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Perspective in corporate social responsibility & community development

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Abstract
Corporate social responsibility (CSR) refers to strategies corporations or firms conduct their business in a way that is ethical, society friendly and beneficial to community in terms of development. This article analyses the meaning of CSR based on some theories available in literature. CSR is evolving in its meaning and practice. The article then discusses the role of CSR in community development because the very logic of CSR is towards seeing its impact in community socially, environmentally and economically. Competencies required by CSR managers are also analyzed in order to have a better understanding of the practical aspects of CSR. Finally, conclusions and implications for future research are discussed.

Keywords: corporate social responsibility, community development, competencies of CSR managers, multinational corporations, corporate-society relations

Introduction

The issue of corporate social responsibility has been debated since the 1950s. Latest analyses by Secchi (2007) [6] and Lee (2008) [5] reported that the definition of CSR has been changing in meaning and practice. The classical view of CSR was narrowly limited to philanthropy and then shifted to the emphasis on business society relations particularly referring to the contribution that a corporation or firm provided for solving social problems. By doing so, business creates wealth in society and provides better standards of living.

The present day CSR is a concept whereby business organizations consider the interest of society by taking responsibility for the impact of their activities on customers, suppliers, employees, shareholders, communities and other stakeholders as well as their environment. This obligation shows that the organizations have to comply with legislation and voluntarily take initiatives to improve the well-being of their employees and their families as well as for the local community and society at large.

CSR can involve a range of activities such as working in partnership with local communities, socially sensitive investment, developing relationships with employees, customers and their families, and involving in activities for environmental conservation and sustainability.

This article aims to analyze three theories of CSR namely utilitarian, managerial and relational in terms of their meaning and practical emphases. The organization of the article is as follows: First, theories of CSR are analyzed in order to look at their emphases of meaning, perspective, and approaches. Second, the roles of CSR are highlighted specifically in community development because the very logic of CSR is towards seeing its impact in community socially, environmentally and economically. Third, competencies required by CSR managers are discussed in order to have a better understanding of the practical aspects of CSR. Finally, conclusions and implications for future research are drawn.

Theories of CSR

Since there is a great heterogeneity of theories and approaches of CSR, discussion in this article is based on a comprehensive analysis by Secchi (2007) [6] and it is compared with an analysis. Secchi has come up with a group of theories based on a criterion what role the theories confer to the corporation and society. The theories are as follows:
1) The utilitarian theory,

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2) The managerial theory, and
3) The relational theory.

On the other hand, analysis maps CSR into four types of territories. They are:
1. Instrumental theories,
2. Political theories,
3. Integrative theories, and
4. Ethical theories.

There is no doubt that some similarities do exist in both conceptualizations of CSR and the discussion will be based on emphases and approaches.

Utilitarian Theories
In the utilitarian theories the corporation serves as a part of the economic system in which the function is mechanical i.e. traditionally known as in profit maximization. CSR ideas emerged after a realization that there is a need for an economics of responsibility, embedded in the business ethics of a corporation. Instrumental theories were also based on the basic idea about investment in a local community in which Friedman strongly stated earlier that the investment will be in long run provide resources and amenities for the livelihoods of the people in the community.
Secchi (2007) [6] further divides the utilitarian group of theories into two, namely, the social costs of the corporation and the idea of functionalism. The social cost theory has a basis for CSR in which the socio-economic system in the community is said to be influenced by the corporate non-economic forces. It is also called instrumental theory because it is understood that CSR as a mere means to the end, which leads to the fact that the social power of the corporation is materialized specifically in its political relationship with society. The utilitarian theory, therefore, suggests that the corporation needs to accept social duties and rights to participate in social co-operation.

Managerial Theory
Secchi's (2007) [6] analysis further stresses the logic of managerial theory that emphasizes corporate management in which CSR are approached by the corporation internally. This makes the difference between utilitarian and managerial perspective of CSR. Managerial theories have been divided into three sub-groups:
1. Corporate social performance (CSP);
2. Social accountability, auditing and reporting (SAAR), and
3. Social responsibility for multinationals.

