Definition of Corporate Social Responsibility as a Management Philosophy Oriented towards the Management of Externalities: Proposal and Argumentation

Oscar Licandro 1,*, José Luis Vázquez-Burguete 2, Luis Ortigueira 3 and Patricia Correa 4

1 Cathedra of Organizational Social Responsibility, Universidad CLAEH (Centro Latinoamericano de Economía Humana), Montevideo 11100, Uruguay
2 Business Management and Economics Department, Universidad de León, 24071 León, Spain; jose-luis.vazquez@unileon.es
3 Department of Administration, Faculty of Business, Universidad del Pacífico, Jesús María, Lima 15072, Peru; lc.ortigueiras@up.edu.pe
4 Department of Administration and Finance, Universidad Católica del Uruguay, Montevideo 11600, Uruguay; macorrea@ucu.edu.uy
* Correspondence: olicandro@claeh.edu.uy; Tel.: +598-99423300

Abstract: The purpose of this paper is to contribute to the theoretical discussion on the best way to define Corporate Social Responsibility. The methodology used is a bibliographic review through a search for articles in different catalogues (Redalyc, Ebsco, JStor, SAGE, Science Direct, and Springer), focusing on articles that addressed the study of definitions of this concept. The different ways of defining it are identified and analysed in order to find a definition can encompass all the others. The paper also proposes that locating this concept at the level of management philosophy (and not simply as a desirable or expected behaviour) facilitates the construction of agreements around a consensual definition, unlike under the predominant behavioural approach of its conceptualisation as corporate behaviour. The paper concludes by proposing to define Corporate Social Responsibility as a management philosophy based on the responsible management of the company’s operational externalities on stakeholders, society, and the environment. It is concluded that this definition contributes to the theoretical discussion, strengthens empirical research, and improves the application of Corporate Social Responsibility in the corporate world.

Keywords: corporate social responsibility; management philosophy; externalities; stakeholders; definition; classification

1. Introduction

In 1957, within the framework of the 19th annual meeting of New York’s Institute of Life Insurance, Holgar Johnson, the president of this organisation, stated that one of the most critical changes corporations were facing at that time was “the development of a new role of corporate citizenship with the corporation recognising its social and economic responsibility to the whole community” ([1] p. 285). These words, revolutionary coming from a prominent businessman of the time, were part of a debate that was beginning to take shape in the corporate world; but it had also begun in the academic world a few years earlier when Howard Bowen published Social Responsibilities of the Businessman [2], which is widely recognised as the first academic treatment of the subject. In this context, the term Corporate Social Responsibility was coined and a broad and profound debate on its meaning, scope, and foundations began, continuing to this day. The topic’s relevance was such that it quickly attracted support and criticism among academics from various fields, particularly management, ethics, sociology, political science, and economics. Perhaps the harshest criticism was that of Milton Friedman, who argued that the only social responsibility of businesspeople is maximising profits [3]. In this context, Keith Davis, one of the theoretical
classics of Corporate Social Responsibility (CSR) stated that “discussions about social responsibility have reached a high pitch in recent years, and I predict that interest will continue at a high level because the social system is undergoing changes that require new modes of conduct” ([4] p. 45).

Davis was right in his prediction, as almost seven decades after the publication of Bowen’s book, CSR continues to occupy a prominent position in the corporate and academic agenda. Nevertheless, it is still confused with other concepts. Carroll points out: “we have seen corporate social responsibility (CSR) come to be challenged with corporate social responsiveness, corporate social performance, corporate citizenship, business ethics, stakeholder management, environmental, social and governance (ESG), creating shared value, sustainability and other competing and complimentary frameworks” ([5] p. 1410). Specifically, there is a current fashion in the corporate world and among international agencies to try to replace CSR (with weak foundations) with the concept of sustainability, which, in the opinion of Carroll [6], is a vague and largely ideological concept in its present form. In addition, there is still no consensus on central aspects of the concept, particularly its definition and the grounds that legitimise its application. Despite the theoretical and practical importance of reaching a consensus on the definition of CSR, 21st-century academics seem to have given up on the debate. This can partly be explained by a phenomenon that emerged in the 1990s, which was described very clearly by Carroll [7] in another of the most cited scholarly papers in CSR publications: the creeping imperialism of empiricism over the theoretical discussion.

This lack of consensus is a problem for the development of this field of study, since in all scientific research, the variables measured, the relationships between them, the instruments used to measure them, and the way of interpreting the results must be supported by a theoretical framework. However, in the field of CSR, few authors do so. The consequence is that the quality of empirical research on CSR can be called into question. Are studies based on different definitions of CSR comparable? How reliable are the sets of indicators used to operationalise different definitions of CSR? How valid are the conclusions inferred from the results of studies when the theoretical framework from which the authors drew is unknown?

This problem also extends to the corporate world. Some studies show that businesspeople interpret CSR in different ways [8] and that the same occurs with undergraduate students in areas related to business management [9–11] as well as postgraduate students in these same areas [12]. Consequently, the objectives sought through CSR, the type of activities conducted, the assignment of roles, the work methodology, and even the content of CSR reports are conditioned by the different possible ways in which businesspeople define the concept. Businesspeople who reduce CSR to their company’s involvement in solving social problems focus on carrying out philanthropic and social marketing activities. Those who interpret it as incorporating stakeholders’ demands into management focus on satisfying those demands. Executives who associate CSR with management based on ethical principles focus on ensuring that decision-making factors in ethical criteria, attach importance to codes of ethics, and promote compliance in their companies. Those who interpret it as responsible management of the operational externalities on stakeholders, society, and the environment emphasise minimising negative externalities and generating positive externalities. Finally, businesspeople who equate CSR with sustainability centre on problems related to sustainable development and are committed to the United Nations (UN) Sustainable Development Goals (SDGs). These multiple interpretations call into question the validity of the rankings of socially responsible companies, the universality of the standards used to evaluate companies’ social performance, the usefulness of manuals that incorporate CSR, and the comparability of social and sustainability reports.

