Incorporating a ‘Friendly Environmental CSR Model’ for Sustaining Future Dimension: Needs and Demand

Zeittey Karmilla Kaman
Lecturer
Universiti Tenaga Nasional
Malaysia

Dr. Salina Daud
Deputy Dean for Research & Innovation
University Tenaga Nasional
Malaysia

Dr. Zaleha Othman
Senior Lecturer
University Utara Malaysia
Malaysia
An Introduction to
ATINER's Conference Paper Series

ATINER started to publish this conference papers series in 2012. It includes only the papers submitted for publication after they were presented at one of the conferences organized by our Institute every year. The papers published in the series have not been refereed and are published as they were submitted by the author. The series serves two purposes. First, we want to disseminate the information as fast as possible. Second, by doing so, the authors can receive comments useful to revise their papers before they are considered for publication in one of ATINER's books, following our standard procedures of a blind review.

Dr. Gregory T. Papanikos
President
Athens Institute for Education and Research
Incorporating a ‘Friendly Environmental CSR Model’ for Sustaining Future Dimension: Needs and Demand

Zeittey Karmilla Kaman
Lecturer
Universiti Tenaga Nasional
Malaysia

Dr. Salina Daud
Deputy Dean for Research & Innovation
University Tenaga Nasional
Malaysia

Dr. Zaleha Othman
Senior Lecturer
University Utara Malaysia
Malaysia

Abstract

Corporate Social Responsibility (CSR) incorporates social contract between businesses and its stakeholders such as the society, environment, and future generations. Although the role and existence of businesses is to gain profit, the legitimacy of stakeholders’ interest should not be compromised. Current issues of environmental concerns such as water pollution and climate change have to be appropriately addressed by the corporations to ensure the implementation of good ethical conduct of company and sustainable development. This has somewhat compelled corporations under strict scrutiny with regard to their activities – leading to improved interaction between the two (stakeholders & corporations) and better conduct from the corporations. In line with the current scenario, this paper contributes to the academic debate by reviewing past attempts of CSR models by identifying the gaps and the weaknesses of previous models. Gap analysis will be conducted in order to identify the variation between current CSR practices with the expected CSR practice that focuses on the new framework, responsibility, environmental protection, and green technology innovation. This study makes a content analysis method to get a conclusion and identifies different dimensions of CSR models.

Keywords: corporate social responsibility, models, environment protection, green technology

Corresponding Author:

1This research is supported by the Ministry of Higher Education (MOHE), Malaysia under Fundamental Research Grant Scheme (FRGS) funding.
Introduction

In 1950, R. Bowen introduced a famous landmark book for corporate social responsibility, titled “Social Responsibility of Businessman” (Bowen, 1953; Visser, 2010). However, the notion was quashed in the 1960s with the growth of the environmental awareness, following Rachel Carson’s (1962) critique of the chemicals industry in “Silent Spring”. She argued with the US government on the logic of discharging large amounts of chemicals into the atmosphere without recognizing their effects on ecology and human health. The introduction of the book has successfully given a big impact towards environmental awareness among the society at that time.

Similar practical criticisms were noted thirty years later, where Hart (1995) argued on the practicality of CSR as sustainable tools for corporate sustainable development strategies. He claimed that environmental concern must be the ultimate responsibility of the company rather than economic enlargement objective. Today, common debate centers on the firms responsibilities toward the environment, ethical and social dimensions; that go beyond their economic obligations. The debates on practicality of CSR have become greater. The doctrine of CSR (i.e philanthropy centered and profit motive) proposed by Friedman (1970) has been challenged by new ideas that CSR should not be equated and solely engaged to philanthropic activities and profit maximizing in order to ensure the sustainability of business. In today’s demanding world, stakeholders put the aspect of environmental protection as one of the ultimate priority (Adeyeye, 2011).

The rise of the concern is due to the dynamic business environment and unscrupulous behavior of industries particularly chemical industries around the world. For instance, as described by (Frynas, 2005) “In the oil industry sector, this industry is known as one of the largest polluters”. Recently, in 2010, BP oil rig disaster in the Gulf of Mexico was also pressing global concern as the spill caused extensive damages to the environment. As a result, on 28 November 2012, the EPA declared that BP will be temporarily prohibited from pursuing new agreements with the US government because of the oil company's "lack of business integrity" during the Gulf of Mexico oil disaster (Management Today, 2012).

