Corporate social responsibility, NGOs and business partnerships for social sustainability

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Abstract. This article provides information regarding the potential of Corporate Social Responsibility (CSR) to bridge the gap between non-governmental organizations (NGOs) and businesses in order to create meaningful socially sustainable projects in specific community environments. Companies as well as NGOs have placed attention on this specific field of interest in the past but often fail to reach the primary goals of the desired community projects due to a lack of knowledge and resources in developing and integrating the projects. This article explains how NGOs and various businesses can benefit each other in a mutual way through a collaboration of reputation, knowledge and effective resources.

Keywords: non-governmental organizations, business sustainability, corporate social responsibility, social sustainability, partnerships

JEL Codes: L21, L31, M14, Q01

1. Introduction

H.R. Bowen, a pioneer of CSR, stated that businesses should not only focus on the values of their own companies to increase profit but should rather also help to improve the communities that they affect through their operations [1]. Companies have been working with affected communities and beyond for many years through various donations and contributions in order to facilitate projects that are already in place.

However, it has been argued that these companies have not been doing enough and that there are more efficient methods that can be conducted to improve the outlying communities. NGOs on the other hand are non-profit by nature and seek to help communities through development projects that improve the quality of life for those individuals living in problematic situations. NGOs are able to fulfil their operations through donations, project writing, members’ dues, etc. As a result, many NGOs are unable to complete projects to the full extent that they desire due to a lack of funding.

Companies and NGOs can benefit from a partnership that aims to support projects that cater to the values of their targeted communities. Corporate Social Responsibility (CSR) is a concept that brings businesses and NGOs together in order to form a partnership that equally benefits both entities in providing quality projects aimed at specific communities. It was conceived somewhere between the 1960’s – 1970’s. This primarily originated in the United States as it was the most liberal marketplace. During the 1980’s – 1990’s, this concept quickly became adapted in Europe and has seen steady development across the last several decades.

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The social responsibility of the corporations and the social responsibility programmes are an economic argument of high interest to the business sector. It brings value, for it allows the companies to reflect upon the needs and preoccupations of the different stakeholder groups (interested parties).

By doing this, a company maintains its social legitimacy and maximizes its financial viability in the long-term. CSR is a way of combining the organizational operations with the social values, in a period in which the parameters can rapidly change.

Moreover, the impact of the CSR-programmes on the macro-level is extremely strong when the sustainable development and the competitiveness are concerned. One must emphasize the fact that the programmes add value to small and medium companies [2].

2. Corporate Social Responsibility

CSR enables companies to conduct their community based projects in a smoother method through collaboration with NGOs. In this situation, businesses are able to use the knowledge and strength of NGOs in their associated fields of interest to ensure the proper development and integration of community based projects. In this balance, both the businesses and the NGOs benefit from the partnership even though they have very different goals.

As mentioned, the concept of CSR has begun to take shape in late 60s, early 70s in SUA. After nearly 20 years, the concept of CSR appears in Europe too. In recent decades, more and more institutions, governments, international organizations, academics, society in general, have engaged in a dialogue about the social responsibility of companies [2]. After nearly 40 years, Corporate Social Responsibility caught a big boom being promoted and implemented all over the world. In Figure 1 presents the developing concept of CSR [3].

It is thus thought that the CSR will be one of the main pillars of the business sector in the next decade. To act in a socially responsible way is more than a collection of independent practices and circumstantial initiatives or initiatives motivated by marketing objectives.

The managers are now confronting a variety of problems, including the increasing responsibility for the company actions, corporate governing codes, trespasses of human rights, the need of shareholders controlling the workplace conduct and, last, but not least, sustainability strategies. Within a permanently changing global environment, the social aspects of the business are constantly covering larger and more diverse areas, like business ethics, good practice standards for labor, investments in the community and responsibility towards the society [2].

CSR enables business to conduct their community development operations in a more vigorous and accurate way through the aide of NGO’s experience and additional man-power. S. Lakatos notes that, “Companies have a central role in the society, and this allows them to use both the human and the natural resources in order to perform their tasks in production and to achieve the power status”[2].
Businesses are obliged to help society if they are taking resources from society. H.R. Bowen stated that various companies are obliged to “follow those policies, make those decisions or follow those action lines which are desirable in terms of social objectives and values.”[1]

The corporate social responsibility is not only a tendency to be found in the rich countries, but a global phenomenon. This way, the partnerships based on CSR are a binder of the two sectors, of the business and the non-governmental one, helping the development of the society, of the two partners. Thus, the social responsibility of the company has become much more than a profit equation, lawfulness and charity actions addressed to certain social groups. The need to understand the communities in which the companies perform their activities has become crucial for them [2].

3. Methodology and research objectives

The purpose of the present research is to observe the existing CSR policy and conceptual structure of NGOs and CSR partnerships. It was observed that by partnering with businesses and NGOs, CSR policy has benefits for the community. As a research method, it was used for content analysis. Term aspects of social responsibility were introduced first by Bowen, in Social Responsibilities of the Businessman [2].

4. NGO’s Structure and Aims for Society

The nonprofit sector is a unique and expanding network that is focused on improving society through designing and implementing critical projects to increase awareness and to develop various fields that are in need of improvement. According to M. Vlaseanu, the nonprofit sector has “deep implications in the social development and in the planning and implementation of governmental strategies” [4]. In addition, Vlaseanu
stated that “the nonprofit, volunteer or non-governmental organizations meet the individuals’ need of association, in terms of self-governance and independence from public authorities; they contribute to the individualization and assertion of the civil society; they offer the territorial or professional communities the possibility to achieve certain personal objectives and amplify the chances of an efficient and flexible distribution of some services, focusing on the common good.”