The purpose of this document is to contribute to the debate on the best way to define CSR through the formulation and argumentation of a definition of CSR. Therefore, it is a work of theoretical reflection, which is supported by a bibliographical review. But it is not a literature review article. The objective of the work is to build a theoretical definition of CSR.
as a management philosophy. Consequently, the bibliography is used here as an input for theoretical reflection, which implies that the selection of the literature is carried out based on a conceptual analysis strategy. This differentiates it from bibliographic research papers, where the researcher’s objective is to find certain contents.

Second section raises the problem of the lack of consensus around this concept and refers to the problems that this causes, both for the development of CSR as a field of research and for its incorporation into the corporate world. The third section systematises the part of the academic literature that seeks out common elements in the different definitions of the concept while attempting to organise them into more or less homogeneous categories. The fourth section proposes to abandon the behavioural approach to CSR in order to think of it as a management philosophy. The fifth section studies the main ways of defining CSR and considers which of them is the most appropriate for placing it as a management philosophy. Then, as a corollary, the sixth section proposes the most appropriate definition of CSR and it is indicated that this definition allows to subsume all the others. Finally, the seventh section reflects on some of the contributions of this definition.

2. The Problem of the Lack of Consensus on Corporate Social Responsibility

Early in the history of thought on CSR, the lack of consensus on a definition became evident. Holmes warned that “most observers concur that businesses have social responsibilities, considerably fewer are in agreement as to the nature of these responsibilities” ([13] p. 34). Along similar lines, Okoye stated that “identifying and defining what CSR means is open to contest” ([14] p. 613). More recently, Hayat and his colleagues asserted that “there is still no proper definition and domains of CSR even in Academia” ([15] p. 197). Votaw argued that the term CSR “means something, but not always the same thing, to everybody” ([16] p. 25). According to González-Pérez, “CSR has become a catchword, possibly because it means different things to different publics, and since the concept of CSR is inexplicit, indefinite, multidimensional and changing” ([17] p. 2).

For Montiel, the existing diversity of definitions “reflects the ambiguous nature of prospects on CSR” ([18] p. 252), while Pedersen stated that the concept of CSR “remains an ambiguous and much debated construct” ([19] p. 137) that is very difficult to operationalise. Sarkar and Searcy [20] described it as a “chameleon concept.” Licandro observed that the “literature review suggests that it is a complex and multidimensional concept” ([21] p. 35). More recently, Latapi et al. [22] argued that the concept evolved over the years based on changes in the expectations that societies have about corporations.

Earlier et al. pointed out that “a precise definition of social responsibility, especially of its contents or boundaries, is not easy to formulate” ([23] p. 6). Okoye was more pessimistic, stating that “it seems unfeasible that the diversity of issues addressed under the CSR umbrella would yield to a singular universal definition” ([14] p. 613). This author based her opinion on the interpretation that CSR is an essentially contested concept [24], that is, a type of concept that, by its very nature, generates perpetual disputes. Sheehy pointed out that the CSR concept “is complex because of the inherent ambiguity of the issues under consideration” ([25] p. 625). Ultimately, the truth is that, as Franco noted, “six decades of academic research and discussion have produced dozens of definitions with no consensus” ([26] p. 406).

During the 20th century, there was a rich and intense debate on the nature of this concept, its content, its scope, the issues it refers to, and the philosophical and pragmatic foundations that justify its application, but this debate has since waned. This is why different definitions of CSR coexist and compete today, both in the academic and corporate world. This theoretical diversity, and the reluctance of academics to continue the debate into the 21st century, are evident when it comes to analysing the content of the works that study the multiple definitions of CSR (both those included in academic publications and those coming from institutional authors). The most relevant and cited works in the academic literature [7,27,28], as well as others that are little known and less cited [8,20,22,29–34],
demonstrate the lack of theoretical consensus and the resignation of the search for a shared definition of the concept.

Aguinis and Glavas have pointed out that the literature on CSR is very fragmented, and that one of the reasons for this is “that scholars study CSR through different disciplinary and conceptual lenses” ([32] p. 933). Even more serious is that, as noted, most authors do not specify the theoretical framework on which they base their research design. To draw this conclusion, one need only choose at random and carefully read any of the many articles on CSR published in academic journals over the last 20 years. In general, the authors only refer to or cite some definitions from other authors (which are usually different ways of defining CSR). They do not critically analyse them, far less expressly specify which definition they adopt to guide the design of their research. In addition, it is possible to find publications that use the same or very similar indicators for different definitions of CSR. Overall, the definitions in the articles published in recent years are those formulated before.

3. The Main Ways of Defining Corporate Social Responsibility

Only a few authors have published articles analysing the plurality of CSR definitions. According to Yadlapalli [35], the literature reviews on the concept of CSR are of two types. The first is made up of publications that, through some bibliometric analysis technique or another, focus on identifying the dimensions with the greatest presence in the definitions proposed in the academic and institutional literature. The second type comprises a small group of publications that analyse the content of the definitions and organise them according to historical criteria or into more or less homogeneous categories.

One of the most-cited articles from the first group is that by Dahlsrud, who, in the introduction, points out that “in both the corporate and the academic world there is uncertainty as to how CSR should be defined” and, furthermore, the author warns that “if competing definitions have diverging biases, people will talk about CSR differently” ([28] p. 1). Through a process based on bibliographic review and bibliometric analysis, the paper identifies five dimensions of CSR present in 37 definitions of this concept included in academic and institutional documents. These dimensions are environmental (e.g., care for the environment), social (e.g., contributing to a better society), economic (e.g., contributing to economic development), stakeholders (e.g., interaction with stakeholders), and voluntariness (e.g., going beyond legal obligations). On close inspection, it is easy to infer that none of these dimensions allows for satisfactory completion of the sentence: “CSR is . . . ”. The first three (environmental, social, and economic) are issues that CSR addresses or can address; the stakeholders’ dimension refers to the actors to whom CSR is directed; and the voluntariness dimension describes a characteristic of the concept (that it is voluntary instead of mandatory). Therefore, none of them is, strictly speaking, a dimension of the concept; rather, they constitute thematic areas that can be integrated as components of the definition.