CSP aims to measure the contribution the social variable makes to economic performance. CSP of a corporation is further sub-divided into five dimensions in order to keep detailed information about its existence in the corporate chains:
1. Centrality measures the way CSR is compatible with mission of the core goals;
2. Specificity gauges the advantages CSR brings to the corporation;
3. Pro-activity that measures the degree of reaction to external demands;
4. Voluntarism that accounts for the discretion the firm in implementing CSR; and
5. Visibility refers to the way the responsible behavior is perceived by community of stakeholders.

As conclusion, the managerial theory generates interests in the sense that CSR considers socio-economic variables to measure firms' socio-economic performance, as well as to link social responsibility ideology to business strategy. Secchi (2005) further elaborates that SAAR are strictly related to social performance contributions through accounting, auditing and reporting procedures. SAAR means a firm accounts for its action.
CSR for multinationals (MNCs) grows as a result of global competitions and challenges they faced. This aspect of managerial theory comes into being as a result of the responsibility the managers have to shoulder by defining useful tools about the CSR for the MNCs to survive in foreign countries.

Relational Theory
Relational theory has a root from the complex firm-environment relationships. As the term implies, interrelations between the two are the focus of the analysis of CSR. Relational theory is further divided into four sub-groups of theories:
1. Business and society;
2. Stakeholder approach;
3. Corporate citizenship; and
4. Social contract.

Business and society is proposed to mean 'business in society' in which CSR emerges as a matter of interaction between the two entities. One of the measures of CSR is the development of economic values in a society.
Stakeholder approach has been developed as one of the strategies in improving the management of the firm. It is also said as a way to understand reality in order to manage the socially responsible behavior of a firm. The stakeholder approach further considers a firm as an interconnected web of different interests where self creation and community creation happen interdependently; and individuals behave altruistically.
Corporate citizenship of the relational theory strongly depends on the type of community to which it is referred. It is a path that a corporation may take to behave responsibly. Fundamentally, it is about the relationship that a corporation develops with its stakeholders, and therefore, the former has to continuously search for engagement and commitment with the latter.
Finally, the social contract theory of the relational group refers to the fundamental issue of justifying the morality of economic activities in order to have a theoretical basis for analyzing social relations between corporation and society.

Conclusions about the three groups of CSR theories are as follows
a) Utilitarian is simplified in its views by the individuals and mechanical from the corporation perspective,
b) Managerial is very organizational oriented and measurable; and
c) Relational is values-based as well as interdependent between the corporation and society.

The following section discusses the meaning of community development and the roles of CSR in community development based on various contexts around the globe. The role of CSR is essentially towards understanding what does the community gain from the various CSR initiatives.

Role of CSR in Community Development

Meaning of Community Development

First of all community is generally defined as a group of people sharing a common purpose, who are interdependent for the fulfillment of certain needs, who live in close proximity and interact on a regular basis. The community leaders are individuals who strive to influence others to take responsibility for their actions, their achievements, and the community welfare.

Community development (CD) refers to initiatives undertaken by community with partnership with external organizations or corporation to empower individuals and groups of people by providing these groups with the skills they need to effect change in their own communities. Community developers must understand both how to work with individuals and how to affect communities' positions within the context of larger social institutions.

CD is the combined processes, programs, strategies, and activities that make a community sustainable as compared to economic development which is the marketing of its potential for growth followed by local efforts to act on opportunities. The key purpose is to work with communities experiencing disadvantage, to enable them to collectively identify needs and rights, clarify objectives and take action to meet these within a democratic framework which respects the needs and rights of others.

