

Redesigning Carroll's CSR Pyramid Model

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Abstract—Change changes the change if you don't adopt change. Since the conception of CSR the amount of research carried on by the academicians is tremendous and laudable. The academic research has undoubtedly contributed in terms of importance of CSR and practices of CSR to the corporate world. In the present research paper an attempt is made to propose a new model on CSR, i.e.; Universal Model of CSR. The proposed model has portrayed itself in such way that it easily cross over the criticism made on Carroll's Pyramid model of CSR by justifying its model suiting to the present context.

Index Terms—CSR, Carroll, Pyramid, Model, Universal, Nisar, Saad

I. INTRODUCTION

It is not very unreasonable that the rich should contribute to the public expense, not only in proportion to their revenue, but something more than in that proportion." — Adam Smith.

Corporate social responsibility (CSR) is becoming an ever more important field for business. Industry Canada in its website reports that "corporate social responsibility is an evolving concept that currently does not have a universally accepted definition. Generally, CSR is understood to be the way firms integrate social, environmental and economic concerns into their values, culture, decision making, strategy and operations in a transparent and accountable manner and thereby establish better practices within the firm, create wealth and improve society".

Today's companies ought to invest in corporate social responsibility as part of their business strategy to become more competitive. Corporate success depends on the local environment Eg; appropriate infrastructures, the right types and quality of education to future employees, co-operation with local suppliers, quality of institutions, local legislation. In this corporate competitive context, the company's social initiatives or its philanthropy can have great impact. Not only for the company but also for the local society (Michael Porter, 2003)[1]

It's a fact that the academic community with its research and publications made the corporate to accept CSR, if it's already in place successful in labeling it as CSR activity. Michel Porter's recommendation in an interview clearly road maps "What academics need to do

now is to provide careful thinking, a clear rational framework, evidence and intellectual argumentation for answering the question of: "why should companies do this? (CSR)". In the process of meeting the Michel Porter's road map this study considers the Carroll's Corporate Social Responsibility (1991) popular model. Thus the need felt for redesigning the Carroll's model.

II. CARROLL MODEL

There are as many definitions on CSR as the number of studies on CSR. Since this paper deals with Carroll's model the definition given by Carroll (1983)[2] is provided herewith "corporate social responsibility involves the conduct of a business so that it is economically profitable, law abiding, ethical and socially supportive. To be socially responsible then means that profitability and obedience to the law are foremost conditions when discussing the firm's ethics and the extent to which it supports the society in which it exists with contributions of money, time and talent" (p.608).

Many Western theoreticians have attempted to offer theoretical, moral and ethical groundings for CSR initiatives (Dusuki, 2008)[3]. However, these attempts have been broadly criticized for problems relating to justification, conceptual clarity and possible inconsistency, and for failing to give adequate ethical guidance to business executives who must decide which course to pursue and with how much commitment (Goodpaster, 2001)[4].

However, Carroll's four-part conceptualization has been the most durable and widely cited in the literature (Crane &Matten, 2004)[5] despite of the presence of numerous definitions/models and CSR synonyms. Carroll in1991 first presented his CSR model as a pyramid, as shown in Fig. 1.

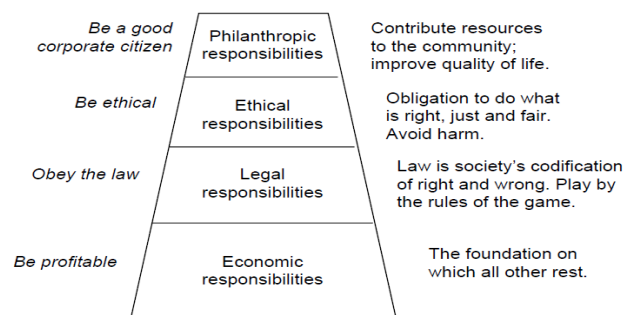


Figure 1. The pyramid of CSR (Carroll, 1991)

Manuscript received September 9, 2013; revised January 22, 2014.

An attempt is made to give a new model on CSR by considering Carroll's pyramid model and criticism made by Wayne Visser in a research book chapter "Revisiting Carroll's CSR Pyramid An African Perspective" (available on the hyper link http://www.waynevisser.com/wp-content/uploads/2012/04/chapter_wvisser_africa_csr_pyramid.Pdf) [6] regarding its conceptual clarity and descriptive accuracy.

