Chapter 4
Corporate Social Responsibility (CSR): A Cross-Cultural Comparison of Practices

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ABSTRACT

Corporate Social Responsibility (CSR) is a global theme. However, social, cultural, and natural characteristics of each nation should influence the application of CSR. This chapter describes CSR practices in five countries: Brazil, Japan, India, Italy, and Romania. The method applied is a descriptive case study, and a qualitative analysis is made. Cross-cultural comparison studies may help one better understand how CSR practices emerge in each country in a globalized economy.

DOI: 10.4018/978-1-4666-7294-9.ch004
INTRODUCTION

Every company has interactions with the social, cultural, and natural environments in which it acts. The expression “Corporate Social Responsibility” (CSR) concerns the relation between firms and society, but also the possibility for the Corporation to integrate self-regulating business policy. CSR is a process with the main aim of embracing responsibility for the company’s actions and encouraging a positive impact on society through its behavior.

Discussions about CSR started in the sixties, with the debates about the relationship between market and society. In that period, what was under analysis was the impossibility of splitting social aspects from economic ones. Two rival approaches could be found, with an opposite view about purposes and aims of the business. The former is Milton Friedman’s “Shareholder theory of management” (1962) and the latter is the “Stakeholder theory of management” by Freeman (1984). In Friedman’s opinion “There is one and only one social responsibility of business — to use its resources and engage in activities designed to increase its profits so long as it … engages in open and free competition, without deception or fraud” (Friedman, 1962, pp. 133). On the contrary, stakeholder theory asserts that managers have a duty also towards “group or individual who can affect or is affected by the achievement of the activities of an organization” (Freeman, 1984, p.46), because they “contribute, either voluntarily or involuntarily, to [a company’s] wealth-creating capacity and activities” (Post, Lee & Preston, 2002, p. 19). The fundamental distinction between the two approaches is that the stakeholder theory states that needs of all stakeholders have to be considered even if they reduce company profitability, whilst in the shareholders view the needs of the company owners are first. The nature of what is a stakeholder is highly contested, with hundreds of definitions existing in the academic literature (Miles, 2012). Usually, stakeholders are considered to be: governmental bodies, political groups, trade associations, trade unions, communities, financiers, suppliers, employees, and customers.

There is no unique definition for CSR. Nonetheless, for the purposes of this study, we considered a definition, by Carroll (1999): “the social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time.” Such a definition is very close to the one present in the Green Paper “Promoting a European framework for Corporate Social Responsibility” (European Commission, 2001).

The present study describes the why, what, how and where of CSR practices in five countries, using case studies. The nations chosen are: Brazil, Japan, India, Italy and Romania, which are very different from one another from an economic, geographical and cultural point of view. Comparative studies on CSR are still rare (Gjølberg, 2009; Illia et al., 2012; Peng, Dashdeleg & Chilh, 2012). However, they may contribute to clarify how CSR emerges as corporate responsibility, in a globalized economic context but under different cultural frameworks. Although CSR might have a “global nature”, some studies suggest that when applied, socioeconomic, cultural, legal and political contexts are relevant (Gjølberg, 2009). For these reasons, studies which present and compare different realities, both in a qualitative and quantitative ways, are needed.

METHODOLOGICAL NOTES

The use of case studies is a research strategy which focuses on understanding the dynamics present within single settings (Eisenhardt, 1989). In such an approach it is possible to involve either single or multiple cases (Yin, 2009), as is the case in our study. Independent of the number of cases considered, levels of analysis may vary. According to Yin (2009), a case study could be classified in
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