Such example is not exclusive to the western scenario. In Malaysia, similar trend is observed. A recent claim made in relation to this is that the economic development in Malaysia has affected the aquatic environment of the country (Hajeb. P, et. al, 2012). In addition, to date, Malaysia water pollution from the chemical industry in 2006 is at 16.46%, compared to 16.21% in 2005. This is higher than the long term average of 15.26%, as being observed from year 2002 to 2006 (World Bank, 2007). Moreover, by the year 2011 air pollutant emission in Malaysia amounted to 26720 tonnes which indicates a rise in environmental pollution throughout the country (Department of Environment, 2012). Such phenomenon should be taken seriously. Some kind of proactive measures need to be developed to address the seriousness of the environmental
issue. Kristofferson et. al. (2005) strongly emphasized that CSR has been recognized as an integral part of corporate objective function.

**The Incompleteness of CSR Models**

*Early CSR Model*

Reviewing the literature, it is noted that the early CSR model emphasized on economic objective. It was developed by Caroll (1970), which is known as ‘Pyramid of CSR model’. The work is derived from investigation that depicts the different domains of CSR (namely, the economic, legal, ethical and discretionary responsibility) which to be embedded in one another, and differentially related to one another. However, (Woermann, 2012) contended that these spheres is actually interconnected in complicated association with the corporation, which makes it difficult to describe specific meaning of what corporate responsibilities is. As a result, ‘too much burden’ is lay on corporation which later will frustrate the effort of managing CSR duties towards company’s sustainable development. Furthermore, well-known ‘Pyramid of CSR model’ proposed by Carroll (1970) did not precisely address the issues of environmental protection. In addition, this model put the highest concern for economic responsibility to be achieved by the companies rather than environmental preservation as the priority.

*Contemporary CSR Models*

Marsden & Andriof (1998) for instance, brought a greater interest in stakeholder management and corporate citizenship. This model expands on the concept of Triple Bottom Line by adding ethical and human resource practices to the three goals of economic, social and environmental health (Elkington, 1997). Many of these areas are not separated by strict boundaries. ‘Environmental’ concerns can be addressed through internal measures such as energy and waste policies and external concerns such as product lifecycle, emissions and overall sustainable development. Again, the model did not explore in detail on ‘what to do’ and ‘how to understand’ the process of green technology towards the environment preservation. Thus, ‘Ripple-Effect’ model has also raised the debates on the practicality of the CSR devotion in the 21st century. It is claimed that little concern to environmental conversation is noted, where the model represents the overlapping functions of companies responsibilities towards various stakeholders (Cronin, 2001). Obviously, ethical investing is still on demand even in 21st century as it pays for great desirable benefit (Kennedy, 2001)

Daza (2009) later proposed contemporary model on assessing and evaluating corporate social responsibility (CSR). This model advocates analytical justification of the behaviour of a company and its owners when adopting both economic rationality and social responsibility in their daily practices. The expansion of a method for calculating a monetary value of CSR
using global indicator for social responsibility is shown, without measuring an environmental element as part of CSR contribution to society.

Richard et. al. (2006) established a model that closes the gap between CSR definitions and strategy which proposes direction to managers on how to achieve economic and social objectives by being socially connected to organizational commitment in order to deal with increasing ethical demand from the consumers. This study proposed an analytical assessment of the theoretical foundations of corporate responsibility (CR) and deliberated a new method to CR, with the intention to overcome the limitations of normative definitions. The authors later proposed a new 3C-SR model in the study. However the study did not integrate organization’s activities with environmental objectives.

According to Aras and Crowther (2009), to achieve sustainable development, it is necessary to achieve sustainability and this can be achieved by four actions: maintaining economic activity as this is the raison d’etre of the company (Friedman 1970); conserving the environment as this is essential for the maintenance of future generations; ensuring social justice which includes elimination of poverty and the ensuring of human rights; and developing spiritual and cultural values, where the corporate and societal values align in the individual. Therefore, the ‘Model of Sustainable Development’ also bring a broad view of CSR practices without pointing out specifically ‘what to be done’ to ensure the environmental protection and sustainability. Moreover, the model also gives attention to short term and long term focus without specifically explaining on how it can protect environmental degradation in detail.

Visser (2010) proposed CSR 2.0 model. Thus, CSR 2.0 is about designing and adopting an inherently sustainable and responsible business model, supported by a reformed financial and economic system to be observed. Clearly, he put the most concerned to profit motive to ensure the viability of the model rather than environmental conservation as the main priority. ‘Double Helix Model’ has also been criticised for its incompleteness in presentation of green effect to CSR. However, this scenario is almost the same with previous models which overlapped the functions of corporate responsibility in a wide and broad sense without solely putting environmental concerns as the priority.

