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Corporate Social Responsibility (CSR) and Management Trends: Changing Times and Changing Strategies

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Abstract

Management trends have huge impacts on methods and strategies of managing business especially in the modern era when organisations are in constant flux of change and adaptation given the imperatives of globalisation, CSR criticism, rapid changing business models and technology development. This landscape has brought to the fore why organisations or firms have to re-engineer or change their business strategies according to the realities of business climate in order to be competitive. Thus, the aim of this paper is to explore how organisations can adjust their business models according to trends in management as well as increased pressures from other stakeholders so as to be perceived as socially responsible. The issue of corporate-stakeholder agitation/engagement is a registered development in apprehending how organisations can leverage on corporate social responsibility commitment to stave off criticism as well as to be successful while factoring in the triple bottom line. The issue of triple bottom line here denotes when firms make profit but still put into consideration issues about environmental sustainability and other stakeholders' interests. This is a crucial business strategy for organisational survival as issues of sustainability and CSR commitment stare organisations in the face.

Keywords: *management trends, strategy, innovation, CSR, sustainability, theory of the firm*

JEL Classification: *M14*

Introduction

This paper deals with trends in management practice in relation to strategic management models to address the changing business time. This calls our attention to how businesses can strategise their approaches, operations and models to be CSR-sensitive given criticisms from other stakeholders. As the business world experiences fast changing business environment, rapid acceleration of technological development, constantly shifting market realities and mutative pressures of globalisation, organisational success and growth largely depend on innovation, strategy, technology and strategic business models to be competitive and effective (Amit & Zott, 2001). Some of the currencies in management science today are the advent of new technologies, the wave of innovation and globalisation, which have impacted business in diverse areas; these factors have essentially impacted hugely on how organisations structure their business plans and strategies as well as networks through which they engage other stakeholders (the public) for sustainable business practice, growth and competitiveness (Porter, 2006; Freeman, 1984). Put differently, for firms to be competitive, their CSR strategies have to respond to the heartbeat of changing business times for sustainability. Thus, corporations' CSR strategies could be a potent means to build confidence in the minds of other stakeholders as well as a platform to maximise capital employed (Tench & Yeoman, 2006).

As with any other issue in business management, managing stakeholders' interest as well as making business decision that impact on sustainability given the spirit of the time is contingent on internal capabilities and the context in which organisations operate. This peculiarity is essential in articulating the complexities involved in engaging in corporate social responsibility as a business strategy by firms for competitive edge. This leads us to an approximation of two schools of thought in business strategy: the Resource-Based View (RBV) strategy and Michael Porter's Positioning School (PS). In Porter's (1985) view, for competitiveness as well as leadership, organisations need to have a clear business strategy, which is tantamount to the creation of a peculiar and valuable strategic position that involves a disparate set of activities. This approach begs the question: can Porter's generic paradigm of competition be relevant and applicable to CSR issues? Thus, can the pursuit of competitive advantage bring about sustainability culture as well as recognition of the triple bottom line (Carroll, 1979; Elkington, 1997; Wood, 2010)? While the RBV view of the firm looks at internal capabilities that can be harnessed to impact productivity and competitiveness, the Positioning School (PS) advocates operational effectiveness, which is a correlate of superior performance and risk management, verged on clear, effective and time-sensitive strategy. It is about doing different activities apart from what an organisation's rivals do.

In this direction, organisations are rethinking management strategies according to trends as well as innovation in order to be competitive (Porter, 1985). To this end,

> today's organisations are faced with increasing levels of global competition, demanding customers and employees, shrinking product lifecycles and decreasing acceptable *response times*. Competition in many industries has been based mainly on strategic assets (investments in scale, scope, brand equity) and the ability to deploy these assets (Lockamy & McCormack, 2004, p. 272).

Owing to the realities of modern business demands, firms are under pressure to reinvent their business models and organisational culture in tandem with the time to be effective and competitive. This is what Joan Magretta in his *What Management Is: How It Works and Why It's Everybody's Business* (2003) termed businesses "to be better by being different". To this end,

> [O]perational effectiveness and strategy are both essential to superior performance, which, after all, is the primary goal of any enterprise. But they work in different ways … Operational effectiveness means performing similar activities better than rivals perform them… In contrast, strategic positioning means performing different activities from rivals' or performing similar activities indifferent ways (Porter, 1996, p. 69).

The hallmark of PS is that firms should act differently to be better in the murky waters of stakeholder criticisms of their CSR commitments and engagement. The changed trend in sustainability question in responsible for this landscape.

