Corporate social responsibility strategy: strategic options, global considerations

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Corporate Governance International Journal of Business in Society

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Abstract

Purpose – *To further the dialogue on corporate strategy and corporate social responsibility (CSR). Specifically, to describe four options with respect to CSR strategies and to offer points of consideration for moving home country CSR strategies to host countries.*

Design/methodology/approach – *The approach is based on developing a conceptualization of various CSR strategic options. The paper also incorporates key global considerations for moving home country CSR strategies to host country operations.*

Findings – *The analysis suggests that CSR can not be separated from corporate strategy. Thus, firms have several factors to consider with respect to choosing appropriate CSR strategies. Not only are there fundamental strategic goals and outcomes to consider, but also a variety of cross-border factors that can potentially complicate the success of CSR strategies if not examined appropriately.*

Practical implications – *As with any good decision-making exercise, managers would do well to explore a variety of options before making a final decision. This paper offers four CSR strategic options from which managers can explore the development of a CSR strategy. However, recognizing the increasing influence of globalization and the need to expand operations overseas for many, if not most companies, the paper also suggests a number of salient factors that can effect the movement of CSR strategies from a home to host country. Thus, the paper offers a useful framework for making strategic decisions with respect to CSR.*

Originality/value – *The value of the paper rests in its dialogue of CSR in the context of corporate strategy and global business. With few exceptions, CSR and strategy have been given short shrift in the literature. Thus, by expanding an important component of corporate strategy and placing it in a global context, the paper properly expands on an essential topic in business.*

Keywords *Corporate social responsibility, Corporate strategy, Globalization*

Paper type *Conceptual paper*

In 2003, *Corporate Governance* (Vol. 3 No. 3) published a series of articles on global responsibilities. Topics in this edition covered the global responsibilities of management (Pérez, 2003), the role of business schools in educating on a global perspective (Lorange, 2003) and the contradictions and consequences of global strategies (O'Higgins, 2003), among others. While we believe special issues on global responsibilities in journals such as Corporate Governance certainly add insight into an important topic, what we believe is missing are more substantive discussions of a firm's social responsibilities (hereafter referred to as corporate social responsibilities (CSR)) in the context of corporate strategy in a global context. More specifically, in his ground-breaking book on corporate strategy, Kenneth Andrews of the Harvard Business School argues that with respect to corporate strategy, strategists address what the firm might and can do as well as what the firm wants to do (Andrews, 1971). However, he also argues that strategists must address what the firm ought to do. The "ought to do", in Andrews' parlay, refers to CSR.

Unfortunately, according to Miles (1993), since the publication of Andrews' book on corporate strategy, CSR has had very limited impact on the field that has now become known as strategic management. This is unfortunate as CSR is ultimately a strategic issue, one that can not be separated from a firm's overall strategy (Andrews, 1971; Carroll and Hoy, 1984). Indeed, ignoring CSR can have dire consequences. For example, the total social costs that must be born by US businesses due to socially irresponsible behavior (e.g. pollution, faulty/dangerous products resulting in consumer injuries, worker accidents due to poor safety conditions) is estimated at two and half trillion dollars per year (Estes, 1996).

If CSR and corporate strategy are integral, and if ignoring one's social responsibilities can render deep financial consequences (Estes, 1996; Frooman, 1997), then firms have important decisions to make. That is, firms need to decide on the type of CSR strategy they will pursue. Thus, first, as with any good decision-making exercise, a firm needs to understand what its options are with respect to CSR strategies. However, making a choice with respect to a CSR strategy in one's home base does not necessarily translate into a "global" CSR platform. Therefore, secondly, firms need to consider the nation/state of operation in relation to the home country as differences might drive different approaches to host country CSR strategies.

Given the significance of CSR as described in journals such as *Corporate Governance*, our discussion in this paper is important for four reasons: first, it conceptually develops the types of CSR strategies which firms might pursue, which is largely underdeveloped in the literature; second, it serves as a benchmark to evaluate CSR strategies across firms which in turn could serve as the basis to empirically investigate the relative value of each strategy; thrid, it offers practical guidance to managers, particularly managers of SMEs (small and medium enterprises), who are looking to broaden their CSR strategies globally; and fourth, it offers a point of reference for firms in emerging and transitioning economies who may be new to the CSR debate, especially as it applies to global environments.