Bilgin (2009) articulated that institutional virtues are consistent with sustainable development (SD) standard to originate paradigmatic set of corporate principles. This model wishes to accommodate the objectives of ‘going ethical’ with ‘going green’ in order to obtain organizational competitive advantage. This PEARL model contested conservative beliefs that social and environmental responsibilities are costly and are not concerned about future benefits of organization. Furthermore, the study put more concern on organizational strategies rather than in-depth study on ‘how’ the organization should ‘go green’ in terms of daily practices based on green process in the company.
Later, in (2010), Kanji and Chopra introduced “Kanji-Chopra Corporate Social Responsibility Model (KCCSRM)” focuses on the organisational strategic planning systems which provide the foundation for social accountability and investment, environment protection and sustainability, corporate governance and economic responsibility and ethics and human resources. The central objective of the model is to support corporate’s financial performance on profit motive. Furthermore, this model also indicates lack of support towards wholesome green CSR content when they put the environmental element as one of the factors that could be operationalized together with the other elements as well as to support the objectives of maximising company’s financial performance and profit. In addition, Kanji and Chopra (2010) focused on latent variable structural model to represent the causal relationships among latent variables, which did not describe in-depth study on how to preserve the environmental sustainability using the said model.

Moreover, Chen et. al (2011) suggests that corporate sustainable framework could be visualized by assimilating the components of social, economic, and environmental development into the model. Previous studies on survey method using structural equation modeling recommended that the model could be integrated with other relevant elements like technology (Hill and Bowen, 1997) and institutions (Labuschagne et. al. 2005). Additionally, Ketola (2008) built a CR-model by integrating factors like utilitarian/egoistic, duty/rights/justice and virtue ethical corporate values. In order to achieve responsible environmental, social, and economic corporate actions, element of psychological defences in corporate discourses has been used to increase consciousness towards previous added factors. As a result, CR-model could be tested in companies and implemented through corporate strategic and operational management. However the model did not incorporate the element of green technology to sustain the existence of a present business.

Chen (2011) proposed a method for classifying a CSR model with best goodness-of-fit. He built a model which represents four elements such as accountability, transparency, competitiveness and responsibility. He also made a recommendation for future study to incorporate qualitative methodology to enhance in-depth knowledge of subject matter. However the study did not include environmental perspective as part of the components. Delai and Takahashi (2011) developed a reference model for evaluating economic, social and environment under corporate sustainability objective that can be practiced by organizations to incorporate sustainability measures into daily performance measurement structure which later will forge a sustainability culture. However, sustainability concept is obviously difficult to be confronted with many global issues nowadays because no mutual agreement had been achieved on what should be measured and how to measure sustainability development. Clearly, the study did not precisely explain on how to integrate green process in business activities towards environmental protection.

Agyekum-Mensah et. al. (2012) constructed a 4Es (project management model) and 4 Poles (poles or factors of sustainability) model in order to tower sustainable development. This is an example of a new model under project
management and the built environment study. In addition, it also embraced technology support as one of main factor in promoting sustainable development. Conversely, the study did not integrate the elements of ‘how to go green in term of process?’ and ‘what are the strategies needed to go there?’ Conversely, the study did not integrate the elements of ‘how to go green in terms of process?’ and ‘What are the strategies needed to go there?’

From the above pattern of CSR models, this study observed that; firstly, the majority of CSR model will put economic motive as the main priority to be achieved in order to sustain in the business environment (Hendry & Vasilind, 2005). Secondly, the elements of profit motive, social, ethical, safety and health, governance, cultural freedom, accountability, transparency, and competitiveness have been proposed with overlapping functions (Marsden and Andrioff, 1998; Aras and Crowther, 2008; Visser, 2010; Kanji and Chopra, 2010; Ketola, 2008, Daza, 2009; Chen et. al., 2011; Delai and Takahashi, 2011; Agyekum-Mensah et. al., 2012) without solely focusing on specific elements to tackle (i.e, in-depth study of environment protection) which should be observed within organization’s daily practices. Next, most of the models are aimed for profit orientation in order to go for philanthropic objectives. They see economic opportunity in preventing pollution (Hendry & Vasilind, 2005) which means social responsibility will be embraced if they find the idea of going green will benefit them in terms of financial motive (Aras and Crowther, 2008; Kanji and Chopra, 2010; Visser, 2010). Ironically, this idea has been challenged by Kristofferson et. al, (2005) who pointed out that CSR is not to complement the traditional profit maximising objectives. Furthermore, most of the findings are using survey approach to validate the model based on managers’ or owners’ perception towards ‘what are the elements that should be included’ in CSR model (Chen et. al., 2011, Kanji and Chopra 2010; Chen 2011) without going further on how to develop a model based on daily CSR activities in the company (i.e, through the integration of green technology) in order to recognise the importance of environmental protection to the other stakeholders as a whole.

