Corporate Social Responsibility: Assessing the Alignment of Theory and Practice Utilizing Case Studies

Samuel Bonsu

Walden University, USA

Samuel.bonsu@waldenu.edu

Abstract

A research of scholarly literature and corporate websites reveal an esteem for the framework of corporate social responsibility (CSR). Business leaders have integrated corporate social responsibility into their operational plans and overall business strategy, as exhibited on their public disclosure statements, to improve customer demand, reduce cost, and spur innovation. Although some scholars have argued in the past that these CSR activities may be symbolic rather than practical, there are reasons to believe the latter as corporate leaders have shown interest in engaging in aspects of CSR. The theory of CSR may be broader than its practice which may be limited in scope and without a clear implementation paradigm. The practice of CSR by service corporations that are broad in scope and influence in terms of revenue and market capitalization may epitomize the nature of CSR implementation within corporations. The author used case study method to assess the CSR programs of Amazon and Apple to create an implementation paradigm of CSR worthy of emulation by corporate leaders and decision makers. Findings revealed CSR implementation is based on the philanthropic, employee wellbeing and development, and innovative programs of corporate leaders to improve the sustainability of their businesses.

Keywords: Corporate social responsibility, Implementation, case study, Apple, Amazon.
Introduction

The magnitude of scholarly literature coupled with information on corporate websites undergirds the importance of CSR to business and societal growth and development. Despite the focus of CSR literature on analyzing its meaning and importance, and corporate websites filled with promising information on CSR activities, problems of society such as poverty, income inequality, lack of economic opportunities, and severe weather phenomenon persist. The question persistent in scholarly literature is whether CSR theory aligns with its practice (Glavas, 2016). That is, whether CSR is well understood by corporate leaders to translate into efficiently implemented practices and programs. Are CSR activities plastered on websites just symbolic or realistic, against the backdrop of a myriad of societal problems (Lyon & Montgomery, 2015)? The researcher therefore conducted this study of two corporations in the service industry, that are successful and influential businesses based on revenue and market capitalization, and that have well-designed and implemented CSR programs, to spur understanding of an implementation paradigm. The purpose of this study is to create an implementation paradigm of CSR to spur societal and business growth.

Literature Review

The Meaning and Practicality of CSR

The meaning of CSR cannot be far-fetched as it is a framework to improve the wellbeing of human resources and for that matter other resources of societal value (Wang et al., 2016). One of the most practical meanings of CSR was by Fairbanks and Lindsay (1997) who stated that there is the need to focus on sustainable growth to avoid the degradation of human beings and their environment. This statement captures the essence of CSR as a framework to improve wellbeing by mitigating the negative consequences of production (Crifo & Forget, 2015) and lack of
compassionate practices of business leaders who are under pressure by owners and shareholders to improve profitability rather than build or preserve societies. The inattention of corporate leaders to societal wellbeing contradicts the purpose for which businesses were created, which according to Byrne (2009) is to provide goods and services to improve the wellbeing of customers and society in general.

**CSR as a giving-back initiative**

Welch (2005) the former CEO of General Electric (G.E), regarded as the manager of the century, emphasized the need for companies to give back to society and employees, a statement that aligns with the purpose of CSR. He stated that “there are more than fifty thousand active volunteers among GE’s employees, involved in four thousand projects a year, from mentoring in schools around the world to participating in countless other programs for the disadvantaged.” According to Welch volunteering activities added “more meaning and vitality to the work in office.” Welch also evaluated the billions of dollars that companies donated to Tsunami victims as an epitome of meaningfully giving back to communities, and serves as example of how “good companies really work”.

**CSR as Ethical Practice**

The acceptance of responsibility of corporate leaders to improve society is a winning strategy. Sheehy (2014) stated that CSR is a de facto law of corporations to serve as a deterrent to business leaders who take advantage of countries that do not have clear laws to protect their resources. This definition of CSR puts into focus Shell Corporation’s treatment of the people of Ogoniland in Nigeria, where many residents were uprooted from their homes without compensation. Many more people and environmental resources in neighboring communities
suffered the negative consequences of Shell Petroleum’s oil extraction activities (Yakubu, 2017)). The tragedy of Ogoniland undergirds the importance of Sheehy’s (2014) definition of CSR as a de facto law to protect in essence, the people of countries such as Nigeria who may not have laws to prevent corporations such as Shell from exploitation. In many countries of the third world with lax laws, incompetent, and corrupt leadership corporate leaders who do not understand the essential elements of a winning corporation as identified by Welch (2005) as making communities better, may take advantage and exploit society to maximize profit in the short-term.