James analysed the content of 557 articles published between 2001 and 2011, finding 50 different definitions of CSR [33]. He identified five dimensions, whose names are very similar to those of the dimensions found by Dahlsrud [28], but with a different meaning: (1) economic (contribution of the CSR to economic development, preservation of company profitability, etc.); (2) social (relationship between company and society, contribution of companies to a better society, integration of social issues into the operation); (3) environmental (clean environment, environmental management, environmental considerations in business operations); (4) stakeholder (interaction with stakeholders, treatment of stakeholders), and (5) voluntary (ethics and values, legal obligations, voluntariness). Rahman [31] identified ten dimensions of the concept: (1) obligation to society; (2) stakeholder engagement; (3) improving quality of life; (4) economic development; (5) ethical business practices; (6) compliance with the law; (7) voluntariness; (8) human rights; (9) environmental protection; and (10) transparency and accountability.

For their part, Hamidu et al. identified six characteristics of CSR present in the literature [34]: (1) voluntariness (it is discretionary and goes beyond compliance with the law); (2) internalisation or management of externalities (impacts of the operation on a
multitude of direct and indirect stakeholders); (3) orientation to multiple stakeholders (considering their variety of interests); (4) alignment of social and economic responsibilities (balance between these objectives); (5) practices and values (practices and strategies that deal with social problems and values and philosophies that support them), and (6) CSR beyond philanthropy (altruistic CSR vs. instrumental or strategic CSR). An interesting contribution within this line of work was that made by Sarkar and Searcy, who studied definitions proposed the period of 1957–2014, finding six dimensions: economic, ethical, social, stakeholders, sustainability, and voluntariness [20].

More recently, Ferreira et al. likewise identified six dimensions of CSR [12]: (1) impact management; (2) stakeholder expectations; (3) ethics; (4) creation of economic, social, and environmental value; (5) involvement in solving social and environmental problems, and (6) sustainable development. In turn, Kumar and Srivastava found 18 predominant topics in CSR publications which they classified into eight dimensions along similar lines to those already mentioned [36]: (1) economic (financial performance); (2) ethics (ethics and leadership); (3) social (creation of social value, related communities); (4) stakeholders (interest groups, employees, customers, supply chain, owners, etc.); (5) sustainability; (6) discretion (philanthropy); and (7) legal (codes, laws, reports, disclosures).

None of these studies compare definitions since their objective is to identify the elements (topics, dimensions) that are referred to most frequently. In none of them did the authors advance in constructing a classification of the definitions considered, even though the topics or dimensions they find are included in definitions that are very different from each other. Thus, for example, the stakeholder dimension is common to two definitions [28], which assign different meanings to the concept of CSR. The first, proposed by Khoury et al., state that “corporate social responsibility is the overall relationship of the corporation with all of its stakeholders” ([37] p. 7). The second, formulated by the European Commission, proposes that “CSR is the concept that an enterprise is accountable for its impact on all relevant stakeholders” ([28] p. 8). In both definitions, the term “stakeholder” plays a different role in defining the concept. While in the former CSR is understood as the “general relationship” with stakeholders, in the latter it refers to taking responsibility for companies’ impacts on some of them (the most important). As discussed later, both definitions are examples of two very different ways of defining CSR. Thus, the concept of stakeholders is not a dimension of CSR, nor does its presence in a broad spectrum of definitions contribute anything of any great substance to the classification of CSR definitions.

The second group of articles is made up of works that analyse the theoretical debate on CSR from a historical perspective, intending to show the evolution of the debate. The most cited of these works is the one by Archie Carroll, who conducted a historical review of academic thought on CSR from 1950 to 1990 [7]. Among his contributions, it is worth highlighting the organisation of this thought into periods, the description of the main ideas and theoretical proposals on the subject, and the analysis of the interrelation between CSR theories and other conceptual frameworks that were contemporaneous (corporate citizenship, corporate social performance, stakeholder theory, business ethics, etc.). An essential contribution of Carroll’s study is the identification of an emerging phenomenon: the change in emphasis in literary production on the subject, which at that time was moving from an emphasis on theoretical reflection to an emphasis on empirical research. The work included a review of how his own ideas on CSR evolved. Although Carroll identifies and describes thought on CSR, he does not attempt to systematise it or to classify the concept’s definitions into homogeneous categories.

Later, Thomas and Nowak described certain efforts and organised them into periods [30]. Covering the same period as Carroll’s, this work adds little and has even less depth. But the novelty lies in its analysis of the first publications on the subject in the 21st century. Nevertheless, here, the paper abandons the consideration of definitions and moves on to analysing other issues, such as empirical research (e.g., the relationship between CSR and profitability) and emerging ideas related to CSR (e.g., sustainability). Undoubtedly, the latter is explained by the new emphasis on empirical research which was already noted.
by Carroll. Subsequently, Montiel reviewed some definitions included in publications from the period 1970–2005 but did not delve into their analysis or organise them into homogeneous groups because his interest was limited to comparing CSR with corporate sustainability [18]. Other similar works, but of less depth, reach similar conclusions [38–40]. But it must be stressed that no work of this group of works set out to organise the definitions into homogeneous categories.

It is worth noting the historical study by Latapi et al., who proposed to identify the main factors and events that influenced the theoretical debate on CSR. In their conclusion, the authors sum up as follows: “the findings show that there is a link between social expectations of corporate behaviour and the way in which CSR is understood” ([22] p. 19). For these authors, the agenda of the academic debate on the concept of CSR, over all these decades, was strongly conditioned by the changes in society’s expectations regarding companies. Moreover, these authors did not seek to build a classification of definitions of CSR.

