

Corporate Social Responsibility

“the business of business should not be about money. It should be about responsibility. It should be about public good, not private greed”- Anita Roddick, Body Shop Founder

Corporate social responsibility which is commonly abbreviated to CSR is a corporation's role in taking responsibility for their actions and the company's effects that the practices have on the environment and society. Certain companies can have large effects on the environment such as oil spills and other industries that can have enormously detrimental effects to the environment. These effects can be sometimes caused by organisations without any effect on the organisation as they may only care about the maximisation of their profits.

This money that comes from their profits could then be allocated into different charities to offset their negative effects of the organisation such as investing money into research and development to find cleaner ways of releasing waste fuels. In this way there is money leaving the organisation to help the environment or society and help with their Corporate Social Responsibility. There is more of a push for organisations and companies to have good corporate social responsibility nowadays than ever before with many business malpractices being not accepted to just make a profit. CSR is now seen as a way of getting an advantage over competitors within the market that may not have as much and make it easier to build a brand and establish that brand.



A CSR pyramid would divide the business obligations within Corporate Social Responsibility into four levels explaining the requirements of each level.

John Dodovskiy (2013) *Carrol's CSR Pyramid and It's Relation to Modern Environment*.

The four responsibilities that are displayed on the CSR Pyramid are Economic, Legal, Ethical and Philanthropic.

Economic

The economic level of the CSR pyramid is the responsibility of the business to be profitable as this is the only way for the business to be sustainable and survive in the long term. This would be the business making sure that they make enough money to survive and not focusing on the other elements of the social responsibilities. This may be the level of CSR achieved by smaller businesses or businesses/ organisations that have recently started up.

Legal

This is the organisations responsibilities to obey the law and other regulations that they may have to follow in their industry or during their practices. These could range from health and safety laws to the employment laws. There are many different cases where big organisations have tried to bend the rules of their legal responsibilities to try and cut their costs.

Ethical

To act ethically is to act in a way that is consistent with what society and individuals typically think are good values, ethical behaviour tends to look good from the outside perspective of the organisation and boost morale within the organisation. These would not be imposed by the law all the time, but they would be expected to conduct themselves ethically within the business by the public. A positive example of an extremely ethical company is the Body Shop as they source some of their raw ingredients from the "four corners of the globe" and would conduct this sourcing in a fair-trade manor.

Philanthropic

Philanthropic responsibility within the pyramid would focus on the organisation not only obeying laws and working ethically but trying to improve the quality of life of their employees, local communities and society in general. This wouldn't occur in every organisation and there is large debate as to how much of the organisations money to spend on the improvement. Many organisations that would conduct themselves in a philanthropic way would work in co-operation with charities, such as improving the local area.

Friedman and Freemans Theory

Two very contrasting theories regarding Corporate Social Responsibility are Friedman's theory and Freemans theory. Friedman's theory, known as the stockholder theory does not consider the social responsibilities of an organisation and to just try and maximise the profits for the stockholders of the organisation. Milton Friedman is well known for saying:

"a corporations responsibility is to make as much money for the stockholders as possible"

Friedman strongly felt that the goal of the organisation should be to maximise profits and return a share of these profits to shareholders of the business as a reward for the risk they took in investing in the first place and he then states that the shareholders can decide for themselves the social initiatives to take part in instead of the organisation doing so. Friedman would argue that the company has no social responsibility to society or to the public because the organisations only concern should be to maximise the profits.

Edward Freeman had a theory called the Stakeholder Theory that was a theory revolved around the organisational management and the ethics that comes with it. His theory stated that in the traditional view it was only the shareholders that were deemed important as the organisations would always put their needs first to increase the value for them. Freeman believed that businesses should create value for customers, suppliers, employees, communities and the shareholders.

Straight away when researching Freemans theory, he talks about value rather than just profit, this is because he believed there were more responsibilities for an organisation that just the profit maximisation. Freemans views on value would be value in the sense of living conditions, working conditions, pollution, noise and the fair treatment within the organisation and creating a lasting relationship within the community that the organisation interacts with.

CSR McDonalds

To try and summarise McDonalds as an organisation and try and categorise it into either stakeholder theory or shareholder theory would be very hard. There are certain aspects of the way they conduct their business that shows that they have a sense of social responsibility as an organisation and that they want to give back to communities and have that lasting relationship with the community. McDonalds look to recycle and work environmentally well.

To contrast, certain ways that McDonalds conduct their business is still very shareholder and profit maximisation driven e.g. the way that they outsource their meats and don't fully conduct checks on farms that are abusing animals. Without animal rights activists like PETA they would continue to work in this way, showing that they still want to maximise the profits when they can and if that means outsourcing to cheaper farms that wouldn't give animals sufficient room and living conditions then they do.

Critical Reflection

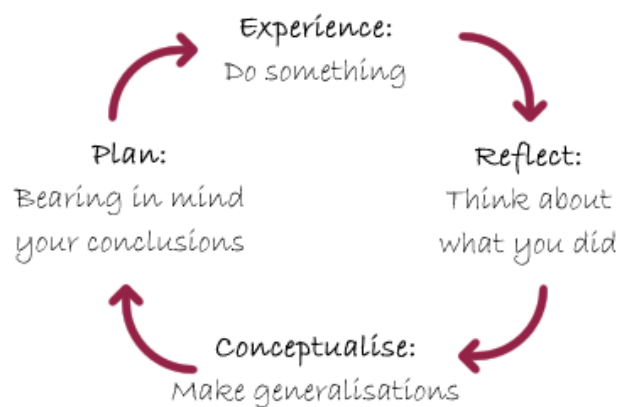
There were many different elements to this task, ranging from having to report and analyse an unethical situation from both sides to having to produce a propaganda style poster going against an unethical practice from an organisation.

I decided to pick McDonalds because it seems to be an organisation that is everywhere nowadays and is a household name. Doing the research into McDonalds and especially some of their practices when it came to the treatment of the animals that they are using may change my mind to ever wanting to go to McDonalds or buy certain products from there. I learnt information about the organisation that I didn't know and maybe would never have found out if it wasn't for the task and my choice of organisation such as the many different charities they support and their strong rules they follow on their environmental standards.

The contrasting organisation I chose to pick was PETA, which stands for People of the Ethical Treatment of Animals. Although I didn't know much in-depth information about this organisation I had heard of them a few times and especially regarding their campaigns against McDonalds that got a lot of publicity.

When making my poster I tried to keep the colour scheme on the poster like McDonalds to make a mockery of their colour schemes and maybe parody their adverts. I used quite shocking pictures of the abuse that goes on within their farms for a shock factor and used a punchline that hopefully sticks to try and make people really think about the poster and the message that is being portrayed.

I wanted to make the poster in a way that if I was a regular customer of McDonalds and I saw the poster, it would shock me and make me think differently about supporting such organisation, which I think I achieved.



Kolb Theory of Reflection.



References

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Books/Journals

- 'Milton Friedman and Social Responsibility: *An Ethical Defense of the Stockholder Theory*' By Karl Martin Ekornes Mertens
- 'Stakeholder Theory: *The State of the Art*' by R Edward Freeman
- 'The Social Responsibility Of Business Is To Increase Its Profits' by Milton Friedman
- 'Stakeholders of the Organisational Mind' by Ian Mitroff