Carroll’s (2015) comprehensive definition of CSR as encompassing ethical, philanthropic, economic, and legal virtues of corporate leaders to improve wellbeing may underscore the practical significance of CSR. Corporate leaders may view this definition as a directive to abide by the laws of countries and the United Nations charter on human rights and environmental protection. Corporate leaders may also resort to philanthropic activities of volunteering and donating to the needy and courses, as identified by Welch (200), to improve human wellbeing, and to be ethical or virtuous members of society thereby improving their reputation thus demand and profit.

**CSR as an Innovation Program to Turn Societal Problems Into Economic Opportunity**

Drucker (2004) though assessed that there is the need for corporate leaders to turn societal problems to business opportunities. This definition lends the most practical interpretation of CSR. If a corporation such as Boeing can build engines that are environmentally friendly, social problem of pollution may be mitigated to negligible proportions. If corporations can improve food yield and methods to preserve food to reach the most impoverished places on earth, the problem of poverty may be mitigated. If employees wellbeing is centered on education and training, improved
health and safety and higher compensation rather than corporate leaders seeking to maximize profit at any expense.

It is clear from the meanings of CSR provided above that it can be translated into a practical framework to serve its purpose of improving human and environmental wellbeing, and the economic growth of organizations. CSR may mean sustainable or innovative production. CSR may mean improvement in customer service and employee training, education, health, and compensation. CSR may mean philanthropic donations and volunteering activities to improve healthcare, food growth and distribution, infrastructural development etc. Whatever CSR may be to a corporation, the fact that it is a winning strategy to reduce cost, improve service to customers, and spur innovation to improve quality and sustainability cannot be over-emphasized any further.

A Brief History of CSR

The first case of CSR initiative was identified in the early 1800s when George Pullman focused on employee development as a business growth strategy (Carroll, 2015). As part of his strategy, which aligns with CSR initiative of society and employee welfare, Pullman developed an entire community for his employees and their families. He built parks, playgrounds, church, arcade, casino, and a hotel for the enjoyment of his employees and their families (Carroll, 2015). Pullman understood the importance of employee development to business growth and used it as competitive advantage to retain and attract the best employees, to maximize profit.

Welch (2005) in his book winning, emphasized on employee development through training and education and hiring the right employees with intelligence, energy, and passion, and provide rewards to improve production and gain competitive advantage. Employee development strategy, aligns with Maslow’s self-actualization model, whereby an employee becomes innovative and
creative as they rise through the stages of attaining basic, security, love, and esteem needs (Maslow, 2014).

Carroll (2015) though noted that CSR as a pedagogy originated in the early 1950s when concern was raised in scholarly literature and societal leaders, about employee safety and wellbeing. Cochran (2007) assessed that CSR started as a philanthropic initiative in 1953, to improve societal development. In essence corporate leaders initiated programs of employee and community development by building clinics, lunchrooms, and recreational facilities, and donated money for various community projects. R.H Macy was noted as being philanthropic as he assisted in various community projects (Carroll, 2015).

To further improve understanding of CSR, scholars developed themes including corporate citizenship, social innovation, and sustainability (Carroll, 2015). Corporate leaders’ employee welfare programs and philanthropic initiatives in the community constituted the basis of CSR (Carroll, 2015). The strategic importance of employee and community development to business growth cannot be over-emphasized. In essence CSR is a strategic business initiative to gain competitive advantage by having superior and high performing employees and a good customer and community relations program to improve reputation and increase demand.

Depending on the industry CSR may have different meanings to corporate leaders. In the manufacturing sector the main understanding of CSR may be a framework to ensure sustainable production by innovating environmentally friendly goods, and ensuring the safety and wellbeing of employees. In the service sector CSR may be understood as a customer relations or community development initiative to enhance reputation. Employees may engage in community service by cleaning, donating to victims of disaster, and to improve education and healthcare services in the community.
What Triggered the Focus and Embrace of CSR?