The third group is made up of a small number of papers whose authors set out to create some kind of classification of CSR definitions. One of them is Husted and Allen’s contribution, who identified and described five strands of thought on CSR [29]. Although their focus was not on the analysis of the definitions but on the strategic approaches to CSR, this paper still contributed to constructing a classification of definitions. They called the first strand responsiveness and defined it as “a way of protecting the firm’s strategy from the social issues affecting the firm” ([29] p. 24). However, this first strand does not allude to a way of defining CSR but rather to the reasons for applying it, and so, strictly speaking, the authors identify only four ways of defining CSR. The second is corporate citizenship, which refers to actions that aim to improve the quality of life in the community through the active and organised participation of companies. The third, stakeholder strategies, includes the authors who link the concept of CSR with that of stakeholder management. The fourth strand is ethical strategies that involves proposals which bring CSR closer to Business Ethics. Strategic philanthropy constitutes the fifth strand, and associates CSR with Cause-Related Marketing [41] and sometimes with sponsorship. It should be noted that the first of these currents does not allude to a way of defining CSR but rather to the reasons for applying it. For this reason, we assume that these authors only identified four ways of defining CSR.

Licandro et al. classified CSR definitions into five categories for which they reviewed extensive academic and institutional literature [8]. Each category was defined by how the phrase “CSR is . . .” is completed in the definition. The basis on which this notional sentence is predicated, whether explicit or implicit, is the criterion used by the authors to develop these categories. The first category groups the definitions that interpret CSR as the company’s contribution to society. Included here are publications that propose CSR as “corporate behaviour parallel to business, through which the company allocates resources to contribute to solving social problems or improving society, including, for some authors, the environment” ([8] p. 286). The second category groups those definitions of CSR as the incorporation of stakeholder demands and expectations into company management. The third contains the definitions that interpret CSR as responsible management of the impacts or externalities of the company’s operation. The fourth is made up of the definitions that allude to CSR as the incorporation of ethics into business. Finally, the fifth category is not really a category at all since it includes the ideas proposed in the shared value theory [42], the triple bottom line approach [43], and the concept of sustainability. Therefore, in reality, Licandro and his colleagues [8] proposed four categories.

When comparing the four streams of Husted and Allen [29] with the four categories of Licandro et al. [8], it is possible to detect three coincidences (with similar, though not identical, formulations): Husted and Allen’s corporate citizenship, stakeholder strategies, and ethical strategies coincide, respectively, with the company’s contribution to society, the incorporation of stakeholders’ expectations and demands, and the incorporation of ethics in business that Licandro et al. [8] propose. The definition of CSR as responsible management of externalities has gathered strength since the publication of the ISO 26000 Guide [44],
which may be why it was not identified by Husted and Allen ten years earlier. For their part, Husted and Allen proposed strategic philanthropy and strategic marketing as current, which Ferreira et al. [12] included within the first category of Licandro et al. ’s [8].

4. First Issue: Corporate Social Responsibility as a Management Philosophy

The process of reflection and theoretical debate, aimed at building an agreed definition of CSR, necessarily requires agreements to be reached on two key issues. If it is possible to agree on these matters, it will be easier to reach a consensual definition. This section discusses the first issue, and the next considers the second.

The first matter refers to the nature of CSR. What is its nature? Is it considered a behavioural attribute that companies have or should have (be responsible, act responsibly), or is it considered a way of managing them (a responsible management philosophy)? The difference between both approaches conditions what Aguinis and Glavas called “disciplinary and conceptual lenses” under which the theoretical debate on CSR has taken place [32]. If CSR is understood as a behavioural attribute of companies, this concept can be approached from the perspective of ethics, political science, sociology, or management. This is what happened with a good part of the theoretical production on CSR during the 20th century, as documented by the brilliant work of Garriga and Melé [27]. As a behavioural attribute, CSR can be defined as a moral obligation of companies (ethics), as a behaviour that companies must adopt due to the place and power they have in society (political science), as a way of interacting with other actors (sociology), or as a results-oriented instrument (management). If it has not been possible to reach conceptual agreements on specific issues in each of the first three disciplines so far, it will be much more difficult to find consensus on issues addressed by all four simultaneously.

In general, the definitions of CSR do not include an explicit statement on this matter. However, the critical analysis of many of them allows us to conclude that the option of locating CSR as a behavioural attribute of companies predominates among the authors. In one of the works cited earlier, Holmes noted that “businesses have social responsibilities” ([13] p. 34). When Friedman asserted that the only social responsibility of companies is to create benefits for shareholders, he assigned the category of behavioural attribute to the concept [3]. Steiner argued that a company “does have responsibilities to help society achieve its basic goals and does, therefore, have social responsibilities” ([45] p. 164). Jones proposed that CSR concerns the fact that “corporations have an obligation to constituent groups in society other than stockholders and beyond that prescribed by law and union contract” ([46] pp. 59–60). For Hopkinson, CSR consists of treating stakeholders ethically [47]. Van der Wiele et al. defined CSR as “the obligation of the firm to use its resources in ways to benefit society” ([48] p. 287). In the 21st century, Lichtenstein et al. defined CSR as “the obligations of the firm to society” ([49] p. 16), while Sarkar and Searcy proposed that “CSR implies that firms must foremost assume their core economic responsibility and voluntarily go beyond legal minimums so that they are ethical” ([20] p. 1433).

Locating CSR as a behavioural attribute necessarily leads to philosophical discussion in which normative approaches (what ought to be done) are combined with instrumental approaches (what it is convenient to do). Regulatory approaches establish CSR as a constitutive attribute of the company (those that are morally based) or as a requirement that external actors pose to companies (those that are politically based). On the other hand, instrumental approaches address the issue from the perspective of companies’ self-interest. How can agreements be built around a concept that some interpret as an intrinsic duty, others as an obligation imposed from outside, and others yet as an instrument? Consequently, placing CSR within the category of companies’ behavioural attributes makes it impossible to build an agreed definition of the concept.

