

IS THERE A BUSINESS CASE FOR CORPORATE SOCIAL RESPONSIBILITY?

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ABSTRACT

The debate on the societal obligations of corporations continues to be the focus of theorists, academicians and more of a challenge for the corporate managers. The divergence on different viewpoints, empirical researches and theoretical studies on a business case that delineates corporations to be socially responsible because there is a financial benefit to be derived by being socially responsible still lacks consensus and clarity. The issue of the 'business case' of social responsibility is in desperate need for justification following the economic downturn in 2009, and the increase in shareholder activism. This aim of this paper is to critically examine existing literature and empirical research on the ongoing debate for the business case for social responsibility. To engage in this kind of discourse, this paper examines the relationship between business and society, the role of the stakeholder, the correlation between CSR and the financial performance of the corporation, and other related contingencies in the business case justification argument. This will help to legitimise the call for corporations to be socially responsible as corporate managers continuously deliberate on what CSR holds for the corporation.

Keywords: Corporate social responsibility and business case justification.

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Introduction

The evolution of the concept of CSR over the years has moved from only protecting the interest of stakeholders to the benefits corporations can derive in the long term. This principle was postulated by Steiner as early as 1971. In his attempt to define CSR he recognises the need for the corporation to remain an economic entity but also to help society achieve its basic goals.² His perception of CSR is based on the social interest and enlightened self-interest of the business on the long run. Thus long term interest of the business forms part of the business case justification. Recently theorists have also given the business case justification remarkable attention as they observe a strong link between CSR and the corporation's financial goals.³ Also arguing in support of the CSR and the firm's financial performance Vogel recognises this link as a characteristic of the 'new CSR'.⁴

What the 'business case' justification means to CSR lies in how CSR affects the financial performance of the corporation. This deals with the direct and indirect influence of CSR on the financial performance of the corporation. Empiricists and theorists have spent decades trying to establish this correlation.⁵ To establish a business case for CSR involves complexities and how corporations apply the concept. The objective of this paper is to explore the business case justification. Section A of this paper examines the philanthropic aspect of CSR and how CSR can be applied strategically. Section B, examines the important role of the stakeholder in the business case justification. Section C investigates the interdependence of business and society and why such a relationship is vital for both components to co-exist successfully. Finally section D looks into the existence of a correlation between CSR and the firm's financial performance and other contingencies that

² Steiner G. (1971) *Business and Society*, (New York: Random House.), p164.

³ Lee M. (2008). A review of theories of corporate social responsibility: its evolutionary path and the road ahead. *International journal of management reviews*, Vol 10, p 53.

⁴ Vogel D. (2005) Is there a market for virtue? The business case for corporate social responsibility, *California Management review*, Vol 47, p19-45.

⁵ Griffin J. and Mahon J. (1997) The Corporate social performance and corporate financial performance debate: Twenty –five years of Incomparable research. *Business and the society*, Vol 36, issue 1, p6.

affect this relationship. The next section of this paper examines the complexity involved in corporate philanthropy and the need for corporate social responsibility to be applied strategically.

(A) PHILANTHROPIC SOCIAL RESPONSIBILITY VERSUS STRATEGIC SOCIAL RESPONSIBILITY

(i) PHILANTHROPIC PURPOSES

The concept of CSR has been viewed as creating philanthropic responsibility which could lead to altruistic CSR.⁶ CSR in this sense refers to when corporations engage in philanthropic activities intending to protect the interest of stakeholders without the intention to make profit, which results to uncompensated cost to the corporation.⁷ The pyramid of corporate social responsibility as posited by Carroll (1991), states that corporations should be actively engaging in acts or programs to promote human welfare or goodwill.⁸ This responsibility creates a social contract between business and the society, which goes beyond the traditional economic and legal responsibilities of a firm.⁹ Corporate philanthropy involves corporations making donations or an act of giving without any net benefit attached. While this is a generous gesture the impact on the financials and the objective of the corporation is being undermined.

⁶ Lantos G. (2002) The ethicality of altruistic corporate social responsibility, *Journal of consumer marketing*, Vol 19, No 3, p206.

⁷ Clarke B. (2002) Advancing Corporate and responsibility-the softly, softly approach, *Commercial law practitioner*, Vol 9, issue10, p1.

⁸ Carroll A. (1991) The pyramid of corporate social responsibility: toward the moral management of organisational stakeholders. *Business horizons*, p 42.