There has been many reason offered for the embrace of CSR by corporate leaders. The reasons may not be far-fetched. Corporate leaders may have realized the meaning of CSR is not using their resources to promote societal wellbeing but rather, a strategic framework to ensure business sustainable growth and profitability. It is important to emphasize the idea of sustainability and customer service in the meaning of CSR. Business leaders know the importance of customer service to their business strategy and overall mission hence their embrace of CSR. Business leaders understand the importance of sustainability as a competitive advantage to ensure profit. According to Fairbanks and Lindsay (1997), “today’s competitive advantages are based on human relations and that sustainability is the need to constantly adapt to customer needs.” It is imperative to identify that corporate leaders’ understanding of CSR as sustainability and customer relations initiative may have triggered its embrace.

The Era of Technology, Activism, and Cable T.V

The era of technological dissemination may have improved transparency and activism in society giving rise to a focus and implementation of CSR. Facebook and other social media sites provide the platform for members of society to share their opinions, experiences, and to put the spotlight on business activities that may be detrimental or benevolent to society. A cellphone video may capture businesses dumping toxic materials into rivers and oceans in violation of the law. Such unethical and illegal acts may result in customer boycott and protests against businesses thus a decline in demand. Ethical and benevolent acts such as philanthropic donations to children’s hospitals are heavily praised thus boosting the reputation of the business leading to an increase in demand and profit.
**Severe Weather Phenomenon**

There are multiple accounts of severe weather phenomenon blamed on human activities especially toxic fumes from manufacturing plants. According to Schwartz, (2018) hurricane Harvey that hit Houston and the Gulf Coast caused $160 billion in damages. Hurricanes in Puerto Rico that killed 2,975 people. Wild fires in Paradise, California in 2018 killed 86 people. These fatalities and damages caused by severe weather phenomenon have prompted governments in the world to act as revealed in the Paris Climate Agreement (PCA). The PCA is an agreement signed by 196 countries to reduce greenhouse gas emissions beginning in 2020. The PAC agreement has increased the focus on toxic fumes from manufacturing plants hence their resorting to CSR activities of alternative and environmentally friendly sources of energy such as wind, solar, and hydro-electric.

**Problem of Poverty**

The persistent nature of problems such as poverty in America, may be a result of income inequality, low income, and lack of innovation by business leaders to increase or preserve food yield. Government’s assistance programs such as social security and The Supplemental Nutrition Assistance Program (SNAP), may have reduced the poverty rate, however more needs to be done by businesses and the private sector. It is estimate that SNAP prevents about 4.6 million Americans while social security benefits have reduced poverty among the elderly from 35% in 1960 to 10% or 26 million people in 2014. In 2017, the poverty level in the United States was estimated at 12.3% or 39.7 million of the population (Fontenot, Semega, & Kollar, 2018).

As indicated, despite government assistance, the problem of poverty persist thus the need for business leaders responsible for the provision of goods and services, to help. Business leaders may use CSR as an instrument to help alleviate poverty by donating food and money to the poor.
Other businesses may be innovative and improve packaging of food to improve shelf life to reach people living in poverty. Corporate leaders may also increase their minimum wages or improve compensation and other benefits to employees against the backdrop of Maslow’s, 2014 hierarchy of needs model whereby highly compensated employees may reach a level of creativity and innovation.

**CSR at Apple**

Apple is a computer and office equipment producing company, ranked 4th on the 2018 fortune 500 list of most successful companies as determined by size of revenue and market capitalization. Apple employs a workforce of 123,000. Apple’s 2018 revenue was $229,234 billion, and accrued a profit of $48 billion (Fortune, 500, 2017). Apple CSR programs are multidimensional and covers philanthropic activities including donating and volunteering, employee training and education, employee health and safety, sustainability initiatives to efficiently manage water, energy and waste (Dudovskiy, 2018). Apple’s CSR initiatives is also focused on sex and gender equality in the workplace, and seeks to promote human rights (Dudovskiy, 2018). The CSR categories of Apple are outlined in broad categories as: Philanthropy, Employee wellbeing and development, and sustainability through innovation programs.

**Philanthropy**

Apple CEO Tim Cook lives by the adage, “what have you done for others”. Under Cook, Apple set up a philanthropic initiative called, “Global Volunteer Program”. Apple has donated about $78 billion to charities and non-profit organizations around the world (Dudovskiy, 2018). Some of these donations were to hurricane relief and other natural disaster efforts in including wildfires in Alberta, Canada, hurricane in Japan, flood in China, and to anti-hate organizations.
Apple launched the “Apps for Earth” in support World Wildlife Fund. Employees are also encouraged to volunteer and contribute to charity in their local communities.

