between the state and the private sector. Friedman also highlights the lack of democratic legitimacy of companies to operate in the public sphere. If managers are supposed to deal with public interest matters, they should be officials. Taking an initiative by the enterprise in solving social and environmental problems also creates the danger of excessive control over society, especially in developing countries.

Such an uncompromising and biased approach to CSR is often undermined (Gruszecki 2002: 157; Chryssides, Kaler 1999: 242-244). The arguments of the opponents of Friedman's extreme view have always concerned the fundamental principles of a market economy, but only the recent global crisis added real importance to them, since it challenged the assumption of the efficient opera -

tion of the market, competition and the only justified goal of creating value for shareholders. However, Friedman's views also have supporters. Drucker (1999: 86), who in fact does not agree with the Friedman's thesis that business is responsible only for the economy of its operation, believes that performing tasks by organizations that go beyond their specialized competence may be harmful to both organizations and society. Henderson (2001) defines corporate social responsibility as a "misguided virtue." He criticizes the fact that companies are imposed with new responsibilities and objectives related to the implementation of CSR principles. This is forcing companies to become "corporate citizens" and conduct business in collaboration with various stakeholders in order to achieve sustainable development. Henderson believes that social expectations, which are aimed at satisfying the company, are in fact the expectations of non-governmental organizations critical of the business.

The opponents of CSR also criticize the attempts to introduce the universal principles of CSR on a global scale, which is seen as ignoring differences between different economies. It is also unacceptable for them to create fashion for global salvation, which forces companies to engage in activities to solve global social problems. This means increasing company's operating costs because managers have to take into account the opinions of stakeholders when making decisions. An argument that corporate social responsibility is an attempt to repair imperfections is also rejected. The fact that is emphasized is that it is the supporters of CSR that demand laws which lead to distorting healthy rules of the market game, not improving them. Many supporters of the concept of CSR do not understand the rationality of a market economy and the role of profit.

The concept of corporate social responsibility is not entirely rejected by the representatives of the conservative trend. They see the economic potential in it through the self-regulation of activities, which are not subject to legal regime, as well as the marketing potential by creating the new foundations of company's reputation and image and thus attracting new customer groups and strengthening the loyalty of existing customers. CSR activities, therefore, may be considered a long-term investment.

3. The supporters of the concept of Corporate Social Responsibility

The supporters of corporate social responsibility, namely the representatives of a socio-humanistic trend are guided by the principle that the aim of a company is to serve the public, and if there is a conflict between the company's self-interest and public interest, managers are obliged to act in the public interest because the company is not only an economic institution, but primarily a social one.

This means that the main goal of an enterprise is not maximum, short-term profit and its responsibility is not limited only to increasing it. The goal is benefits for all social groups, and thus, enterprises should be guided by respect for

the interest of society, even if this could mean a reduction in short-term profits. This does not mean giving up profits at all because the *raison d'être* of the company is profit and development, but it should be long-term profit, made taking into account the interests of employees, consumers, competitors, environment protection, etc.

Treating profit in the long-term perspective “strengthens” the role of ethical standards in business and has a positive effect on the company’s business activity. The objectives of a company should, therefore, reflect a balance between the desire to make a safe, satisfactory profit and a sense of social responsibility and willingness to bear it. Therefore, the supporters of CSR believe that company’s success relies on sustainable development resulting from including three, economic, environmental and social dimensions in its activity. None of them should be overlooked as only their harmonious combination allows for building a long-term competitive strategy. The advantage of the concept of CSR is, as a result, agreement – oriented management, a widely understood idea of consensus, in contrast to the profit-oriented action. Thus, an enterprise should be regarded as a pluralistic institution, whose development depends on the extent to which the expectations of stakeholders are fulfilled.

Contemporary economy provides a number of arguments that the market is not a “moral institution” and does not need external stimuli in order to meet the conditions of free competition. The concept of CSR provides such stimuli, offering companies various opportunities to assess their moral behaviour. The concept of CSR is the responsibility of individuals, companies and the business environment for bearing the consequences of good and bad effects of their behaviour. It is primarily seeing the effects of their own decisions and bearing responsibility for them in order to respect the interest of society.

Usually companies operating on an international scale are expected to take more social responsibility, which is not surprising as the effects of their activities involve many countries and are often global in nature. The proponents of the liberal vision of globalization see the main instrument of bringing global prosperity in multinational corporations, and its critics – a major cause of destabilization of the growing inequality (Stiglitz 2004; Korten 2003).

Due to their scale, projects undertaken by corporations produce economic, social and cultural effects, which are felt in many countries. Major corporations have taken over some of the functions which were previously fulfilled by state structures. In many countries, they cover more than half the cost of research, they care about the protection of new technologies, co-finance social security contributions of employees, offer pension schemes, and provide medical and education benefits (Anioł 2002: 63 -64). Therefore, it is also very important to develop the principles of corporate social responsibility on a global scale.

However, some doubts about this concept appear among the supporters of CSR. On the one hand, socially responsible actions can be considered as long-

term investment that helps achieve the objectives of the company, on the other hand there are also arguments that the actions taken within corporate social responsibility have nothing to do with a sense of responsibility, but they are the type of a curtain hiding the unethical character of business. Companies are more interested in publicizing philanthropic activity than introducing the principle of responsibility into the company's strategy. Nevertheless, in these cases such activities are quickly revealed and company's reputation is hard to rebuild (Tullberg 2005: 161). There is a consensus that the market is not sufficient to control social life and needs non-market tools, such as social responsibility through more aware look at the consequences of their actions.

The presented arguments of opponents and supporters of CSR result mainly from the fact that the presented concept is located on the border of ethical reflection and economic analysis. And it is this "location" that seems to be a source of confusion and even internal contradictions. In addition, the different understanding of CSR, the multidimensional character of the concept itself make that corporate social responsibility does not mean the same thing to everyone. However, it should be assumed that a new social reality is being formed that requires new concepts emphasizing the fact that economic freedom must "go hand in hand" with responsibility, for example CSR.

Conclusions

CSR is one of the latest concepts that should be included in the processes of management of modern enterprises. This concept is aimed at understanding a widely understood idea of consensus, in contrast to the profit-oriented action. Profits are not a priority because it is equally important to ensure long-term growth and develop good relationships with stakeholders. CSR has its opponents (a conservative trend) and supporters (a reformist trend). The most famous representative of the conservative trend, Friedman, believes that in a free market economy, the only goal of business is to use available resources in such a way that profits are maximized within the existing rules of the market game. In contrast, the supporters of CSR highlight the fact that management should be guided by the Elkington's principle, i.e. the triple bottom line, which assumes sustainable development, taking into account not only an economic dimension but also social and environmental ones.

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