⁹ Carroll A. and Shabana K. (2010) The business case for corporate social responsibility: A review of concepts, research and practice. *International journal of management reviews*, Vol 12, Issue 1, p90.

Another argument has been that corporate philanthropy can be applied strategically. Defining strategic philanthropy as the ‘process by which contributions are targeted to serve direct business interest while also serving beneficiary organisations’, the author argues that strategic philanthropic can be used to boost the bottom line of the corporation.¹⁰ Whether strategic CSR or strategic philanthropy the underlying principle is corporations should pursue social goals which are related with the corporations business so as to produce a return. Thus the primary objective to make profit is strengthened and the societal interest is protected. The European Union acknowledged the pursuit of these two objectives in its Green Paper ‘Promoting a European Framework for Corporate Social Responsibility’ where it stated that ‘...while the prime responsibility of a company is generating profits, companies can at the same time contribute to social and environmental objectives, through integrating CSR as a strategic investment into core business strategy, their management instruments and their operations’.¹¹ The next section of this paper examines the strategic purposes of CSR

(ii) STRATEGIC PURPOSES

The fact that there is an interrelationship between society and the corporation or that corporation relies on the society for its existence does not mean that corporations wealth should be used to pursue social goals without any form of restraint and expected financial returns. The good cause of social responsibility has never overridden the objective of a corporation to make profit. It has been argued that the need for corporations to remain profitable fulfils three main objectives. First, ‘it measures the effectiveness of the business activities; second, it provides a risk premium which is necessary for corporations to remain in business; and thirdly it insures the future supply of capital’.¹² Therefore corporations have to approach the issue of social responsibility and engage in social goals that are not financially

¹⁰ Tokarski K. (1999) Give and thou shall receive, *Public Relations Quarterly*, Vol 44, and p34.

¹¹ European Union Green Paper ‘Promoting a European framework for Corporate Social Responsibility’ (2001), para1.11

¹² Drucker P. (1954/2006) *The Practice of Management*. (New York: Collins) p 76-77.

detrimental to the corporation but yet yield a financial return while contributing to social causes. This is what strategic CSR postulates. It encourages corporations to pursue social goals which are financially beneficially to the corporation. In any given society corporations are confronted with three forms of social issues namely 'generic social issues which though are a good cause but are not significantly affected by the corporation and of no competitive advantage'.¹³ 'Value chain social issues are social issues which are not directly affected to the company but can be remotely affected and social issues of competitive context.

A strategic approach by corporations to CSR enables corporation to make CSR choices that have a financial benefit either directly or remotely to the corporation. Thus social goals which positively affect their economic goals should be pursued by corporations.¹⁴ This kind of corporate philanthropy is strategic because it not only meets the social goals of the society but also meets the financial needs of the corporation and strengthens its competitiveness. The use of hybrid engines by Toyota which emitted only 10% harmful pollutants not only produced competitive advantages to the company but also had environmental benefits.¹⁵ This leads to an increase in the success of the company and that of the environment. Another strategic approach to CSR has been pursued by Nestle foods it went all the way to India in 1962 to build dairy plants in communities which did not have electricity, water, or good medical care. The establishment of the dairy plant led to social development as they provided electricity for their refrigerated dairy plants, medicines for their animals and farmers and training for the local farmers. The provision of these infrastructures has led to a better standard of living for the inhabitants of that region as well as increasing the profitability of the company.¹⁶ The act of corporations strategising social responsibility enables corporations to integrate CSR into the core business activities of the corporation instead of regarding it as an after profit concept.

¹³ Porter M. and Kramer M. (2006) The link between competitive advantage and corporate social responsibility: Strategy and Society, *Harvard business review* pg 8.

¹⁴Note 6, p207.

¹⁵Note 13, pg 10.

¹⁶Ibid, pg 11.

A convergence of interest of the corporation and the stakeholders is argued to be fully accounted for if CSR is approached strategically.¹⁷ The next section of this paper examines the role of the stakeholder and how it aligns with the business case justification.

(B) THE ROLE OF STAKEHOLDER

Shifting from the rhetoric's of altruistic and strategic CSR, it is important to take a closer look at the role of the stakeholder in creating a business case for CSR. The use of this kind of analysis is fundamental because the underlying principle of CSR is to protect the interest of stakeholders. Consequently stakeholders in justifying the business rationale of CSR have a decisive role to play for the weight and attention principle of CSR has received so far. The definition of who represents a 'stakeholder' is pivotal in discussing the role they play in the business case argument. Taking a narrow point of view it refers to non-shareholders of a corporation who have a 'stake' in the corporation. By this definition having a stake does not necessarily create a financial obligation but a situation where they are affected by corporations operations and decisions.