Common Roles of CSR in Community Development

From the above meaning of CSR, it is undeniable that CSR has implications on community and CD in many ways. The role of CSR in CD used in this paper is any direct and indirect benefits received by the community as results of social commitment of corporations to the overall community and social system. The common roles of CSR in CD are discussed as follows:

1. To share the negative consequences as a result of industrialization. This is related to increasing conscience-focused marketplaces necessitating more ethical business processes.
2. Closer ties between corporations and community. Through CSR the existence of corporations in the social system is felt beyond a perception that corporation is a place just to get employment and producers of goods and services.
3. Helping to get talents. Organizations with a reputation for CSR can take advantage of their status and strengthen their appeal as an attractive employer by making their commitment part of their value proposition for potential candidates.
4. CSR helps to protect environment. Some of the world's largest companies have made a highly visible commitment to CSR, for example, with initiatives aimed at reducing their environmental footprint. CSR is for human right corporate sustainability.
5. The United Nations have launched the "Global Compact" an initiative to convince international companies to commit themselves to universal principles in relation to protection of human rights.
6. Interdependency between a corporation and community. The close link between a corporation and community is another aspect of CSR role in CD because in long run it creates sustainable development.

Skills Needed by CSR Managers in Community Development

Skills possessed by CSR managers are among the internal factors determining the success of CSR practices especially in helping community. Because CSR profession is so new, transferable skills and knowledge from other related specialization such as environmental management, business ethics, community development, and human resource development are valuable.

Specific skills for CSR managers are very hard to clarify due to the diverse roles and range of disciplines involved. People skills cover adaptability and empathy, developing others in the community, influencing without power, integrity, political awareness, altruism, volunteerism, and adult learning. Finally, technical skills include technical expertise, understanding evaluation and impacts, stakeholder dialogue, human rights and understanding sustainability.

Based on the above skills grouping, CSR managers should have six core competencies. They are understanding community and community development, building capacity, questioning business beyond profit making, stakeholder relations, strategic business and community partnership, and harnessing diversity.

Conclusion and research implications

It is concluded that CSR is about business, government and civil society collaboration with the bottom line is the achievement of win-win situation among the three entities. From the social point of view, CSR should benefit community because the latter has a very complex structure as it consists of individuals with various levels of control of resources physically and intangibly. The analysis on the theories allows the understanding of CSR that goes beyond its traditional meanings; therefore, CSR necessitates a multidisciplinary approach in its perspective and practice. Since the current meaning of CSR is complex, knowing the theories allows scholars to have a better understanding about corporation-society relations, in which theories and practices of CSR are influenced by numerous economic and non-economic as well as internal and external forces.

Roles of CSR in CD refer to the ways the responsible behavior is perceived by community of stakeholders and how impacts are felt by them. The analysis shows that CSR proved to have many roles and the brought impacts to the community as follows: Closer ties and interdependencies between corporations and community, sharing the costs the society has to pay due to environmental degradation, transfer of technology from international companies to developing countries, environmental protection measures that done together by corporation and the communities, poverty alleviation in the communities, human right advocacy, and helps in data gathering by ICT firms to facilitate public organization functions. Experience has made one thing certain that sustainable CSR solutions at community, provincial and national levels are based on partnerships between government, civil society and business.

It is also concluded that skills needed by CSR managers do vary due to the diverse disciplines involved and also the complexity of the roles and responsibilities of a CSR initiative. There are no specific qualifications required for this field. Because the field is new, transferable skills and knowledge from other related specializations such as environmental management, business ethics, transfer of technology, human resource management and community development, are valued. In short, the skills required by CSR managers are classified as business skills, people skills and technical skills; and the specific skills required are further determined by the mission and vision of the organizations

where the CSR managers serve.

CSR organizations in many developing countries including Malaysia consist of local and international firms. As such, this analysis suggests that comparative studies should be conducted on the differences between strategies adopted by the two firms in terms of emphases and orientations in CSR, the specific roles of CSR programs to community and society at large, and specific business, people as well as technical skills that the CSR managers should possess. It is also suggested that studies on how CSR firms strive during the present economic crisis are worthwhile to embark on; however, they should be aware of the fact that moving towards achieving firms' economic goals should be without jeopardizing the social goals.

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