CSR strategy: what are the options?

Although there are no precise definitions, Carroll (1979) conceptualises CSR in the context of economic, legal, ethical and discretionary (or philanthropic) responsibilities. Enderle (2004) suggests firms have three responsibilities to society: economic; social; and environmental. The work of Carroll (1979) and Enderle (2004) are important in that they offer insight into what constitutes a firm's responsibilities. However, their work offers little guidance as to what types of strategies a firm might choose to pursue with respect to CSR. To fill this gap, we rely on standard strategic management concepts to develop our ideas.

Most conceptualizations of strategic management suggest that there are two levels of strategy making: corporate strategy; and business unit strategy. Corporate strategy is concerned with the scope of the firm in terms of the industries and markets in which it competes while business unit strategy is concerned with how the firm competes within a particular industry or market. For purposes of this paper, the perspective of "corporate" strategy is equated to the home country while "business unit" strategy is equated to the host country. This metaphor is adopted so that the discussion can be steered toward strategy decision making in the core base of operation while considering factors that might affect the "movement" of the base CSR strategy to existing or planned operations around the word. Thus, turning our attention to "corporate" strategy, four strategic options are described, including: the shareholder strategy; the altruistic strategy; the reciprocal strategy; and the citizenship strategy.

CSR strategic option 1: the shareholder strategy

The shareholder strategy represents an approach to CSR as a component of an overall profit motive, one that is focused exclusively on maximizing shareholder returns. This strategic option is best aligned with the economist Milton Friedman. Although the rise of investor capitalism and the responsibility to shareholders as the focal concern of managers gained strong momentum in the 1980s, Friedman (1962, 1970), concerned with the growth of unchecked and unquestioned demands of CSR, argued decades ago that the only responsibility of business is to provide jobs, make goods and services that are demanded by consumers, pay taxes, make a profit by obeying minimum legal requirements for operation and by engaging in open and free competition without deception or fraud. According to Friedman (1962, 1970), by pursuing maximum profit and strict accountability to the owners of capital, the wealth created is sufficient to meet any social responsibilities. Thus, a business firm that fulfils its profit maximizing obligations not only secures its own survival, but also contributes to the overall wealth and prosperity of society. Friedman's argument represents the neoclassical economic concept of self-interest, via the "invisible hand, at work in society. However, regulations (e.g. environmental, labor) or legal actions (e.g. shareholder lawsuits) may force firms with a pure profit motive into reactive strategies for CSR (Walton, 1982; Kok *et al.*, 2001; Waddock *et al.*, 2002). Lastly, given its pure economic focus, the shareholder strategy to CSR is predominately based on a short-term vision in that it is primarily concerned with producing better financial results over any given previous period.

Is the shareholder strategy a legitimate strategic option with respect to CSR? Certainly, as individuals who place their capital at risk, shareholders have a right to expect a return on their investment. However, Friedman (1970) argues that any use of shareholder funds beyond the means of making a profit is a misuse of those funds. Indeed, if we view a business from a property-rights perspective, a human rights case may be made against CSR in that any use of shareholder funds for non-commercial goals means "robbing" shareholders of the full value of their property rights. Friedman (1970) himself offers a caveat in that initiatives focused on social responsibility (beyond that of profit maximization) may be possible, but only if they improve the profits of the firm.

Echoing Friedman's position, some executives plainly see their responsibility to society as nothing more than maximizing shareholder value (Centre for Corporate Public Affairs, 2000). Furthermore, if a company is small or just starting out, any activity that diverts attention away from making a profit may not be beneficial to the survival of such companies (Spence *et al.*, 2003). Evidence does suggest that smaller firms are not as engaged in socially responsible behaviours (beyond profit maximization) as larger firms (Waddock and Graves, 1997). Although perhaps seen as short-sighted in today's business climate, a shareholder strategy, one based on the classic "Friedmanite" argument, is nonetheless a strategic option with respect to CSR.