On the other hand, if CSR is located at the management level—that is, if it is interpreted as a management philosophy—it is easier to build conceptual agreements. According to House and Filley, a philosophy “may be described as a deliberately chosen set of primary ends (or personal values) that serve as criteria and limitations in the choice of
intermediate ends and means” ([50] p. 98). González and McMillan proposed that a management philosophy “is comprised of a system of attitudes, approaches, precepts, broad guidelines, principles and values by reference to which the American businessman deals with business problems. American managers have this philosophy in common” ([51] p. 34). For Wang, the concept of management philosophy “refers to the central, distinctive and enduring concepts, beliefs, principles, and attitudes guiding business management, which are critical in the pursuit of a mission” ([52] p. 111). According to Stover, adopting a management philosophy helps managers to define what is true, ask the right questions, and apply the appropriate values [53]. Meanwhile, in the opinion of House and Filley, the management philosophy “is a prerequisite for consistent behaviour, organisational growth, and management development” ([50] p. 98).

Such an approach would take the issue out of the field of ethics and social sciences and place it exclusively in the field of management. Following this path would avoid the moral and ideological controversies that have prevented ethics and the social sciences from building a common language and a shared theoretical framework. Despite not being a science, management is a discipline in which a common language exists, widely accepted definitions have been established, and practical models have been built, with proven results. On the other hand, locating CSR as a management philosophy is consistent with an aspect on which there is broad consensus: its voluntariness. Under this approach, CSR is one of many possible management philosophies the adoption of which is voluntarily chosen by companies. Moreover, as a management philosophy, CSR differs from other management philosophies such as the classic approach to maximising profits [3], Corporate Citizenship [54,55], the Stakeholder Theory [55], Business Ethics [56], the Shared Value Theory [42], B corporations [57], Economy of Communion [58,59], or the Economy for the Common Good [60].

Consequently, the first suggestion in this paper is to abandon the approach to CSR as a behavioural attribute of companies and consider it a management philosophy.

5. Second Issue: Corporate Social Responsibility as Management of Externalities

The second issue concerns agreeing on the specific characteristic of this management philosophy (that which differentiates it from the others): the what of CSR. Taking into account the offerings of [8] and [29], it can be asserted that since CSR was first discussed in the 1950s until today, at least four possible underpinnings have been proposed for the what of CSR. Based on the different definitions of CSR present in the literature, this concept can be interpreted as a management philosophy that is characterised by (1) adding, to regular company operations, activities aimed at helping to solve the problems of the community in which it operates (CSR as corporate citizenship); (2) ensuring decision-making based on ethical criteria (CSR as Business Ethics); (3) incorporating the needs and demands of stakeholders in decision-making (CSR as part of stakeholder management, as proposed in the Stakeholder Theory), and (4) attempting to minimise the negative externalities of the operation on stakeholders, society and the environment while seeking to generate positive externalities on them (CSR as management of externalities).

Now that we have identified these four options for the definition of the concept, the discussion should begin with an attempt to answer the following question: Can any of them encompass all the others and have the potential to subsume them? If the answer to this question is affirmative, the solution would be to opt to define the concept in that way. The first definition (CSR as contributing to solving community problems) can be subsumed into the third because the community is one of the stakeholders of every company, and it can also be subsumed into the fourth because contributing to solving community problems is a type of positive externality. Consequently, the first way of defining CSR does not seem to be the most appropriate to cover the phenomenon. In turn, the definitions of CSR as ensuring that decisions are made based on ethical criteria and as incorporating the needs and demands of stakeholders in decision-making have little in common with each other, except for the fact that the incorporation of these needs and demands necessarily requires
the use of ethical criteria. Consequently, neither of these two ways of defining CSR has the potential to subsume all the others.

Instead, the fourth way of defining the concept clearly subsumes the other three: (1) the contribution to solving community problems is a positive externality; (2) the incorporation of the needs and demands of stakeholders includes minimizing the operation’s negative externalities on them, as well as generating positive externalities that benefit them; and (3) decision-making based on ethical criteria is part of the responsible management of externalities since, by doing so, companies are responding to the enormous variety of ethical dilemmas they face on a daily basis. Minimizing a negative externality and generating a positive externality are ethical behaviors intended to not cause harm to others, to minimize the harm caused to them, or to cause them good.

The idea of couching a definition of CSR in terms of responsible management of externalities or impacts of company operation goes back almost to the 1960s, but it only began to gain momentum in the early 21st century, and it was consolidated after the publication of the ISO 26000 Guide on Social Responsibility [61]. Davis argued that the substance of CSR stems “from concern for the ethical consequences of one’s acts as they might affect the interests of others” ([4] p. 46) and, along with Blomstrom, pointed out that CSR applies when businesspeople “consider the needs and interest of others who may be affected by business actions” ([62] p. 12). Fitch associated the concept of CSR with “the serious attempt to solve social problems caused wholly or in part by the corporation” ([63] p. 38). Eilbert and Parket proposed to interpret CSR in neighbourly terms, asserting that “on one hand, it means not doing things that spoil the neighborhood; on the other, it may be expressed as the voluntary assumption of the obligation to help solve neighborhood problems” ([23] p. 7).

Towards the end of the 20th century, Frederick et al. interpreted CSR as a principle establishing that companies must take responsibility for any of their actions’ effects on their community and environment [64]. Reder was one of the first authors to propose that CSR includes responsibility for the internal impacts of CSR on the workforce [65], which is currently linked to internal sustainability [66]. More recently, when relating CSR to specific externalities, Bhagwat argued that this concept “refers to operating a business in a manner that accounts for the social and environmental impact created by the business” ([67] p. 2).

In Latin America, García et al. suggested defining CSR as a management approach applied by companies through which the “social, environmental and economic impacts are considered to benefit the groups in which they develop” ([68] p. 87). When establishing the scope of Internal Social Responsibility, Gaete argued that companies “should pay special attention to mitigate behaviours that are related to socially irresponsible forms of expression” ([69] p. 43). Still, in this region, the most widely used definition of University Social Responsibility (USR) proposed by Francois Vallaeys [70] is based on the concept of externality, or impact. According to this author, RSU refers to managing the impacts generated by universities simply for existing. The model proposed by Vallaeys classifies the impacts into four groups [71]: (1) organisational (fundamentally, labour and environmental); (2) educational (related to academic training); (3) cognitive (related to the production of research), and (4) social (related to extension activities, knowledge transfer, and social projection).