Although CSR is a buzzword as well as a nebulous concept shrouded in controversy regarding the precise definition of the notion (Okoye, 2010), it is without any doubt about how organisations' activities can resonate with corporate conscience, social accountability, social performance, corporate citizenship and responsible business. Given the problems that beleaguer a clear-cut and precise definition of CSR, Blowfield and Frynas (2005) have provided a framework to understand various theories and positions that characterise CSR. They are as follows:

- Companies have a responsibility for their behaviour of others with whom they do business;
- Business need to manage their relationships with wider society;
- Companies have a responsibility for their impact on society and the natural habitat; this is sometimes beyond the confines of the law, regulations and compliance.

With the above in mind, for organisations to thrive in the changing times, a new form of business strategy is required that will bring increased productivity, less criticism and responsible investment. This is in sync with the Positioning School with reference to business strategy in the changing times. This is also in consonance with responding to management trends for strategic positioning. Thus, similar to argument proffered by Blowfield & Murray (2011, p. 10), "companies should not look for universal definitions, but should instead build their strategies around the perspectives of their stakeholders (even though that term is itself subject to multiple interpretations).

In this regard, beyond the mantra of stakeholder theory versus classical notion of firm (Lantos, 2001) organisations should act in a normative manner in regard to their corporate social responsibility in the changing business trends and time that require them to embrace sustainability. Thus, from the Friedmanite theory of the firm – classical view of the firm (Friedman, 1970) to the Freemanian model, which looks at stakeholder engagement, organisations should adopt a normative business culture that takes CSR as essentially a case of positive business-society interface (Frynas, 2009; Freeman, 1984). Accordingly, "The important matter is that the definition of CSR acknowledges the close ties to stakeholder theory and accepts the eclectic nature of CSR by refraining from limiting itself to specific strategies, specific stakeholder, and/or specific social and environmental issues" (Pedersen, 2006, p. 140). Put simply, organisations should take issues of environmental protection and sustainability as well as social accounting serious in order to survive in the changing business time.

Accordingly, organisational competitive advantage as well as management strategy is now premised on new capabilities or "complex bundles of skills and accumulated knowledge exercised through organisational process" (Day, 1994) and the pressures of business/management trends. Table 1 below shows major models organisations utilise to leverage on productivity level in the face of modern business pressures. The new strategic models underpin management trends over time in response to business realities and changing market environments.

Table 1. Management Trends and Strategies

Strategic Models	Authors
Field forces analysis; Product-market growth matrix (PMGM)	Lewin (1951); Ansoff (1957)
Diffusion of innovation; Product lifecycle theory	Roger (1962); Vernon (1966)
Four stage model; CSR Pyramid	Nolan (1974); Carroll (1979)
Value chain; Five forces	Porter (1985)
Balanced scorecard approach; Triple bottom line	Kaplan & Norton (1992); Elkington (1997)

Source: the Authors

Apart from the models indicated above in Table 1 (Management Trends and Strategies), there are other strategic ways through which firms can advance their competitiveness and productivity level, which are espoused in myriad of management literatures. The above mentioned models are part of them.

Business Management and Time: Strategies for Competitiveness

Business management trends have evolved over decades to capture the *zeitgeist* of business trends, as well as to deal with how firms can be competitive and successful. This reality has galvanised a plethora of business models, theories and approaches aimed at developing management strategies to cope with future challenge. Although Charles H. Duell theorised that "everything that can be invented has been invented" (cited in Meserve, 1998, p. 38), organisations can reinvent their business strategies and models by focusing on how to transcend business challenges as a consequence of innovation, CSR challenge and sustainability. Below is how this could be achieved.

- **Creativity/Inventiveness**

In her piece, "How to Kill Creativity" (1998) published in *Harvard Business Review*, Teresa Amabile considers creativity as the value of new and useful ideas; this means that creativity resides primarily in the realm of idea generation, which if well appropriated could lead to innovation (Reid & Oliver, 2009, p. 2). Thus, organisations that follow management trends seem to constantly create ideas that will sustain their productivity level given the pressures of changing market environment, niches, competitors and other business vagaries such as CSR criticisms. This management approach is crucial in the era of new media technology, when information management as well as new social media plays important roles in CSR issues and stakeholder engagement.