The broader perspective of the term stakeholder is inclusive of both shareholders of the corporation and non-shareholders. The relationship between stakeholders and CSR is such which is capable of improving relationship with stakeholders and this is reflected in the corporation's financial performance through better labour relations, which leads to an increase in employee retention and a reduction in labour cost.¹⁸ This theoretical link was made by Turban and Greening (1997) by showing a positive relationship between corporate social performance (CSP) and reputation and a further relationship with employee recruiting.¹⁹ The logical approach to relate the business rationale of CSR on stakeholder relations has also gained recognition by theorists such as Rowley and Berma (2000) who

¹⁷Note 13, pg 15.

¹⁸Greening D. and Turban D. (2000) Corporate social performance as a competitive advantage in attracting a quality workforce. *Business and the Society*, Vol 39, issue3, 254-280.

¹⁹Turban D. and Greening D. (1997) Corporate social performance and organisational attractiveness to prospective employees. *Academy of management Journal*, Vol 40, p 658-672.

expounded a model which was heterogeneous in financial returns driven by stakeholder action.²⁰ Consequently to justify the business case for social responsibility, any act of CSR must be strategic to the business, responsive to stakeholders and increase the corporation's returns or decrease its expenditure.²¹ This argument though logical has not been universally accepted as the status quo of the business case for CSR. Against this background the next section of this paper examines the interdependence of business and the society and why one cannot claim exclusion from the other.

(C) INTERDEPENDENCE OF BUSINESS AND THE SOCIETY

The fact that corporations are encouraged to be socially responsible does not suggest that corporations should take on the responsibility which is properly that of governments as this would amount to a total departure from their primary aims and objectives. It is often argued that corporations should be encouraged to opt for social goals which are interrelated with their business so as to encourage a humane society.²² Conversely, government alone cannot provide for adequate funding for these social goals and corporations are encouraged to bridge this gap. The relationship between a corporation's business and society is peculiar due to the interdependence. As the existence of one is dependent on the other an attempt to make a distinction will be detrimental to both components. Much of the success of a corporation lies in the hands of a healthy society. Education, good health care and other social amenities are determinants factors for a healthy society. Thus though government is responsible for the funding of social amenities, corporations should make their own contribution towards a healthy society because such contribution reflects in the productivity of a corporation. For example a manufacturing company which depends on the work force in a small country in Africa where Aids disease is high will benefit from making donations towards medicines for the illness because it improves the health of its workers and thus productivity.

²⁰ Rowley T. And Berman S, (2000) A brand new brand of corporate social performance. *Business and the society*, Vol 39, issue 4, p 410.

²¹ Barnett M. (2005) Stakeholder influence capacity and the variability of financial returns to corporate social responsibility. *Academy of Management Review*. p 11

²² Note 13, p8

On the other hand the society needs the corporations as corporations are the wealth of the society. Thus corporations' decisions have societal impacts and should reflect policies which encourage social and economic goals. One argument has it that the interrelationship between business and the society is such that one cannot exist without the other and an attempt to do this will create a temporary gain on one hand at the expense of the other.²³ In 2009 the closure of the DELL factory outlet and Waterford Crystal in Ireland due to economic reasons had both an economic and social impact on the community where the factory was situated. Thus the business/economic decision to liquidate had an effect on the society as a whole.

At this point it may be argued that despite the arguments put up by critics of CSR such as Friedman,²⁴ the interdependence of business and society lies in their very existence and since one is unable to survive without the other, the issue of whether or not corporations have societal obligations is answered in the affirmative. The intersection of business and society creates sustainability, giving room for development, competitive advantage and financial growth. However the economic situation plays a decisive role in the interdependence between business and society. Though it does not dilute their interdependence, it puts corporations at cross roads where they have to make decisions on what is profitable and not. Despite the fact that the recession presents itself as a challenge for CSR, it is not an excuse for corporations to abandon the policy rather corporations should target their CSR activities to maximise the wealth of all stakeholders. The correlation between CSR and financial performance has gone under scrutiny and empirical researches, but the outcome of these researches so far have been contradictory. The next section of this paper examines this discourse.