CSR strategic option 2: the altruistic strategy

It has been suggested that business firms are not responsible to society, but rather that the obligation of social responsibility falls upon the managers of business firms (Andrews, 1971; Murray and Vogel, 1997). That is, although the firm can be viewed as an artificial person (Wokutch, 1990), and thus has the ability to do harm or good, it is ultimately managers that guide the firm's social responsiveness. In this sense, the personal values of managers and even their religious convictions say much about how a firm is predisposed toward social responsibility beyond profit maximization (Joyner and Payne, 2002; Angelidis and Ibrahim, 2004; Hemingway and Maclagan, 2004).

In this CSR strategic option, the interwoven relationship between the firm and its community is acknowledged and understood. Furthermore, as a member of the community, the firm recognizes that it must "give something back, in the form of philanthropy, in order to make a positive contribution to that community. Typically, philanthropic giving comes from a firm's surplus profits and is distributed according to social value and social and moral precepts; surpluses may be channelled to various kinds of social, educational, recreational, or cultural enterprises (Carroll, 1979). Although hard to identify the real underlying motives (Hemingway and Maclagan, 2004), this strategy encompasses "doing the right thing" by giving back to the community without expecting anything in return. Largely, the altruistic strategy might best be represented as an act of goodwill on the part of the firm and direct benefits may not be measured. Lastly, firms adopting this CSR strategy might contribute to social causes on an *ad hoc* or intermittent basis (e.g. after a natural disaster in the community) or they might make recurring contributions (e.g. giving to annual charity events).

CSR strategic option 3: the reciprocal strategy

Perhaps best viewed as "enlightened self-interest", this CSR strategic option is pragmatic in that it seeks to resolve the conflicts between economic objectives and intense social, moral and environmental expectations of society. Indeed, based on the public's recent view of business (Environics International, 1999), a firm's survival in modern society seems to require an awareness of social responsibility as an indispensable part of strategy. Thus, the reciprocal strategy has an interconnected, two-fold purpose: to benefit society, while providing an economic benefit to the firm.

In this strategy, firms are more proactive with respect to social responsibility. For example, an industrial firm that implements environmentally sound manufacturing that goes beyond minimum legal requirements may not only offer improved benefits to society, but may also lead to reduced regulatory intervention, which can result in positive economic benefits (Murray and Vogel, 1997; Hemingway and Maclagan, 2004). Similarly, a pharmaceuticals firm may give to a specific health-related cause (e.g. AIDS) not only to make a positive contribution to society, but to signal that they are a caring employer, thus benefiting their employee recruiting efforts, for example (Turban and Greening, 1997; Waddock *et al.*, 2002; Rosen *et al.*, 2003).

CSR strategy in this option may also be tied to partnerships, such as between the firm and a specific community group or a non-government organization (NGO) for the purpose of benefiting societal welfare while at the same time for the purpose of benefiting the firm's sales and/or reputation (Logan *et al.*, 1997). Cause-related marketing is also a technique in this strategy and is helpful in that it not only benefits community-based nonprofit organization and social causes, but it is designed to increase the firm's product sales or corporate identity (DiNitto, 1989; File and Prince, 1998).

Recognized as an investment that requires a medium to long-term horizon to accrue benefits, be they financial or other benefits such as improved employee recruitment and retention, CSR in this strategic option has a clear rationale, is generally tied to core business activities and is managed for both firm benefit as well as for positive societal returns. To measure the results, activity-based reporting (e.g. Demmy and Talbott, 1998) is a requirement in this CSR strategy because firms are more interested in specific bottom line benefits than in the altruistic strategy. Although not necessarily used for disclosure to the public, activity-based reporting is beneficial in that it allows a firm to track a given CSR investment to an actual return.