III. THE PROPOSED UNIVERSAL MODEL OF CSR

The following model, Fig. 2 which is based on Carroll's pyramid model is presented to explain how and why CSR will become part of the business and suitability; and its applicability universally.

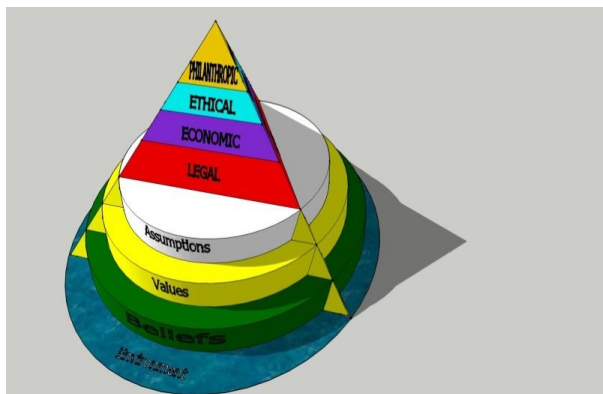


Figure 2. Corporate social responsibility-universal model

The model clearly envisages that business will not run in isolation. It is running in an environment, the beliefs of the society or the environment inter and/or intra will be affecting the values of the promoters/strategist/stakeholder of the company or/and the dominant decision makers of the organization.

These values will be assimilated into assumptions and then into actions by the strategic decision makers/influential group. These actions may result into having a CSR oriented mission, a CSR policy, a CSR strategy, a CSR frame work, a CSR planning or/and a program on CSR.

If the beliefs and values of the promoters, stakeholders, strategist, and influential group are in conflict with CSR, one will find that the business is complying with only the law. Friedman's (1970)[7] concluded that "corporations have only one responsibility which is making profit in a legal way and managers have only responsibility to increase shareholders' wealth".

Henceforth in this Universal Model of CSR contrary to Carroll's CSR pyramid model, Legal responsibility is viewed as a basic responsibility. In the present context even to start the business one needs to comply with the law of the country. In many countries CSR expenditure has to be disclosed in its annual reports, it is mandatory.

We do agree that there are plethora's of legal suits against companies across the globe for various reasons. Some instances like noncompliance to legal issues, unethical practices, breach of trust and moral turpitude by its top level management.

It is strongly felt that a country without an effective legal system is equivalent to non-existing as perceived by a true business man. In the 21st century the question of not having a legal system is oblivion. So the question of investment in such countries will not be considered. Even if someone venturing in such countries again need to emphasize that it is the beliefs, values and assumptions of the people involved in business will decide as to shoulder or shrug off the CSR.

The rest of the responsibilities are presented as it is of Carroll's Pyramid model with a justification that based upon beliefs, values and assumptions of the people involved in the business and the environment (both) in which they are operating their business will also have influence in choosing any one/level or multiple social responsibilities. Depends upon performance of the company, changing value system of the society or/and people involved in the business.

When conflict occurs in choosing between various responsibilities it is the majority and/or influential group of the company that influence the selection of the desired responsibility.

Carroll's hierarchy of CSR responsibilities are not promoted by the proposed model. Further the proposed model is not in agreement with Carroll's order of dependence. The empirical evidences show that the order of CSR obligations are deferring. That is the perceptions of the Managers. Thus the proposed model also considers managers preferences; by involving them in the stakeholders list and pushing them to participate and become vital in deciding which social issue is important and which is needed to be addressed for the betterment of the business as well as the society. That is because at the end of the day Business is Business is Business.

As a response to Michel Porter question to why companies should take up CSR?, the proposed model asserts that beliefs, values and assumptions of the people involved in the business and those in the environment of such business shall guide the company to follow (or not to follow) CSR for their sustainability both inbusiness as well as in society.

A. Criticism of Carroll's model & Justification by the Proposed New Universal Model

- Carroll justified his hierarchy of responsibilities as an order of dependence (Carroll, 1991[8], 2004[9]) and his empirical evidence implies yet another rationale, namely that it reflects the relative perceived importance assigned by managers (Edmondson *et al.*, 1999[10]; Pinkston *et al.*, 1994[11], 1996[12]). He even at one point suggests that the model was simply conceived to make the point that these various obligations (economic and ethical) should be fulfilled simultaneously (Carroll, 2000)[13].
- The above vagueness of Carroll is answered positively by the proposed Universal Model of CSR which dictates that it is the legal responsibility which ought to be addressed first then the rest; economical, ethical and

philanthropic may be in a hierarchical way or in a multiple way as per the beliefs, values and assumptions of top management/strategist., *ibid.* Further the usage of pyramid shape in the proposed universal model is to pay a tribute to one of the oldest and popular model of CSR i.e., Carroll's Pyramid model.