Why ‘Environmental Friendly CSR Model’?

Abundant of research on CSR definitions and models has been proposed and debated since the 1950’s. However, 21st century reflects the new outlook of CSR passion, demand and pre requisite from corporations. Highlights are often linked with non-economic components of CSR as Zadek (2000) certified that worldwide difficulties such as poverty, water and food shortages, pollution, human rights violation, unemployment and defected education have to be tackled by the corporations nowadays. Yearning and demand for pluralism in CSR is realized and recognized. Government regulatory bodies and consumer pressure groups have aggressively forced corporations to adopt green practices (Bateman and Zeithaml, 1983). The consequences could be
seen when policies on environmental protection and preservation are constantly being developed globally (Brunoro, 2008).

Clearly, in order to sustain, corporations need to accommodate the idea of engaging green technology in businesses (Porritt and Winner, 1988). Hence, the rapid changes in the age of social era request for environmental concern; the green effect of CSR model which can strengthen corporations’ reputation, improve employee morale, save costs and benefit the environment (Verdiem Corporation, 2008). There are many arguments raised against the present CSR model; some argue on the practicality and the theoretical foundation of the CSR model for instance, the absence of environment component. Visser (2010) for example, claimed that Carroll’s model no longer fits the purpose because the model was based on the idea of western cultural assumptions, static design and wholesale omission of environmental issues.

Based on the above, in sum, this study concurs with the CSR scholars that the present CSR models provide insufficient knowledge on how to support environmental protection and sustainability through current practices (Aras and Crowther, 2008; Visser, 2010). This scenario shows that constructive action should be taken in order to understand why and how a ‘friendly environmental CSR model’ could deliver a better alternative towards current issues which are pressing global concerns nowadays. Clearly, the above prelude emphasized the lack of comprehensive and wholesome CSR model to cater for the industries practices towards green environment savvy corporations, which is relevant and needy in the present time, particularly for the chemical companies, considering the aftermath of the serious incidences of the chemical industries worldwide. Based on the observation of many serious cases of chemical fault up (as mentioned above), this study proposes to develop a comprehensive and wholesome CSR model which is green savvy. This study however, intends to support the various voices requesting for organization to be socially responsible towards environmental protection.
Conceptual Framework

Figure 1. ‘Green CSR Model’ for environmental protection

This study proposes the above conceptual framework on the elements of green structures, green strategies, green forces and green process, which later intend to develop ‘Green CSR Model’ for environmental protection. The conceptual framework illustrates association between several green CSR concepts (green technology elements) with environment protection. This study, therefore, will guide the overall process of seeking to answer research questions on i.e, how does a company integrate green technology in their process of applying CSR towards environmental protection? How should a green CSR model look like?. The proposed study is consistent with the work of Gandhi et. al, (2006) for green forces and green process, and the theory of Contingency (Husted, 2000) as an umbrella to support green structure and green strategies in organizational’s plan.

Additionally, the well-known phrase of Corporate Social Responsibility is also associated with the term of ‘Corporate Social Responsiveness’ and ‘Corporate Social Performance’ (Buchholtz and Carroll, 2009; Husted, 2000). For the purpose of this study, the author will embrace the concept of CSR in order to maintain the understanding of social responsibility of businesses towards environment protection. This study incorporates work from Husted (2000) on Contingency theory of corporate social performance as a function of
the fit between the nature of the social issue (environmental protection) and its corresponding strategies and structures (green CSR elements in the organization).

Husted (2000) integrated contingency theory as a function of the match between the social issue and diversity of feedback from stakeholders to the organization. He developed contingency theory to respond to the social issue in order to close the ‘expectational gaps’ of the firm and its stakeholders (society, environment, and future generations). ‘Expectational gaps’ here refers to “the difference of views of what is and/or what ought to be corporate performance or stakeholder perception of corporate performance” (Wartick & Mahon, 1994). Next, Husted (2000) fitted the Contingency theory with corresponding dimensions of ‘structure’ and ‘strategy’ in order to respond towards social issues. Therefore, this study will also incorporate these two elements into green CSR component in order to close the ‘expectational gaps’ of social issues of environmental concerns among the stakeholders.