This line of thought was taken up in the ISO 26000 Guide, which provided the first definition of social responsibility built through a broad consensus among actors from the corporate sector, civil society, and academia, as well as other areas. In this guide, social responsibility is defined as the “responsibility of an organisation for the impacts that its decisions and activities (products, services, and processes) cause in society and the environment” ([44] p. 106). In this context, the term “society” includes all the stakeholders of any organisation and society in general. Although the ISO 26000 Guide does not take a stand on the nature of CSR (whether it is a behaviour, a tool, or a management philosophy), the content of the document allows us to observe that there is a strong focus on associating it with management. In particular, the salient parts are the sections
dedicated to the principles (accountability, transparency, etc.), the guidelines on governance to ensures CSR application, and chapter seven, entitled “Guidance on the integration of Social Responsibility throughout the organisation”.

6. A Proposal for the Definition of CSR

Based on the foregoing, it is understood here that CSR is best interpreted as a management philosophy establishing that decision-making must be oriented towards responsibly managing the externalities of the company’s operation by minimising negative externalities and generating positive externalities. Therefore, this paper proposes to define CSR as a management philosophy that establishes that the management of companies must seek to minimise the operational externalities on stakeholders, society in general, and the environment, as well as generating positive externalities on them. The definition does not establish the obligation to eliminate negative externalities or always generate positive externalities. What it does do is indicate a general direction that should be followed by the managers of the companies that adopt it. In some cases, negative externalities can be eliminated; in others, they can be reduced; in others still, in which elimination is not possible, acting with CSR involves offsetting or repairing the damage caused.

It is worth asking whether this way of defining CSR meets the requirements of a definition. The Spanish Royal Academy Dictionary establishes that a “definition” is a “proposition that clearly and accurately exposes the generic and differential characteristics of something material or immaterial” (this definition can be found at: https://dle.rae.es/definici%C3%B3n?m=form, accessed on 15 March 2023). For its part, the Dictionary of Philosophy published by Ferrater Mora establishes that “from a very general point of view, the definition is equivalent to the delimitation (de-terminatio, de-finitio), that is, to the indication of the (conceptual) ends or limits of an entity regarding the others” ([72] p. 411).

In short, defining consists of clearly establishing what the thing is and differentiating it from what the thing is not.

The definition of CSR proposed here meets these requirements. With regard to the nature of CSR, the definition establishes that it is a management philosophy, which eliminates the possibility of interpreting it as a type of behaviour or a tool. In this sense, CSR is located at the level of corporate governance and not at the level of the specific practices that this governance promotes and controls. In line with this approach, Vallaeys [71] proposed interpreting University Social Responsibility as a new ethical management philosophy, and Vázquez-Burguete et al. [73] claimed a similar approach when assessing social responsibility in public administration organizations.

The same is true for what. Making decisions based on ethical criteria, helping the community, or satisfying the stakeholders’ needs and demands are practices that companies adopt when decision-makers seek to minimise negative externalities or generate positive externalities already at the entrepreneurship stage [74]. None of these three practices encompasses the entirety of the what established in the definition, although they are ways of materialising it. Nor do corporate philanthropy, the application of social marketing programs, or corporate volunteer projects CSR, since these are tools used to generate positive impacts in the community. The what of CSR neither refers to concepts with which CSR is usually associated nor with which it is intended to be replaced (shared value, sustainability, etc.) and which, in reality, are consequences of its application. Some of them arise from actions aimed at generating positive externalities (for example, building shared value with the community or with the value chain), while others combine the minimisation of negative impacts (for example, sustainability referred to the use of environmentally sustainable practices) with the generation of positive impacts (for example, practices that contribute to sustainable social development, such as support for the creation of inclusive businesses or providing more significant opportunities for job placement to vulnerable groups).

Table 1 includes a selected set of CSR definitions formulated between 1971 and 2023. These definitions are organized into five groups. When considering the content of each of
them, it is possible to observe that all these definitions are subsumed within the definition proposed here.

Table 1. CSR definitions organized into five types or approaches.

<table>
<thead>
<tr>
<th>CSR As</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Commitment to the community</td>
<td>“Responsibilities to help society achieve its basic goals and does, therefore, have social responsibilities” ([45] p. 164)</td>
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<td></td>
<td>CSR “are those (responsibilities) about which society has no clear-cut message for business . . . Left to individual judgment and choice . . . Examples of voluntary activities might be making philanthropic contributions, conducting in house programs for drug abusers, training the hardcore unemployed, or providing day-care centers for working mothers” ([75] p. 500)</td>
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<td></td>
<td>“The firm’s plan to allocate resources in order to achieve long-term social objectives and create a competitive advantage” ([26] p. 25)</td>
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<tr>
<td></td>
<td>“The obligation of the firm to use its resources in ways to benefit society” ([48] p. 287)</td>
</tr>
<tr>
<td></td>
<td>“We define CSR as actions that appear to further some social good, beyond the interests of the firm and that which is required by law ([76] p. 117) . . . a popular means of achieving differentiation, because it allows managers to simultaneously satisfy personal interests and to achieve product differentiation” ([76] p. 119)</td>
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<td></td>
<td>“It is the obligation of the company to use its resources in a way that benefits society through a committed participation as a member of society, taking into account society in general and improving the well-being of society in general regardless of the direct profit of the company” ([48] p. 287)</td>
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<td></td>
<td>“More strategic CSR occurs when a company adds a social dimension to its value proposition, turning social impact into an integral part of the strategy” ([77] p. 13); “only some (social issues) are opportunities to make a real difference for society or to confer a competitive advantage” ([77] p. 15)</td>
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<tr>
<td></td>
<td>“It is not that CSR is an addition to the purposes of the company, but rather, by its very nature, the purpose of the company is social and implies, therefore, a commitment to the rest of society” ([78] p. 121)</td>
</tr>
<tr>
<td></td>
<td>“CSR is defined as those responsibilities that corporations undertake to satisfy organizational goals as well as societal needs in a balanced way that serves the interests of both businesses and the community” ([79] p. 242)</td>
</tr>
<tr>
<td></td>
<td>“Corporate social responsibility is a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment. It is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis” ([33] p. 170)</td>
</tr>
<tr>
<td>Relationship with stakeholders</td>
<td>“Instead of striving only for larger profits for its stockholders, a responsible enterprise also takes into account employees, suppliers, dealers, local communities, and the nation” ([80] p. 50)</td>
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<td></td>
<td>“Businessmen apply social responsibility when they consider the needs and interest of others who may be affected by business actions” ([82] p. 12)</td>
</tr>
<tr>
<td></td>
<td>“Corporate social responsibility is the notion that corporations have an obligation to constituent groups in society other than stockholders and beyond that prescribed by law and union contract” ([48] pp. 59–60)</td>
</tr>
<tr>
<td></td>
<td>CSR is “a managerial focus on the practical aspects of making organizations more socially responsive to tangible forces in the environment around them” ([81] p. 155)</td>
</tr>
<tr>
<td></td>
<td>CSR “consists of a search for well-balanced functional solutions that create value in the economic, social and ecological spheres of corporate performance, in a synergistic and win–win approach with all relevant stakeholders” ([82] p. 102)</td>
</tr>
<tr>
<td></td>
<td>CSR is a “set of responsibilities that the company acquires before society, represented by its stakeholders, understood in a broad sense” ([83] p. 2)</td>
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<td></td>
<td>“It is conceived as a business management approach aligned with the objectives and development plans of the organizations, and with the needs and expectations of its stakeholders” ([85] p. 85)</td>
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<tr>
<td></td>
<td>“CSR aims to identify and satisfy the expectations of a broader group of stakeholders in order to influence their perception of the company and to achieve competitive advantages through the creation of ‘shared value’” ([84] p. 1212)</td>
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<td></td>
<td>“From the perspective of the object of responsibility, CSR is a multifaceted concept through which firms respond to the expectations and needs of a variety of stakeholders, including individuals, society, and the environment” ([85] p. 137)</td>
</tr>
</tbody>
</table>
Table 1. Cont.