²³ Note 13, p7

²⁴ Friedman M. (1970) The social responsibility of business is to increase profits *New York Times Magazine*, 13 September.

(D) CSR AND FINANCIAL PERFORMANCE: IS THERE A CORRELATION

Various theoretical and empirical researches have emerged in the course of the long debate over establishing a correlation between CSR and financial performance. Theorising a negative relationship has been McGuire et al who in 1988 based their argument on the fact that the high cost of CSR puts the corporation at an economic disadvantage.²⁵ Similarly, between late 1970s and 1980s empirical studies have produced conflicting and contradictory results even within the same research.²⁶ However a large number of empiricists have found a positive correlation between CSR and financial performance.²⁷ While the positive results is a strong indication that CSR has the ability to take corporations to the next level, the existence of contradictory and negative results puts a strong question mark on CSR- financial performance relationship. Attaching so much weight to this argument negates the true intention of a strategically orientated CSR policy.

A review of both empirical and theoretical studies on the correlation between CSR and financial performance is pivotal in justifying the business case for CSR. This is because how CSR relates to a corporations financial performance must be in line with the primary objective of the corporation to make profit. It highlights the limitations encountered, loopholes in analytic tools used to establish the correlation between CSR and financial performance of the corporation. In establishing the correlation between CSR and financial

²⁵ McGuire J., Sundgren A. and Schneeweis T (1988). "Corporate social responsibility and firm financial performance", *Academy of Management Journal*, Vol.31, No.4, p 855.

²⁶ See, Belkaoui, A.(1976) , 'The Impact of the disclosure of the environmental effects of organisation behaviour on the market', Vol.5 No.4, *Financial Management* , pg 6-31, Frankie A. , and Anderson J.(1978) , "The impact of the disclosure of environmental effects of organisational behaviour on the market: comment", *Financial Management*, Vol.21, p 92-107, Chen, K. and Metcalf, R.(1980), "The relationship between pollution control record and financial indicators revisited", , *Accounting review*, Vol 55p168-177.

²⁷ Johnson R. and Greening D.(1994) " Relationship between corporate social performance, financial performance and firm governance, Best paper proceedings of *Academy of management*, p 6, Waddock S. and Graves S. (1994) The corporate social performance-financial performance link, This paper was presented at the national meetings of the Academy of Management, Dallas,

performance there are certain factors which have to be considered. Measuring CSR has proven to be very difficult and technical. The divergence on measuring techniques has also been a factor leading to such difficulty.

(i) MEASURING CORPORATE SOCIAL RESPONSIBILITY.

There is no single method of measuring CSR. The measurement of CSR has been approached by different methods. These approaches are examined below.

(1) DISCLOSURE APPROACH

The CSP disclosures measurement makes use of annual reports, content analysis, and letter to shareholders and other corporate disclosures by the corporation to the public. One of the earliest attempts to measure CSP through the disclosure method was made by Ullmann in 1985.²⁸ He identified social disclosure as a possible method of measurement which dealt with voluntary reporting, mandatory pollution reporting and Ernst and Ernst rankings of corporate pollution disclosure. In the course of his work he tried to relate social disclosure to social performance and economic performance. However he was unable to find any relationship between CSP and CFP based on the fact that at that time there was lack of sufficient data and theory to connect the various measures of CSP to financial performance.²⁹ Thus disclosure in the measurement of CSP to establish a correlation between CSR and financial performance becomes relevant. Similarly, the Grant Thornton Corporate Governance Review recognises

²⁸ Ullmann A. (1985) Data in search of a theory: a critical examination of the relationship among social performance, social disclosure and economic performance of U.S firms. (*Academy of Management Review*, Vol 10, p 540-557.

²⁹ Wood D. (2010) Measuring corporate social performance: A review. *International journal of Management reviews*, Vol 12, Issue 1, p 60.

the need for disclosure as a tool for shareholders to assess the corporations risk management and internal control processes.³⁰

(2) REPUTATIONAL INDEX APPROACH

The second kind of measurement of CSP that has been widely used despite its significant drawbacks has been the ‘reputational index’. A reputational index can be defined as a societal barometer used to measure responsible behaviour of corporations in the society and also can be used as an indicator of corporate failures and successes.³¹ Examples of reputational indexes are the Fortune reputational index, Kinder, Lydenberg, Domini and Company (KLD) and Moskowitz tripartite ratings.³² It is acknowledged that the use of reputational indexes may be advantageous because “it may summarize the perceptions of a key constituency of various firms, makes use of the same elevator which is usually subjective instead of objective”.³³ However the disadvantage of being highly subjective creates a flaw in this form of measurement. There is the possibility of divergence in interpretation from one spectator to another which means that a reputational index cannot be considered as a valid or reliable measurement. Thus the over reliance on expert ratings or reputational indexes is contentious because the information upon which they base their assumptions is subjective and the assessors’ expertise is relative.