- Carroll attempts at incorporating related themes which certainly suggests that he is trying to establish an umbrella concept for the relationship between business and society (WayeneVissler, 2006)[6]. Carroll missed on the recent trend that integrates the social, economic and environmental aspects of corporate responsibility (Elkington, 1994[14], 1997[15]; Visser&Sunter, 2002[16]). The fact that managers are increasingly likely to use the banner of sustainability or the triple-bottom-line approach to describe their CSR activities suggests that Carroll's pyramid has limited instrumental value (Visser, 2006)[6].
- The new proposed universal model considers both the intra and internal environment of business. Further it suggests that at times the environment will affect the very beliefs, values and assumptions. Hence the new model is not suffering with the limited instrumental value as the proposed universal model fit for any environment at any given point of time.
- Carroll model is striving for universality, but it has not been properly tested in contexts outside of America. What evidence there is to date suggests that different cultures and sub-cultures not only give different nuances to the meaning of each component, but may also assign different relative importance (Burton *et al.*, 2000[17]; Crane, 2000[18]; Edmondson *et al.*, 1999[19]; Pinkston *et al.*, 1994[20]).
- The proposed universal model is very flexible in its approach to adapt/adopt to CSR because it is based on the beliefs, values and assumption of the key people of the organization plus the environment wherein the business is operating. Hence the proposed universal model on CSR, this model is applicable universally as well as locally.

Extrapolating from Carroll's four domains of CSR (Carroll, (1991)[8] Schwartz and Carroll (2003)[21] proposed a three domain (economic, legal and ethical) approach of CSR. However, as indicated by Schwartz and Carroll (2003)[21] there are also limitations with the three domain model. Specifically, '...one might argue that economic, legal and ethical systems are all interwoven and inseparable.' (Schwartz and Carroll, 2003, p 520)[21]. Also and as a response to Schwartz and Carroll (2003)[21] complications of international business that can found both the ethical and legal domains in terms of which ethical and legal standards to apply (i.e., standards of Home country or Host country; this research propose the Universal Model of CSR.

No doubt there are many models and nomenclatures for corporate social responsibility for example; business

ethics, corporate accountability, stewardship, corporate citizenship, sustainability or sustainable development, corporate environmental management, business and society, business and governance, business and globalization, and stakeholders management etc., despite of the slight differences the concept of corporate social responsibility is widely acknowledged (Madsen and Ulhoi, 2001[22]; Moon, 2002[23]; Van Marrewijk, [24]; Wheeler, Colbert and Freeman, 2003[25]).

The present proposed Universal model do accept that in every country in every culture people do accept the social responsibility including the corporate; but the means and ways of practicing is different and the importance attached to it is varying because of some unscrupulous business houses practices.

Carroll's popular pyramid model of corporate social responsibility no doubt considered as one of the best model, yet it has some criticism. In the process of overcoming the criticism on Carroll's pyramid model and answering a question posed by Michel porter "why corporate social responsibility?" a new model has been drawn that is the proposed Universal model

The present model emphasizes about legal responsibility as a primary responsibility. Whenever the respective governments see that there is no support or shouldering of the social responsibility by the business houses/people then the governments can

enforce legally to follow corporate social responsibility; as well to make profit no businessman is allowed to break laws. In case of no enforcement of corporate social responsibility by the governments still the model supports that it is the beliefs, values and assumptions of the major decision makers that will influence in adopting or not adopting the corporate social responsibility. In the main body of the papers all the criticism made of Carroll's pyramid model is dealt with in detail.

The proposed Universal model not yet tested but the conceptual clarification it has given will definitely prove it to be fittest model among the all models and will have universal application.

ACKNOWLEDGEMENTS

The authors extends their appreciation to Mr. Sampath who helped in drawing the proposed new model i.e., Universal model of corporate social responsibility in 3D, also we thank our respective beloved family members for their unconditional love and support in allowing us to do our work despite of bearing our absence at home during the research work. Last but not the least we thank all the officials of College of Business Administration and King Saud University for their encouragement and support.

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