**Employee Wellbeing and Development**

The health and safety of employees is essential at Apple hence the opening of AC wellness, an onsite health care centers, to provide high-quality health care to Apple employees and their families. Apart from providing treatment for employees AC wellness also encompasses preventive care including healthy eating, and exercising. Employees who prefer their local gyms are given a $300 gym credit annually. As part of the employee wellness program, pregnant women are given four weeks of paid leave prior, and 14 weeks after delivery. Other employees are provided 6 weeks of paid leave, to reduce stress levels through resting, vacationing, and spending more time with their families (Cain, 2017).

Apple promotes employee education and training. There’s a University instituted to train employees to revamp existing skills and learn new ones. Apple encourages employees to be creative and innovative. Apple employees are encouraged to improve their skills and expertise by furthering their education. A maximum of $5,200 tuition reimbursement is provided to employee interested in improving their skills at any level of the educational ladder, including Bachelor’s, Master’s, and PhD. Apple also upholds labor and human rights laws through its compliance with The Supplier Code of Conduct. Any labor abuses is heavily punished through fines levied on suppliers (Apple Supplier Progress Report, 2018).

Apple ensures employee wellbeing by establishing a safe and healthy working conditions devoid of any thing that may cause accidents, sickness, and may also limit stress levels and agitation as employees are treated with respect, decency, and dignity. Hazardous wastes are properly disposed. At Apple human rights virtues that avoid discrimination of any sort based on
race, national, origin, gender, sex orientation, religion, union membership, disability, ethnicity, marital status are upheld. Apple ensures that there is no harassment and abuse of any kind of its employees and suppliers. Apple avoid child labor and ensures that employees do not exceed 60 hours of work in a week. Overtime pay is provided for work that exceeds 48 hours a week (Cain, 2017).

**Sustainability through Innovation**

Innovation is at the core of Apple’s values. Innovation at Apple is done to improve product quality, reduce cost of production, improve customer experience, and protect the environment. Apple’s use of renewable energy such as installing solar panels on production plants including that of their suppliers is plausible. Apple’s environmental report indicates that by resorting to renewable energy use, 2.1 million metric tons of carbon monoxide fumes has been avoided from entering the atmosphere. At Apple 100% of electricity usage comes from renewable sources, a result of innovation into energy saving sources such as solar panels, wind-farms, biogas fuel cells, and low-impact hydro generation systems (Apple Environment Progress Report, 2018).

Apple’s products are innovated to reduce energy usage thus improve the customer experience. It was estimated that energy usage of Apple’s products, built with less plastic, including MacBook Pro, IMac Pro, and HomePod are designed to reduce electricity usage by 68%. At Apple products are recycled to avoid carbon monoxide emission from landfills, and also to reduce the mining of the earth’s natural resources. As part of the customer experience and saving the earth, Apple’s recycling initiative borders on the need to build quality and durable products to avoid continuous reliance on new resources. Products are built with less and recyclable materials to sustain resource bases and protect the earth from natural resource depletion. Apple also engages in efficient forest management to reduce the negative effect of de-afforestation on the environment.
As part of its forest preservation initiative Apple joined with The Conservative Fund to preserve 36,000 acres of forest in North Carolina and Maine. Apple also employs the use of recycled wood fiber in its products to avoid further de-afforestation (Apple Environment Progress Report, 2018).

At Apple water conservation techniques have been employed including the increased use of rain water and recycled water for non-portable uses. Under its Clean Water Program established in 2013, Apple conducts water surveys, data analysis, employee training, and technical support, resulting in about 5 million gallons of water preservation in the year 2017. Apple have established sensors on its landscaping devices to control water usage (Apple Environment Progress Report, 2018).

**CSR at Amazon**

Amazon is one of the fastest growing and most influential companies in the world. As the largest internet retailer in the world Amazon has a workforce of 566,000, a 2018 revenue of $177,566 billion and ranked 8th on the 2018 fortune 500 list of successful corporations as determined by revenue size and market capitalization. Jeff Bezos, the founder and CEO of Amazon is the world’s richest man as assessed and widely accepted by Forbes (Fortune 500, 2018).