Ideally, ‘structure’ refers to organizational arrangements that determine information flows, responsibility, and decision-making decision regarding social issues (Morris, 1997). This element basically denote the green elements from management view, as mentioned by Kristoffersons et. al. (2005) that CSR is an integral objective of the companies today. Furthermore, ‘strategy’ is defined by R.E Miles and Snow (1984) as ‘the basic alignment mechanism between an organization and its environment’. Husted (2000) added that ‘strategy’ consists of computation, discovery, inspirational and bargaining in order to respond to social issues (environmental protection) and appropriately close the ‘expectational gaps’ (environmental concern) of stakeholders. ‘Computation’ is a strategy to routinize green process in the company, whereas ‘discovery’ is an action searching for solutions to achieve agreed-upon goals (environmental protection) between firm and its stakeholders. Moreover, ‘inspirational’ strategy is important to rebranding company’s image (i.e, responsive to environmental protection) and it is known as recognition of new ideas to guide company’s decision-making. Next, ‘bargaining’ strategy holds the idea of mutual agreements (i.e, resolve problems of conflicting interest, goals and objectives) in company’s decision-making through negotiation process between the firm and its stakeholders. This is in line with the previous work of (Berthoin Antal, 1985; Murphy, 1989) which confirmed that different types of organizational strategies and structure might improve corporate responsibility towards its stakeholders.

Clearly, the existence of structures and strategies is to support green process in the company. Gandhi et. al, (2006) delivered the ideas on green process onto several elements which are reduce, reuse, recycle, disposal with energy recovery and disposal without energy recovery. Furthermore, they proposed greening hierarchy which was also known as ‘the waste minimization hierarchy’ which included all the elements as mentioned above. According to Roarty (1997), ‘greening is a process of developing green technologies and product for sustainable development’. Therefore, environmental protection must become the main objectives for company who wish to go green, even at
the expense of profit. Pun (2004) later marked greening process as ‘a pattern or procedure in which strategy is developed and implemented’. Congruent with previous concepts, this study will adopt green forces elements (Gandhi et. al., 2006) which emphasise on pressures from external environment (regulatory, consumer, community and financial). These components play important roles to the interaction on internal process (greening process in the company) such as reduce, reuse, recycle, disposal with energy recovery and disposal without energy recovery. This is due to the idea of broader, multi-dimensional theoretical framework, incorporating more detailed study of the institutional pressures and internal conditions and processes which shape individual companies’ environmental strategy (Schaefer and Harvey, 1998) Ideally, this is consistent with the work of Hoffman and Ventresca (2002) which proposed organizational field approach that focuses on “complex evolution of ideas, resources, social structures, and practices as organizational process that takes shape in broader, increasingly institutional structured policy fields”. Therefore, this study hopes to understand the issue of environmental protection with the framework of green CSR structure and strategy along with green forces to expedite green process in the company. This is to enhance the idea of green CSR practices from within the organization for the reason of developing multi-dimensional understanding towards green process in the company (Schaefer and Harvey, 1998; Roome, 1998) in order to support environmental protection. Clearly, a ‘Green CSR Model’ should be developed from within the company’s green activities as there is a claim that general models and theories of framing corporate greening are still a ‘big picture’ and ‘big questions’ to answer (Kallio and Nordberg, 2006). Hence, building the own ‘conceptual framework’ and doing case study in the selected company (oil and gas, which is chemical in nature) will further assist this proposed study to go beyond comprehensive analysis. Next, the study will make a comparison between case study and generic qualitative findings (experts’ opinion in chemical industries) with the conceptual framework, and draw conclusions about the matches and mismatches of proposed Green CSR model (Geels and Peanna, 2011).

Summary

Empirical evidence indicates that a wide range of research in CSR has been conducted, and the focus has evolved beyond the consideration of financial aspects. However, the integration of green technology to the CSR model is still limited and results in ethical issues in environmental aspect and is not fully understood. The proposed model indicates that green CSR model is relevant in relation to environmental sustainability. A conceptual understanding of this issue suggests the significance of environmental protection in CSR practices.
References


Departments of Economics, Environmental Sciences, Management Science, Psychology and Sociology, University of Groningen, Groningen.