<table>
<thead>
<tr>
<th>CSR As</th>
<th>Definition</th>
</tr>
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<tbody>
<tr>
<td>Normative</td>
<td>“The substance of social responsibility arises from concern for the ethical consequences of one’s acts as they might affect the interests of others” ([11] p. 46)</td>
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<tr>
<td></td>
<td>“Social responsibility implies bringing corporate behavior up to a level where it is congruent with the prevailing social norms, values, and expectations of performance” ([86] p. 62)</td>
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<td></td>
<td>“The obligations of the firm to society” ([19] p. 16)</td>
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<td></td>
<td>“Corporate social responsibility is the company’s constant commitment to ethical behavior” ([87] p. 863)</td>
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<tr>
<td>Externality management</td>
<td>“Perhaps the best way to understand social responsibility is to think of it as ‘good neighborliness’. The concept involves two phases. On one hand, it means not doing things that spoil the neighborhood. On the other, it may be expressed as the voluntary assumption of the obligation to help solve neighborhood problems” ([23] p. 7)</td>
</tr>
<tr>
<td></td>
<td>“Corporate social responsibility is defined as the serious attempt to solve social problems caused wholly or in part by the corporation” ([83] p. 38)</td>
</tr>
<tr>
<td></td>
<td>CSR refers “to both the way a Social company conducts its internal operations, Environmental including the way it treats its work force, and its impact on the world around it”, cited by ([26] p. 10)</td>
</tr>
<tr>
<td></td>
<td>CSR is “responsibility of an organization before the impacts that its decisions and activities (products, services and processes) cause in society and the environment” ([14] p. 106)</td>
</tr>
<tr>
<td></td>
<td>“Corporate Social Responsibility (CSR) refers to operating a business in a manner that accounts for the social and environmental impact created by the business” ([87] p. 2)</td>
</tr>
<tr>
<td></td>
<td>“Defining it as a form of international private self-regulation focused on the reduction and mitigation of industrial harms and provision of public good” ([25] p. 644)</td>
</tr>
<tr>
<td>Other approaches or combined approaches</td>
<td>CSR “consists of a search for well-balanced, functional solutions creating value in the economic, social and ecological realms of corporate performance, in a synergistic, win-together approach with all relevant stakeholders” ([82] p. 102)</td>
</tr>
<tr>
<td></td>
<td>“CSR implies that firms must foremost assume their core economic responsibility and voluntarily go beyond legal minimums so that they are ethical in all of their activities and that they take into account the impact of their actions on stakeholders in society, while simultaneously contributing to global sustainability” ([23] p. 1433)</td>
</tr>
<tr>
<td></td>
<td>“Corporate Social Responsibility (CSR) is a concept that suggests that it is the responsibility of the corporations operating within society to contribute towards economic, social and environmental development that creates positive impact on society at large” ([87] p. 863)</td>
</tr>
<tr>
<td></td>
<td>“Corporate social responsibility refers to ethical, social and environmental responsibilities of companies while undertaking their everyday business activities in which broad range of activity areas are covered such as environmental protection, healthcare, education, social justice and equality, social rights and workforce equality” ([88] p. 7)</td>
</tr>
<tr>
<td></td>
<td>“Corporate social responsibility is the commitment of companies to contribute to sustainable economic development” ([89] p. 100)</td>
</tr>
<tr>
<td></td>
<td>“Corporate Social Responsibility (CSR) is defined as a set of specific organizational actions and policies that take into account the expectations of stakeholders and the interaction between economic, social and environmental performance” ([90] p. 13)</td>
</tr>
<tr>
<td></td>
<td>“Corporate social responsibility is a set of measures that an organization can adapt to improve the well-being of its stakeholders and promote the balance of economic, social, and environmental performance” ([91] p. 42965)</td>
</tr>
<tr>
<td></td>
<td>“Corporate Social Responsibility (CSR) refers broadly to conducting social or environmental behaviors beyond compliance with the law and beyond economic profitability maximization” ([92] p. 1)</td>
</tr>
</tbody>
</table>

7. Discussion and Conclusions

The advance of CSR as a field of research requires the construction of an agreed definition of the concept. Without a common conceptual framework, empirical research will continue to be severely limited because, among other things, (1) substantially different sets of indicators will continue to be used to measure the same definition of CSR and similar sets of indicators will still be used to measure different ways of defining it; (2) the statistical relationships found between CSR and relevant results for companies (e.g., profitability, corporate reputation, community acceptance, employee commitment, etc.) will
have different interpretations and confusing and/or contradictory practical implications; (3) it will continue to be very difficult to extrapolate results; and (4) the accumulation of knowledge will not be possible, because a large proportion of scientific production will not be comparable.