*Philanthropy*

Amazon’s philanthropic program is centered on mitigating the problems of homelessness, hunger, and natural disaster. CEO Jeff Bezos’ have pledged a $2billion donation to help mitigate homelessness and also to fund preschool programs in low income communities (Soper, 2018). Amazon launched Feeding America, a program to donate excess food all over the U.S. Amazon also donates devices and gift cards to schools located near its Fulfillment centers. Amazon donates cash and products to non-profit organizations, and encourages employee volunteering to in support of local communities (www.aboutamazon.com/sustainability/circular-economy/amazon-food-
donations). Through the Amazon Smile program, 0.5% of the price of a product is donated to charity of a customer’s choice (http://smile.amazon.com/about).

**Employee wellbeing and development**

Amazon seeks to develop employee’s skill through their education and training program. Employees with at least a year of experience at Amazon are given 95% of reimbursement of their tuition fees and purchase of book and items for any degrees and certificate of their choice (Mautz, 2018). There are also college and technical classes on job sites, related to Amazon task requirement to better train employees. Employees are given the flexibility and stress-free option of working from home (Mauz, 2018).

**Sustainability through Innovation**

Amazon has invested in wind and solar energy to mitigate the use of fossil fuels which emits carbon monoxide fumes into the atmosphere. The wind energy farm built in Texas will provide power to about 90,000 homes in the U.S. Other wind and solar farms are being built in Indiana, Virginia, Ohio, and North Carolina (Amazon Sustainability Report, 2018).

Amazon invested $10 million in Closed Loop Fund, a program set up to enable large retail and consumer goods organizations to provide funding to build infrastructure to ensure that customers easily return products they wish to discard to manufacturers for recycling. Customers will be provided with recycling bins in front of their homes which will be picked up by trucks for free. This initiative will reduce the emission of carbon monoxide fumes from landfill, into the atmosphere. Under its Frustration Free Packaging, Amazon has eliminated the use of boxes thus preserving trees (Amazon Sustainability Report, 2018).
The Three-Factor Approach to CSR Implementation

The implementation of CSR borders on three factors; customers, employees, and community. The purpose of CSR as related to employees is to engage in innovative, healthy, and ethical practices to improve their wellbeing and that of customers and community members including the environment. Providing employees with health and safety needs devoid of any human rights abuses, education and training, compensation and benefits to maximize their potential for continuous innovative and quality production epitomizes employee related CSR.

The purpose of CSR as related to customers and community members is for corporate leaders to improve their wellbeing through the provision of quality goods and services devoid of any harms, produce innovatively without causing any harm to the environment, and support if necessary, their personal needs through donations and volunteering to improve health, education, and relief from poverty, natural disasters etc.

Step by Step Implementation of CSR

1. Identify and articulate clearly the purpose of the implementation program and seek that all or at least most members of the organization understand it and are on board. In reality there are always naysayers. It is essential to focus on the purpose of the implementation program and convince as many employees as possible especially the higher echelon.

2. Provide the SWOT (Strength, weaknesses, opportunities, treats) analysis and sources of funding for the program. In assessing SWOT, there should be a focus on the operation plan or budgeting for the program to be implemented.
3. Choose the right people for specific tasks entailed in the program or train the right kind of talent for the tasks. The best talents within the organizations may be assigned to the implementation of a new project. A strategic program such as CSR requires staff with expertise, energy, intelligence, and passion especially about making positive social changes.

4. Launch the Implementation of the program amidst fun fare and with full support of organization leadership and members (Welch, 2005). In essence there should be a presentation attended by every member of the organization, after which food and drinks are served and well wishes extended to the main participants of the implementation.

5. Continuously seek the improvement of the program through feedback from employees, customers, and market research.

Conclusion

CSR, like any business strategy requires implementation. The implementation of CSR is undergirded by three factors; the interest and wellbeing of customers, employees, and community members including the environment. There are five steps to take into consideration when implementing CSR and these include; identifying its purpose to your business, analyzing its SWOT, choosing the right employees to assign specific duty, launching the implementation program, and continuously seeking its improvement. CSR thus is the philanthropic, employee wellbeing and development, and innovative programs of corporate leaders to improve the sustainability of their businesses.
References


doi: 10.1111/joes.12055


Fortune 500 (2018). Who made the list?


Fortune 500 (2018). Who made the list?


*Organizations and Environment, 28*(2), 223-249. doi: 10.1177/1086026615575332


Mauz, S. (2018). Amazon is paying its employees $12,000 to train for a job at another company. And its brilliant.