CSR strategic option 4: the citizenship strategy

The citizenship strategy takes on a broader scope than the previous strategic options for CSR. Here, a business firm recognizes that various stakeholders have different interests and expectations, including customers, employees, suppliers, specific communities, shareholders, the environment and so on. Indeed, this strategy perhaps is best described from a stakeholder perspective (Freeman, 1984; Clarkson, 1995; Donaldson and Preston, 1995). Interestingly, as far back as the 1940s, some scholars suggested that a business firm should be viewed "as a citizen in society" (Drucker, 1946, p. 137) which has responsibilities to other citizens. Thus, the citizenship strategy not only recognizes its responsibilities to potential external constituents beyond its shareholders, but to its internal constituents as well (Dawkins and Lewis, 2003).

To be sure, balancing the competing demands of the various groups that are affected by or have an interest in a firm is a feature of this strategy. However, the reality is stakeholder demands are often mutually exclusively and a firm cannot necessarily treat all stakeholders as equals (Sethi, 2003); thus, firms may categorize their stakeholders as primary and secondary (Clarkson, 1995). To address this tension while at the same time trying to be a good corporate citizen, sorting out how to reconcile the various economic and social objectives of stakeholders, although fraught with difficulty, seems to move the firm in the right direction.

By way of example, if a chemical manufacturer implements environmental production standards beyond those that are required by law but, in the process, has to lower wages to its employees to cover the costs, is this good citizenship? In another example, if a financial services firm lays off IT employees in its home base of operation in order to move jobs overseas where IT labor is cheaper, but in the process improves the socio-economic conditions of an emerging foreign economy, is this good citizenship? These examples are meant to illustrate the tensions involved in trying to meet the demands of all the firm's stakeholders, particularly in a global context.

To be sure, a key feature of the citizenship strategy is that firms proactively dialogue with their stakeholders – and integrate their findings into decision making. Indeed, in this strategy, stakeholder needs are integral to corporate strategy (as both an input and output) and social objectives are integrated with economic goals. However, given the complexity of managing multiple stakeholder needs, it is recognized that the potential benefits of the citizenship may not materialize in a short time frame; thus, the citizenship strategy is long-term focused even if at the expense of weaker short-term results. Furthermore, citizenship strategies develop means of managing and measuring their accountability (e.g. triple bottom line) to those stakeholders. In other words, be it through annual reports, corporate web site disclosure, or separate triple bottom line reports, firms adopting a citizenship approach are transparent with respect to CSR. Evidence does suggest that a citizenship-type strategy of CSR can offer tangible rewards such as improved financial results as well as intangible rewards, such as outstanding reputations (Margolis and Walsh, 2003).

Although there may be various permutations to these strategies, we believe that the four CSR strategic options presented serve as a good guide (Figure 1). Certainly, however, not every firm will develop CSR strategies that perfectly match these options nor will they necessarily

Figure 1 CSR strategic options

	Goal	Vehicles	Measurement	Benefactors	Benefits	Time Frame
Shareholder Strategy	Profit	Rationalization; Self-interest	Financial results	Shareholders; Others indirect	Financial	Short-term vision
Altruistic Strategy	Give back	"Check-book" Philanthropy	Donations	Community Groups and Causes	Benefits may not be measured	Intermittent; Possibly timed (e.g. annually)
Reciprocal Strategy	Mutual benefits	Public Relations; Sponsorship; Partnerships; Community activity; Volunteering; Cause Related Marketing	Activity-based reporting	The Firm and the Community	Performance; Market Goals; Human Resources	Medium- to long-term planning
Citizenship Strategy	Responsibility; Transparency; Sustainability; Accountability	Governance; Applied Ethics; Stakeholder dialogue; Input to/outflow of Corporate Strategy	Triple Bottom Line; Holistic	To firm: Survival, position, role; To partners of all sectors; To wider society	Tangible plus potentially Intangible	Long-term horizon

maintain the same CSR strategy over time. Furthermore, choosing a strategic option with respect to CSR in one's base of operation doesn't necessarily translate to equivalent CSR strategies for operating in a global environment.