The main purpose of this paper was to contribute to the construction of the agreed conceptual framework on CSR. The strategy chosen to prepare a definition of CSR was based on two decisions. The first was to take a stand on the nature of the concept, opting to abandon the majority approach in which it is interpreted as a behavioural attribute of companies, and instead place CSR within the sphere of management philosophies. This paper’s understanding was that the failure to build a consensual definition, despite the rich debate that occurred between the 1950s and 1990s, happened specifically due to the fact that the debate focused on CSR as a behavioural attribute. This meant that the concept came to be viewed from various disciplines (ethics, political science, sociology, management, etc.), each of which analyses the object from a different perspective. And even within most of these disciplines, there are no conceptual agreements regarding the specific issues; therefore, it is easy to infer that it is impossible to agree on a definition of CSR.

By placing CSR within the realm of management philosophies, the debate becomes located exclusively in the field of management. Although this is not a science, it has a common language, contains widely accepted and agreed-upon conceptual definitions, and has built models that are applied in the corporate world. In addition to avoiding the blind alleys to which ethical and ideological discussions lead, the definition of CSR as a management philosophy places the subject within the framework of a discipline with the necessary theoretical tools to establish its practical components. Management is the appropriate area to agree on answers to questions, such as: What type of governance does this philosophy require? What inputs are required to identify externalities? What are the expected outputs of minimising certain externalities?

The second strategic decision was the path chosen to determine this management philosophy’s specific and distinctive characteristic: CSR’s *what*. To do so, an extensive literature review was carried out, finding four possible contents. The comparative analysis of these contents made it possible to determine that one of them subsumes all the others: CSR as responsible management of the externalities of the company’s operation on stakeholders, society, and the environment. Consequently, it was decided to define CSR as a management philosophy that establishes that the management of companies must seek to minimise the operational externalities on stakeholders, society in general, and the environment, as well as generating positive externalities on them. The theoretical value of this definition lies in the fact that it can encompass all the others.

From a theoretical point of view, this definition contributes to the dialogue between CSR theory and two management theories from which the discussion on CSR has been approached: Stakeholder Theory and Business Ethics. This dialogue allows the contributions made by these theories to be framed. Thus, for example, Stakeholder Theory provides tools to identify the stakeholders of each company and map the eventual externalities on them. In the same way, Business Ethics contributes with ideas and guidelines for elucidating ethical dilemmas that involve decisions about externalities.

Moreover, the definition of CSR proposed here is helpful for discussing theories and conceptual fashions presented as proposals that go beyond CSR. Porter and Kramer [42] formulated the concept of shared value and proposed that this concept makes CSR obsolete. However, it is quite easy to observe that the creation of shared value always results from a combination of actions aimed at generating positive externalities with actions aimed at minimising negative externalities. Something similar happens with sustainability. In the corporate world, but also in part in the academic world, it has been established that this concept is a breakthrough compared to CSR.

Nevertheless, sustainability can also be framed as one of the most relevant outputs of applying CSR as a management philosophy. Furthermore, CSR provides a governance approach that ensures that the entire operation of the company conforms to specific sus-
tainability objectives with which sustainability ceases to be just a diffuse concept loaded with ideological content [6] to become a real and measurable consequence of business activity in all its dimensions. Indeed, the ISO 26000 Guide establishes precisely that social responsibility seeks to contribute to sustainable development.

Finally, it should be noted that the definition of CSR as a management philosophy focuses on the responsible management of externalities while also providing an effective conceptual framework to frame emerging phenomena in the business world, such as B Corporations, Social Corporations, the Economy of Communion [59], and companies that apply the guidelines of the Economy for the Common Good [60], among others. If the characteristics that identify these new company formats are carefully analysed, it can be relatively easily inferred that all of them are practical manifestations of the CSR philosophy as defined in this paper. That is, all of them share a way of running companies based on the responsible management of externalities.

Also, the definition proposed here contributes to improving the quality of empirical research. This definition indicates that, to investigate CSR, batteries of indicators should be used that represent the broad spectrum of negative (to minimize) and positive (to maximize) externalities of the operation of companies. In general, research on CSR is supported by batteries of indicators that leave out important externalities. This is so in the case of scales used in widely cited works, such as the Social Involvement Disclosure (SID) [93], annual reputation indices such as the Fortune 500 [94,95], the KLD scale built by Kinder, Lydenberg, Domini & Co. [96,97], the indicator batteries based on the Carroll Pyramid [98,99] and the scales built through content analysis of sustainability reports [100,101]. The definition proposed here indicates that to measure CSR, it is necessary to build batteries of indicators that represent, at least, the most relevant externalities of the operation on stakeholders, the community and the environment.

In addition, this definition contributes to the unification of criteria in the corporate world in critical aspects, such as the design of strategies, accountability in CSR matters, communication on CSR and the design of rankings. It was already mentioned in the introduction that the objectives sought with CSR, the type of activities that are carried out, the assignment of roles, the work methodology and even the content of CSR reports are conditioned by the way in which businesspeople define the concept. Consequently, if a businessperson interprets CSR partially, surely their company will apply an incomplete CSR. The definition proposed here indicates, from a practical point of view, that in order to manage a company with social responsibility, managers must map externalities, evaluate them and design strategies to minimize negative ones and enhance positive ones. Furthermore, by qualifying CSR as a management philosophy, the definition places CSR leadership at the highest level of organizations. This is a strategic matter and not merely an operational one.

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