³⁰ Financial Reporting Council (2009). This report examines the extent to which Irish listed companies comply with the disclosure provisions of the financial reporting council’s Combined Code on corporate governance.

³¹ Sasha A. (2005) Reputational index: Social barometer and financial instrument, Covalence Analyst papers, Geneva, p4.

³² Moskowitz M. Choosing socially responsible stocks. (1972), *Business and society review*, issue 1, p71-75.

³³ Cochran P. And Wood R. (1984) Corporate social responsibility and financial performance. , *Academy of Management Journal*, Vol. 27 No. 1, p 43.

(3) *THE SOCIAL AUDIT APPROACH.*

Another widely used CSP measurement strategy is the use of social audits.³⁴ This method of measurement was used in the meta-analysis of CSR. The use of social audits as a measurement tool is quite subjective because it makes use of third-party assessment on firm's objective CSP behaviours, such as community service, environmental programmes and corporate philanthropy.³⁵ CSP measurement based on this kind of behavioural rankings is still very subjective and the experience or expertise of third party assessors is relative which makes this kind of rating highly subjective. A notable confusion in the measurement of CSR is whether the form of measurement is peculiar to that industry or if it cuts across several industries. The use of measurement tools which make use of 'inherent values and principles of a company's culture to assess CSP create a variable situation.³⁶ The result of this kind of assessment is variable as inherent values, principles and a company's culture will vary from one company to another and even within the same industry such variability's still exist. Thus results of this nature are only peculiar to the company on which such an assessment has been carried out and no other. The limitations in this kind of measurement are obvious in the 'inherent' element attached to such assessment and the contradicting results that could be reached when such measurement is used across multiple industries.

There is also a wide variety of financial performance measurement methods and variables in relation to the CSR and financial performance correlation.³⁷ These measurement methods make use of accounting measures which has made the measurement of financial performance

³⁴ Orlitzky M, Schmidt F. and Rynes S. (2003) Corporate social and financial performance: A meta- analysis, Vol 24, *Organisation Studies*, p 408.

³⁵ note 44

³⁶ Ibid, p409.

³⁷ Examples of financial performance measurement method are: Profitability measures such as net income, earnings per share, return to investors, and return on equity.

across multiple industries a difficult task.³⁸ With the lack of an appropriate method of measurement for both CSR and CFP and methodological differences by different researchers there is a continuous result of mixed findings and no definitive answer as to the business case for CSR. There are other areas of measurement which have not been comprehensively explored by researchers but which could be of advantage in establishing the link between CSP and CFP. Measurement efforts in customer impacts are one area which could lead to more insight on the consumer's expectation on the CSP of a corporation. One study which has worked in this direction was done by Paul et al (1997).³⁹ The aim of this study was to draw a parallel between consumers CSP outlook to consumers actual buying. It employed an 11 item scale aimed at measuring achieving consumer sensitivity.

Other researchers have found possibilities in this area and found the consumer sensitivity/CSP measurement to some extent reliable.⁴⁰ The consumer approach to CSP has also witnessed studies on the use of alcohol as a variant in measuring CSP.⁴¹ This research arrived at the conclusion that the 'drink responsibly campaign' would not result in a high CSP if there was no adequate enlightenment education on drinking responsibly. Also consumer trust has been used as an intermediary between CSP and CFP based on the trust attached to buying organic food products.⁴² Overall it is fair to conclude that empiricist should employ more than one measurement method of CSP to get an accurate measurement if the concept of CSP is interchanged with CSR in its relationship with a firm's financial performance. However in order to substantiate the CSR/CFP link there is need for the development of more versatile methods of measurement of CSR and CFP which can be used both within single and multiple industries .

³⁸ Davison W. And Worrell D, (1990) "A Comparison and test of the use of accounting and stock market a data in relating corporate social responsibility and financial performance". *Akron Business and Economic Review*, Vol 21, issue3, p 8.