From home country to host country: global considerations for CSR strategy

Choosing an option with respect to setting the policy for CSR in the home country is one thing. However, while in many cases the drivers (e.g. regulatory, ethical, economic) that serve as the impetus for the development of CSR strategies are the same worldwide, the context of CSR can vary considerably between countries, reflecting the distinctive traits of countries themselves (Waddock and Smith, 2000; Rochlin and Boguslaw, 2001). Furthermore, regional – if not local community – differences all bear down on what constitutes socially responsible behaviour of a business firm (Post, 2000; Warhurst, 2001). Meeting the challenges of CSR in a global context is much more difficult than it appears. Without careful consideration of host country differences, firms might make poor decisions regarding what constitutes appropriate CSR strategies in foreign lands and cultures (Küskü and Zarkada-Fraser, 2004). This can ultimately undermine both financial results and the firm's reputation (Petrick *et al.*, 1999).

Within a global context, business firms around the world share common language with respect to products, production, marketing, finance, profits and so on. However, they are inevitably embedded in a specific city, city-state, city-providence, city-nation, etc. For example, firms such as Coca-Cola, Sony and Shell are all based in a particular city-state – but they have production facilities, suppliers, and sub-contractors operating in quite different city-states around the world. Here, aspects of the location of various stakeholders may vary widely which consequently affects CSR differently (Burton *et al.*, 2000). Thus, given the locale of where a business firm operates (or plans to operate) in the world, they are embedded within the various traditions of that particular setting. To address CSR strategy in a broader, global context, four key aspects are discussed: culture; regulatory environment; NGOs; and global standards.

Culture

Just as business firms development their own unique cultures – and strategies – in a home country, if they plan global expansion, they must operate within the context of national and even regional cultures of another country (Hofstede, 1980; 1983). According to Burton *et al.* (2000, p. 153), "Different cultures will emphasize different values; what is important to one culture at one time may not be important to another culture or even to the first culture at some time in the future. These values may affect both the role institutions assume within society and what society expects of those institutions."

Based on Burton *et al.* (2000) assessment, understanding the cultures of the countries and regions a firm is seeking to operate in is very important (cf. Schwartz, 1992; Maignan and Ferrell, 2003). By way of example, in India, ten-year olds working 12-hour days weaving rugs occurs. In Honduras, 15-year old girls working 80 hours per week producing sweaters occurs. In Bangladesh, incidents of nine-year olds working in shoe factories with imposed production quotas occurs (Quindlen, 1994). In many countries, such labor-related activities would not only be seen as appalling and quite contrary to culturally accepted norms of socially responsible behavior, but would also be in criminal violation of labor laws. However, the reality is in some countries the use of very young workers is a necessity as this keeps them off the street begging for survival or from committing criminal acts to obtain money (Greenfield, 2004). Research (e.g. Orpen, 1987; Burton *et al.*, 2000) does show that individuals view CSR differently from country to country.

The above examples do raise a fundamental issue: should the culture of a particular region or nation or should the firm's own standards (in the home country) form the basis of CSR strategy in international locations? For example, if a firm adopts a shareholder strategy with respect to CSR in the home country, will the same approach translate into an acceptable strategy in a different country of operation? Thus, firms must address the issue of whether to adapt to the socially responsible norms of a national or regional culture (a "relativism" approach) or to impose an international standard of CSR (a "universalism" approach) regardless of the cultural norms of a specific country or region of operation (Smeltzer and Jennings, 1998; Carroll, 2004).

The reality is firms must apply ethical and moral standards to address cultural differences with respect to CSR (Robertson and Fadil, 1999). In some cases, firms might choose not to do business in a given country or region due to suspect norms of socially responsible behavior. In other cases, they might compromise and conduct CSR in a manner that it opposed to the policy set in the home base of operation. Even in other cases, firms might act to offer their CSR leadership in the home base to the foreign base of operation, setting the standard for domestic businesses operating in that community. By way of example, Sony recently announced that its environmental targets and policies will be standardized, implemented and enforced in all of its global locations. In another example, in 1997, Mattel announced the creation of its Global Manufacturing Principles (GMP), a set of standards applied to all of the company-owned and contract manufacturing facilities around the world.