- **Innovation**

According to Drucker (1986), innovation is about the Schumpetarian creative destruction, which inheres in realigning the old to fit into present realities in business. Organisations that constantly renew their management strategies according to business/management trends are usually more competitive than others. A lot of surveys and studies have been done that support the need for firms to renew their skills, knowledge and strategies for innovative ideas (Reid, 2009) that bring growth. Innovation could be closed, open, incremental, gradual or disruptive. No matter the dimension of it, innovation is a critical strategic tool in the current global business order for competitiveness. Thus, a reinvention of firms' CSR communications channels will be advantageous, as they open up multiple channels and platforms through which other stakeholders could engage to avoid criticism. This will in the final analysis impact positively on organisations' corporate reputation and market gains.

- **Extension of Product Lifecycle through CSR Communication**

This is imperative for brand extension as well as for prolonging value of products and services. Businesses that want to do well set themselves targets and objective based on guidelines (business strategies) on how to be afloat as well as to continually remain competitive. This could be achieved through product lifecycle, which deals with how their products and services sell at a given period and attendant change in terms of sales over a given period of time. This resonates with management trends. Thus, companies could extend the lifecycle of their products and services by making credible their CSR commitment, as well as sustainable business decisions (O'Connor and Shumate, 2010, p. 530). This will bring confidence in the minds of consumers or customers and stakeholders. A re-invented corporate communications strategy guided by principles of inclusive engagement, which new media engenders is relevant in achieving this (Morsing & Schultz, 2006)

- **Entrepreneurship and Product Leadership**

This is another point that needs to be considered in relation to trends in management. Although the ace management scholar, Peter Drucker, brought our attention to the relationship between entrepreneurship and innovation (as the latter being an integral facet of the former), Reid (2009, p. 86) highlighted three aspects of entrepreneurship: corporate venturing, strategic renewal and innovation. Deductively, entrepreneurship is broader than innovation; it takes the skills and knowledge gained from innovation and turns them into business opportunities via management and leadership process for market gains. In CSR, one of the ways for firms to cash in on business opportunities is by engaging in social enterprise projects, stewardship and other forms of businesses that will help other stakeholders develop their environment for sustainability. This again can be a business strategy that firms can leverage on, which is a strategic tool for market gains as well as product leadership.

- **Research and Development (R&D)**

This is an essential aspect of growing businesses as well as remaining on the path of business trends for some organisations. Research and development opens a vista of creative knowledge, identification of novel ideas and business solutions (Armstrong, 2009). R & D equips organisations with creative energies to outdo their competitors since it is a wellspring of fresh and innovative ideas. Research is no doubt a fountain of knowledge for human, organisational and corporate development. On the heels of the Druckerian "knowledge economy", which he articulated in his seminal book, *The Age of Discontinuity* (1986), it is vitally needed as a strategic tool for profitability. Semantically, the term "discontinuity" means breaking from the continuum, that is, to break from present practice and become trendy. In a business sense, it entails reworking business strategy according to the demands of the present that is hugely knowledge-based following the pressures of innovation, new information technologies and some CSR issues. So, research and development in CSR issues is a big platform for this "sweet pot" – market gains – what Goldenberg et al (2003) call "a flurry of ideas" (p. 3) for responsible investments by firms in the face of changing business models that require competitive strategies.

- **Learning Organisation**

This is a concept attributed to Peter Senge (1990), which he articulated in his book, *The Fifth Discipline*. The main point here is that for organisations to be perceived by other stakeholders as CSR sensitive, they have to routinely re-tool their business models by nurturing new ways of thinking responsibly – and by continually learning new approaches to act socially responsible in consonance with changing business times. A learning organisation regularly adjusts its business antenna via this phenomenon. Thus firms should be learning organisations that take into consideration issues that affect society, the environment and business for mutual representation of interests borne out of recognising the importance of the triple bottom line. This process brings to mind sustainability challenge. Within these parameters, organisations have to adjust their management strategy within the confines of Elkingtonian triple bottom line model, a paradigm in the language of modern business that endorses sustainability.

- **Value Creation**

Value creation is one of the ways organisations can create wealth (Porter, 1985; Amit & Zott, 2001; Hansen & Birkinshaw, 2007). In this context, this can amount to promotion of ideas and models that enhance social and environmental learning necessary for transcending stakeholder criticism, which facilitates maximum return to capital employed. In this sense, corporations will create wealth. The concept was popularised by the Harvard management professor, Michael Porter in his book, *Competitive Advantage: Creating and Sustaining Superior Performance* (1985). Porter outlines five steps to create wealth, which organisations could appropriate to be ahead on the game in business. Within the remit of CSR, companies could do this – by creating value in the eyes of other stakeholders – to be perceived as being socially responsible, which would impact their business gains and reputation management.