³⁹ Paul K, Zalka L, Downes M, Perry S, and Friday S, (1997) U.S consumer sensitivity to corporate social performance. *Business and Society*, Vol 36, p 408-418.

⁴⁰ Meijer M. and Schuyt T. (2005) Corporate social performance as a bottom-line for consumers. *Business and Society*, Vol 44, p 442-461.

⁴¹ Rundle-Thiele S, Ball K, and Gillespie M, (2008) 'Raising the bar from corporate social responsibility to corporate social performance', *Journal of Consumer Marketing*, Vol 25, pg 245-253.

⁴² Pivato S, Misani N, and Tencati A, (2008) The impact of corporate social responsibility on consumer trusts: the case of organic food. *Business ethics*, Vol 17, p 76-86.

THE STATUS QUO

The heightened attention given to the concept of CSR over the years is an indication that this concept has moved to from ideology to reality.⁴³ Other related concepts such as corporate citizenship, business ethics, and corporate social performance all have overlapping principles and policies. The most evolving aspect of CSR is the fact that it does not only aim to protect the interest of non-shareholders who are stakeholders but intends to derive a return for being socially responsible. Certain characteristics of CSR and how it relates to the business case argument need re-examination. Irrespective of the worthiness of this cause, charity donations, corporate giving or corporate philanthropy will continue to be criticized if such giving is not regard as strategically linked to the corporation's business objectives.

Nevertheless it is argued a positive relationship between CSR and a firm's financial performance can exist if we rely on the ratio of positive to negative results based on the modern meta-analysis approach and applying CSR strategically.⁴⁴ However empiricists who have produced a positive result in their empirical research should take note of the factors that resulted in negative results by their contemporaries. Other factors worthy to be noted in the use of CSP are the lack of inclusion of 'normative principles, organisational culture and management decision making process in the CSP model'.⁴⁵ These factors could help to strengthen the business case argument. But the concept of CSP is not limited to the CSP-CFP link as the principle of CSP is to discern and assess the consequences of business on stakeholders and the society.⁴⁶

⁴³ Lindgreen A. and Swaen V, (2010) Corporate Social Responsibility, *International Journal of Management Reviews*, Vol 12, issue 1, pg 1.

⁴⁴ Margolis J. Elfenbein H. and Walsh J. (2007) Does it pay to be good? A meta-analysis and redirection of the research on the relationship between corporate social and financial performance. Presentation at the Academy of Management meetings, Philadelphia, PA, see also, Orlitzky M, Schmidt F, and Rynes S, Corporate social and financial performance: A meta- analysis, (2003),

⁴⁵ Note 37, p 76.

⁴⁶ Ibid, p 75.

The consequences of business on stakeholders and society represent the broader perspective of the business case justification. This broader perspective is equally as important as the narrow perspective and includes a significant contingent in the CSR construct which is the 'stakeholder'. The role of the 'stakeholder' should not be undermined in the justification of the business case for CSR. The concept of CSR was born out of the need for the protection of interests of stakeholders who are non-shareholders. Therefore how stakeholders respond to CSR, its disclosure and effect counts towards the business case justification. The interrelation between business and society establishes a position not thoroughly considered by critics of CSR.

The dynamism and practicality in integrating CSR strategically into the core business operations of the corporation so as to justify its course and capable of yielding a return continues to pose a problem to corporate managers.⁴⁷ The existing inconsistency on approaches calls for more systematic and synthesized model of integration and strategy on CSR. The business case justification continues to remain an ongoing debate. As theoretical and empirical researches continue to bring to light more evidence both in support of and against CSR and financial performance, such researches should not be limited to the CSP-CFP correlation; a broader approach underscores other contingencies such as consumer relation and stakeholder influence which affect the corporation's relationship with its stakeholders and the wider society. This forms part of the business case argument if examined in a broader perspective.

CONCLUSION

There is difficulty at this stage to be definitive on the business case argument. Empirical research so far has been contradictory between different researches and sometimes within the same research.⁴⁸ Attempting to provide a statistical relationship between CSR and financial performance, theorists and empiricists have sometimes brought more confusion and ambiguity than clarity.⁴⁹ Much of the ambiguity attached is blamed on the understanding of the concept of CSR and the measurement methods employed. Taking a position on any of the two extreme arguments will not be theoretically or empirically accurate. The wisest decision at this stage is for as corporations to be cautious and strategic in their CSR objectives as they have more to gain than lose in being socially responsible.

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⁴⁹ Note 37, p50.

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