Lastly, understanding culture is important with respect to CSR as societal – if not stakeholder – concerns vary from country to country. For example, in Australia, Canada and China, environmental concerns take center-stage within society. In Indonesia, Turkey and the USA, improving education ranks highest among social concerns. Finally, in Brazil, Chile and South Africa, reducing poverty and homelessness are the most important social concerns (Environics International, 2002). Based on this information, while having a "universal" policy with respect to CSR globally may be an ideal in some areas (e.g. workers rights, the environment), firms who understand the intricacies of a national or regional culture are better equipped to address local concerns of social responsibility when and where necessary (e.g. through philanthropic giving or strategic partnerships).

Regulatory environment

According to Carroll (1979, 2004), the regulatory environment, in the form of an enforceable legal framework, is a key component of CSR. In general, laws and regulations have been theorized as necessary in an economy as a response to inefficient or inequitable behavior (Posner, 1974). Indeed, a widely held view is that federal and state bodies impose laws where the marketplace has failed to ensure fair competition, safe products, fair and equitable working conditions and a clean and healthy environment.

Although firms are expected to operate within the overall regulatory framework of the land, since the 1970s the development of laws with respect to specific facets of social responsibility have been growing. For example, in the USA, laws have been implemented with respect to the environment (under the auspices of the Environmental Protection Agency, or EPA) and workplace safety standards (under the auspices of the Occupational Safety and Health Administration, or OSHA). Other laws are more global in nature.

In November, 1997, for example, 34 nations signed the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. The convention now makes bribery of foreign public officials a criminal act on an extraterritorial basis. Although in many ways seen as something unnecessarily imposed on business by the government (Harrington, 1996), the regulatory environment under which a firm must operate in a given country is yet another area of consideration with respect to global CSR strategy. Here, firms are again faced with ethic decisions regarding home versus host country considerations. For example, if a firm adopts a reciprocal strategy with respect to CSR in the home country and implements environmental production standards that go beyond those required by law as part of that strategy, should the same policy be adopted in a host country of operation where environmental laws don't even exist?

Non-government organizations (NGOs)

Historically, associations of private individuals (e.g. churches) have come together for public purposes, typically to provide services (e.g. education, health, welfare) in the community not available from the state, long before the establishment of democratic government and the concept of the welfare state (Novak, 1996). In more recent times, particularly since the 1950s, a new class of private "association" has been established which generally focuses directly on changing public policy. These local, regional and international non-governmental organizations, or NGOs, have grown to over 50,000 in number, almost double the number just 25 years ago, up from just over 1,000 in 1956 (Gordenker and Weiss, 1996; Smith, 1997).

A general definition of NGOs is "non-profit groups that combine resource mobilization, information provision and activism to advocate for changes in certain areas" (Spar and La Mure, 2003, p. 79). NGOs are generally either ideas-based – human rights, education, equality, environmental sustainability, etc. – or identity-based – indigenous, female, homosexual and the like. However, these lines may be blurring with many NGOs integrating ideas – and identity-based causes (van Tuijl, 1999).

With respect to what NGOs actually do, there are three approaches to classification: operational; advisory; and advocacy. Operational NGOs act to provide social services such as education, health and disaster relief. Advisory NGOs are involved in providing information and consulting services, for example, to mutual funds focused on socially responsible investing (SRI). Advocacy NGOs are directly involved in lobbying governments and local, national and international organizations for changes and/or adoption of socially responsible policies for businesses. They may also file resolutions on behalf of shareholders to pressure businesses into acting more socially responsible. Although sometimes seen as questionable and unaccountable (Johns, 2001), NGOs are causing substantial changes in corporate management, strategy and governance (Doh and Teegen, 2003). Of particular interest is discerning the role and impact of NGOs in the host country to ascertain whether CSR policy set in the home country needs to be customized to the local environment.

Global standards

Lastly, just as NGOs can add pressure to businesses to act on behalf of society in many different ways, global standards, many coming from NGOs themselves, are another source of institutional pressure. The majority of CSR-related global standards are voluntary in nature, asking firms to develop and implement policies and practices on various CSR issues (Neergaard and Pedersen, 2003). The standards help users to establish a systematic process that generates indicators, targets and reporting systems necessary for effective implementation and monitoring of various CSR programs and activities. In essence, global standards are instruments designed for corporate self-regulation (Waddock *et al.*, 2002).