- **Systemic Inventive Thinking (SIT)**

This is a concept developed by Stern, Biton & Ma'or (2006). It is about developing fresh and new ideas as well as business opportunities by manipulating existing products and services (p. 15) to create wealth. Central to this business strategy are five steps to arrive at SIT: applying existing tool or product, creating virtual products, identifying needs, benefits and markets, identifying feasibility of the product under review, and adaptation/challenges. These five steps are considered to be "SIT-speak" (Biton & Ma'or, 2006, p.16). This means that firms are engaging in systematic inventive thinking (SIT). To arrive at this, Finke's paradigm, function follows form (FFF), should be applied: "instead of innovating by identifying a 'function' or need and then creating a product accordingly, one first manipulates the existing product and then considers how the new form could be of benefit" (Stern, Biton & Ma'or, 2006, p. 15). Thus, corporate communications strategies can be re-invented through this platform. The new media technology affords corporation opportunities to diversity their business opportunities, as well as publicise their CSR commitment given the speed, frequency and reach of information as well as CSR reports made public via this process.

- **Technological Change – Social Media**

This is imperative in the current business dispensation when a lot of business opportunities rely heavily on new technology such as new media – social media (Facebook, Twitter, YouTube and others) – to thrive. McKinsey estimate that these global communities have grown to some 1.5 billion members (Chui et al., 2012). Technological breakthroughs have reconfigured the ways businesses are run globally: What happens in the UK, US, Asia or Africa reaches the end of the world in minutes as against what it used to be in the past. This is a strategic management tool that organisations could appropriate to better their reputation and business gains given the enormous reach and pace of communication that comes with this development. It is also a potent instrument for managing relations in the case of CSR communications, which relies hugely on technology for effectiveness. The new social media, which is a correlate of new technology, is a case in point; it can be used by companies to advance sustainable communication. For clarity, Table 2 shows landmark business trends and models developed over time to address management trends (trajectories).

Table 2. Abridged History of Strategic Management

PERIOD	1960's	1970's	1980's	1990's	2000's
LABEL	*Definition of strategy*	*Conceptualising strategic management*	*Industrial organisation economics view of strategy*	*Resources-based view of strategy*	*New paradigm for strategic mgt*
SOME LEADING AUTHORS	Chandler (1962); Ansoff (1965); Learned et al. (191965); Andrews (1971)	Rumelt (1974); Mintzberg (1978); Ansoff (1979)	Porter (1985)	Bartlett (1979); Bartlett & Ghoshal (1986); Wermerfelt (1984); Barney (1991)	Nonanka (1991); Hammel (2000); Pfeffer & Sutton (2000); Chesbrough (2003a), (2003b); Surowiecki (2004); Boudreau & Lakhani (2009)
DOMINANT THEMES	Corporate strategy, planning & growth	Strategic management content & process	Competitive advantage development	Resources & capabilities development	Learning, knowledge & innovation

Table 2 (*cont.*)

RATIONALE	Strategy as a rule for decision-making	Evaluation & implementation of critical aspect of formulated strategy	Five forces analysis of the industry to develop competitive advantage through generic strategy	Valuable, rare & costly to imitate resources without close substitutes	Dynamic strategic model firms obtain valuable information, create knowledge accumulate intangible capabilities in a process of learning
STRTAGEIC CONCEPTS, TOOLS & TECHNIQUES	SWOT; Experience curve; growth share matrix	Value chain	Five force model strategic choice	Core competences value chain system; VRIO; game theory	New integrated information technology; open innovation; crowd sourcing

Source: Mele & Guillen (2006)

From Table 2 (Abridged History of Strategic Management), it is apparent why organisations have to adjust their management models in the spirit of changing business trend so as to be competitive. This recognition resonates with strategic positioning by firms to be socially responsible given the amount of criticisms other stakeholders make against their activities (Orsato, 2009; Frynas, 2009).

Conclusion

In concluding this paper, it has been articulated that given the plethora of stakeholder scepticism and criticisms of firms' role in society, which is ever redoubled given the urgency of fast changing business times, organisations need to re-invent their business models to be competitive. Thus, rather than base their competitiveness and productivity on internal capabilities alone (RBV), organisations should factor in Porter's Strategic Positioning model that reinforces effectiveness as well as resonates with doing different things differently for competitive edge. Thus, this paper proposes that for a better reputation management, organisations have to rethink their CSR issues and commitment according to the spirit of changing business time, which recognises new business strategies for competitiveness. This is crucial for organisational success and effectiveness in the modern era when firms are faced with renewed stakeholder agitation and criticisms that border on sustainability and scepticism of firms' CSR commitment by stakeholders.

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