According to J. Douglas, there are three main types of nonprofit organizations. The first of these types is organizations that are focused on philanthropy and working towards common good environments. The second type aims at creating a mutual benefit among various members of the organization. And the last type doesn’t focus on supplying specific services but rather focuses on various political actions to encourage and convince government agencies to provided necessary services to society [5].

From these findings, it can be seen that NGOs have a wide variety of objectives within society and many different approaches to accomplishing their goals. These organizations strongly differ from businesses as their main goal is to provide communities with strong development related projects and not seek a personal financial gain. These organizations have a large amount of available resources and they also have a strong degree of experience related to analyzing problem areas within a given community and accurately addressing those issues by developing and implementing efficient socially sustainable projects.

5. Business Social Responsibility

D. J. Wood indicated that there are three main reasons why businesses have an obligation to society. Firstly, she indicates that business are ‘social institutions’ and therefore must aid in the improvement and development of societies. Next she states that companies are responsible to improve the environment that they operate within and not to simply proliferate that environment for its resources, both human and material based. Lastly, she suggests that managers are ‘ethical agents’ and therefore must take responsibility for their corporate actions and decisions [6].

However the assertions from Wood apply and are reasonable expectations of corporations that thrive from the usage of society based resources, these demands are not always met to the highest degree that they are needed. Businesses often include social responsibility into their mission statements but don’t always have success because they are either not targeting the proper groups, lack in experience or fail in either the development or implementation stages. These businesses to however often harness large quantities of financial assets that can greatly boost a given projects expectations.

Businesses are required to take extra measures to ensure the development of society because in order for their companies to be successful, the communities that are involved also need to be developed. For example, if a particular company requires large quantities of human resources they will desire employees that are well educated and that have had the necessary means in their lives to be successful and bring strong attributes to a given company. In order to achieve this goal over a large period of time, businesses must be invested in the community that they are involved in for not just the benefit of the community but for the benefit of the company.

6. CSR Partnerships

Over the years since the inception of CSR, many businesses have understood this concept as not a harness to their inner development but rather as a benefit. It has become apparent that companies as a whole do not possess all of the knowledge needed to carry out and integrate successful community projects in the best fashion possible. It has also become clear that NGOs in general possess this skill and can equally benefit from the partnership. Companies benefit from this partnership through more accurate allocation of resources and attention from the assistance of NGOs, NGOs benefit by receiving increased recognition in the areas of communities that require the most attention. It helps them to more properly carry out their operations through an increase in funding from businesses and they also become more recognized as an institution, which can lead to greater success and development of future community based projects and initiatives.
It has been indicated that when a business and a non-profit engage in a mutual partnership, an agreement is made that states that the requirements of both entities can be accomplished by one and the other [7]. However, when this mutual balance is not met and one entity is not satisfied the partnership becomes flawed and as a result the desired income dissipates. R. Hagen has suggested that the major problem that can dissipate a formidable partnership is related to an underprovided process of selecting adequate partners and through a lacking of proper initial planning strategies [8].

In many cases, this disproportionate balance can easily occur from actions done by either side of the given partnership. In many ways, inadequate NGO’s can just as easily produce inadequate outcomes as the associated companies. This particular issue is one that is systemic in a particular entity and requires proper time to analyze the right partnership for each goal. However, as time progresses and additional information is constantly being analyzed in regards to CSR, this problem is slowly starting to diminish and proper collaboration is becoming a more frequent reality.

According to R. Kanter, self-analysis, interdependence, institutionalization, chemistry, integrity and compatibility are the primary keys to success for a CSR partnership [9]. Hagen adds that the four “C”s to a successful partnership involve compatibility, capability, commitment and control confirmation [8].

M. Lambru has indicated that in order to successfully implement a partnership, the first step is to create a clear work plan with specific deadlines for associated activities. Then concrete and measurable targets must be established. Next, the expected results must be clearly defined in order to successfully fulfill the partnerships goals. After that, stakeholders must become operational and a firm work plan must be established with the associated partners. Then, a firm reporting plan must be created in order to ensure that each goal is being achieved. Lastly, an exit strategy should be created in order to ease the end of the project and the partnership [10].

As a result of these different perspectives, it can be seen that CSR partnerships can experience various degrees of difficulty as well as success depending on how the partnerships are formed and the steps taken to form these partnerships. According to Conley and Williams, NGOs have diminished their confrontational and adverse style which has given way to a favorable and cooperative trend within the CSR context [11]. As businesses and NGOs become more aware of the benefits of CSR partnerships, CSR will become a more common practice which will greatly increase development within society and fulfill corporate responsibility.

7. Conclusions

NGOs and businesses are two separate entities that both have vast experience and resources but in different types of forms and states. NGOs typically have a high quantity of knowledge related to proper community project development and implementation but they often suffer as a result of not being noticed and having an inadequate funding for their desired projects. Successful companies on the other hand often have strong reputations and resulting high profits. If these two entities start coming together in a more formidable way they can share their attributes to create successful CSR partnerships that mutually benefit both sides of the agreement.

Overall, CSR has displayed a real promise as a solution to resolving a gap in business responsibility to society and how that responsibility can be exercised. Through the partnership of businesses and NGOs, a much more logical and appropriate approach can be taken to analyze and provide guidance to community needs. This formidable union can work in a positive way when proper time has been spent by the associated entities to make a proper choice in the given partnership and to also allow adequate time to plan for the expected goal. CSR, when it is presented and executed in the proper and desired way can efficiently benefit all of the parties involved and create a positive community impact.
8. References