A variety of global standards have emerged over the years and the Business and Social Initiatives (BSI) database, established by the International Labour Office, now lists over 400 different standards, principles and codes of conduct (Waddock *et al.*, 2002). Some of the more recognized standards, however, include the ISO (International Standards Organization) 14000 and 14031 for the environment; Social Accountability (SA) 8000 for labor-related issues; the United Nations (UN) Declaration on Human Rights and the Environment; the Caux and Sullivan Principles for economic, social and political justice and general CSR; and the OECD (Organization for Economic Cooperation and Development) Guidelines for Multinational Enterprises for voluntary principles and standards with respect to CSR. With these and a host of other global standards covering every conceivable aspect of social responsibility, firms are faced with increasing pressure to strategically evaluate a cadre of external benchmarks as they establish CSR policy. Of course, strategic decisions here can become complicated when firms operate, or plan to operate, in multiple locations. Operating in multiple locations raises the issue of the choice of implementing a single, uniform policy worldwide with respect to CSR or whether to allow flexibility based on, for example, culture or the regulatory environment of a given country or region (Smeltzer and Jennings, 1998).

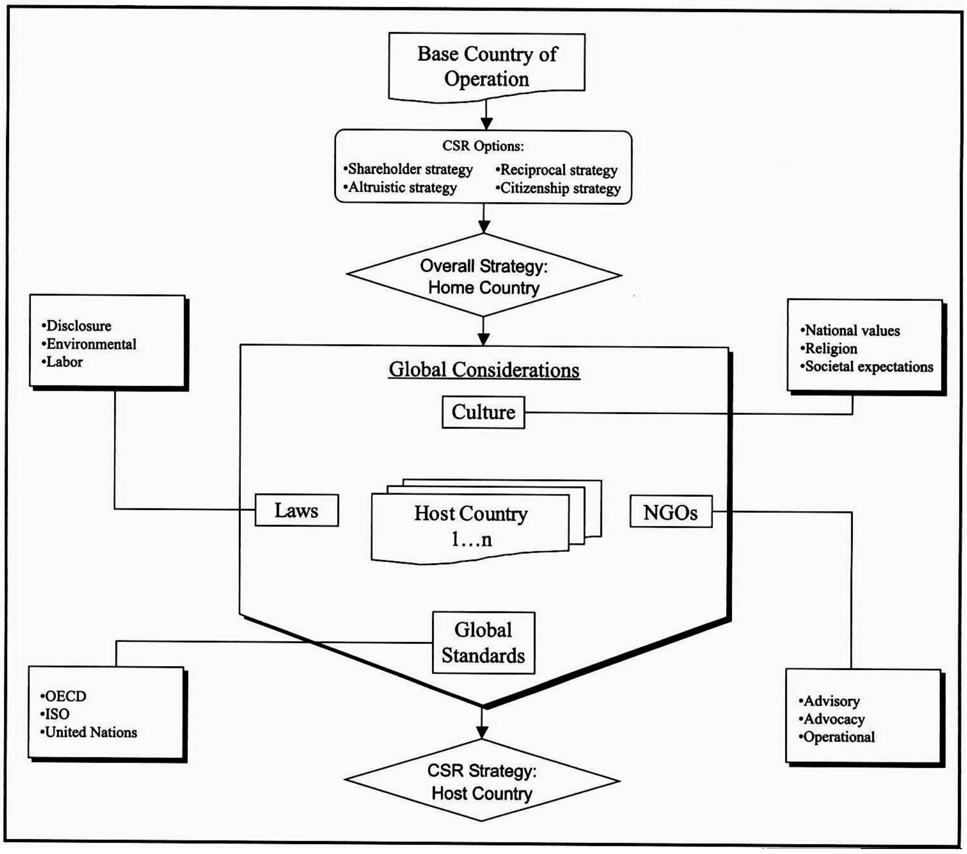
Conclusion

Although some strongly oppose any responsibility of the firm beyond the economic (Friedman, 1970), research does suggest that CSR beyond just the economic "pays" (Griffin and Mahon, 1997; Margolis and Walsh, 2001; Orlitzky *et al.*, 2003). That is, CSR does have a positive financial benefit to firms. Conversely, the total social costs that must be born by US businesses due to socially irresponsible behavior is well over two trillion dollars per year (Estes, 1996). Such findings suggest that CSR is an area of corporate concern that can not be overlooked. In fact, CSR is argued to be essential to a firm's overall strategy (Andrews, 1971; Carroll and Hoy, 1984). Furthermore, as globalization continues to broaden its reach, firms must increasingly acknowledge and assess their responsibilities on a global scale (Pérez, 2003, Carroll, 2004). Thus, managers should pay keen attention to the matters of CSR and this paper offers some guidance as to how they might strategically approach the subject.

Specifically, from a strategic perspective, we have suggested that businesses have four CSR strategic options to consider: first, the shareholder strategy; second, the altruistic strategy; third, the reciprocal strategy; and fourth, the citizenship strategy. The shareholder strategy is based on Friedman (1970) and holds that its only responsibility to society is an economic one. The altruistic strategy, on the other hand, is one based on "giving back" to the community in the form of monetary donations to various groups and causes. The reciprocal strategy takes a more strategic approach to CSR in that it views social responsibility as good business. That is, by taking on broader social responsibilities, the firm not only offers improved benefits to society, but it also benefits in the form of financial and other tangible rewards. Lastly, the citizenship strategy is the most strategic. In the citizenship strategy, a firm identifies and dialogues with its stakeholders as part of input to corporate strategy formulation. By doing so, CSR strategy is specifically directed at individual stakeholder needs, be they employees, customers or even the environment. By offering full and open disclosure through mediums such as triple bottom line reports, firms leveraging a citizenship strategy aim for public transparency and accountability. In the end, by targeting social responsibilities towards specific stakeholders, the goal is to increase long-term value creation for those stakeholders as well as for the firm's financial and reputational position in the market. Although there certainly might be variations, these four options offer a baseline view of specific CSR strategies. However, as discussed in this paper, choosing a CSR strategy in the home base does not necessarily translate into a "global" program.

When extending a CSR strategy from home to host countries, various aspects, such as local cultures, regulatory environments, NGOs and global standards, must all be taken into consideration (Figure 2). Given that local cultures tend to view CSR differently (Orpen, 1987; Burton *et al.*, 2000), firms must carefully examine the location of operation before transposing home to host CSR strategies. As with culture, regulatory environments also differ from country to country. However, some emerging regulations, such as the OECD convention on bribery of foreign officials, are universal in nature. Thus, as with culture, a thorough examination of the regulatory environment is an important consideration with respect to global CSR strategies. As for NGOs, their influence continues to increase around the world and many countries have powerful NGOs that are specifically focused on issues of importance in the focal country. Thus, understanding the "who's who" of NGOs in any given country lends itself to informed decisions with respect to CSR strategies in that country. With respect to standards, global CSR standards such as the ISO 14000 and 14031 for the environment and the Social Accountability (SA) 8000 for labor-related issues are becoming important benchmarks for which to compare who is practicing CSR and who is not in the world. Thus, by adopting appropriate global CSR standards, firms are signalling their adherence to socially responsible practices in business, which is becoming an increasingly important means of competitive differentiation in a global economy (Waddock *et al.*, 2002).

Figure 2 Considerations for CSR strategy in a global context



Lastly, for scholarly consideration, we suggest researchers develop means of testing the various CSR strategies outlined in this paper. For example, case studies or survey instruments could be used to collect data on each CSR strategy. By including different industries and countries, analysis could reveal the types of CSR strategies most followed. This would be important for benchmarking similarities/differences across both industries and countries. Where financial results are collected, the results would also be important to compare and contrast the relative value of each CSR strategy. Here, the research findings would add to the growing body of evidence examining the CSR-firm performance association, which is an important area of research content according to scholars (e.g. Margolis and Walsh, 2003).

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