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## The Internationally Evolving Concept of Corporate Social Responsibility

### Prologue

Although the term Corporate Social Responsibility (CSR) in its present form differs fundamentally from that of its original meaning, this concept has long been known to exist in Roman law.<sup>1</sup> In its more recent form, it has existed since the nineteenth century. Casey Schoff in her blog describes the origins of this concept as follows.<sup>2</sup> “It has its roots in the late 1800s, when the rise of philanthropy combined with deteriorating working conditions made some businesses reconsider their current production models. Business tycoons began donating to community causes, and some business owners (although somewhat reluctantly) reduced working hours and improved factory conditions, laying the foundation of responsible corporations.”

It was not until 1953, when Howard R. Bowen, an American economist published his book entitled *Social Responsibilities of the Businessman*,<sup>3</sup> and in 1960, when William C. Frederick published his article entitled “The Growing Concern over Business Responsibility,”<sup>4</sup> that the intellectual CSR concept made its debut. Both, Bowen and Frederick undertake an in-depth reflection on the social responsibilities of companies as well as their executive members. This was a response to moral questions which arose from the unprofessionalism of management, as well as to the unprecedented

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<sup>1</sup> A rudimentary form of CSR was known in Roman law. See: M.A. Latapí Agudelo, L. Jóhannsdóttir, B. Davídsdóttir, *A Literature Review of the History and Evolution of Corporate Social Responsibility*, “International Journal of Corporate Social Responsibility” 2019, vol. 4, no. 1. There, the reader finds an informed and scholarly discussion on the historical roots of social responsibility dating back to Romans times, with the 1950s and 1960s being the early days of the modern era of social responsibility. The 1980s saw the operationalization of CSR, while the 1990s witnessed CSR globalization. In the early 2000s the recognition and implementation, as well as the strategic approach to CSR, was introduced, and from 2010 onwards CSR has witnessed the creation of shared values.

<sup>2</sup> C. Schoff, *The Evolution of Corporate Social Responsibility*, “Ecolytics”, 29 January 2024, <https://www.ecolytics.io/blog/evolution-of-csr> [accessed: 2024.03.30].

<sup>3</sup> H.R. Bowen, *Social Responsibilities of the Businessman*, New York 1953.

<sup>4</sup> W.C. Frederick, *The Growing Concern over Business Responsibility*, “California Management Review” 1960, vol. 2, issue 4, pp. 54–61.

growth of large companies. In his book, Bowen talks of the immense power which corporations enjoyed and as such recognizes that their actions had a tangible impact on society and that they owed obligations to society at large by pursuing policies which benefit society both locally and globally. He, therefore, argues that businessmen have an obligation to pursue policies which are beneficial to the common good. Although the concept has been known for a long time, it has changed drastically since its inception. Originally, CSR was viewed in a narrow prism, namely in terms of donations to charities, the reduction of working hours, longer holidays, etc. It was not until the 1960s, however, when modern societal problems arose, that companies had to respond to society's demands. These were but the first steps made in the CSR concept, but since then society has made even greater demands, resulting in CSR's spreading its wings and soaring to greater heights. In the early 2000s, CSR became a mainstream concept as a result of the UN Global Compact and the Global Reporting Initiative, both of which cover the main international standards of CSR.<sup>5</sup>

This article analyses and evaluates the CSR concept by defining variously the CSR concept and its related issues. This is followed by a discussion on the categories of CSR. The essence of this concept is considered in the third part, which also sets out the advantages which CSR generates. The epitome picks up the threads of what has been discussed in this article.<sup>6</sup>

## 1. A definition of CSR<sup>7</sup> and related issues

CSR has had many different meanings at different times<sup>8</sup> but, at its core, it means business self-regulation the aim of which is social accountability.<sup>9</sup> *Ecolytics* sums it up as<sup>10</sup> "a manifestation of a business's recognition of a duty to the world and a potential to be a power for good." CSR also signifies business initiatives which are of benefit to

<sup>5</sup> See the CSR reporting rates of the world's 250 largest companies by revenue at KPMG Survey of Corporate Responsibility Reporting 2017 where 93% of companies reported. See, too, the Global Compact website.

<sup>6</sup> See: *The Oxford Handbook of Corporate Social Responsibility*, eds. A. McWilliams, D.E. Rupp, D.S. Siegel, G.K. Stahl, D.A. Waldman, Oxford 2019.

<sup>7</sup> Also known as "corporate citizenship" or "Responsible Business Conduct" (RBC, which is an alternative term coined by the OECD, is defined as "making a positive contribution to economic, environmental and social progress with a view to achieving sustainable development and avoiding and addressing adverse impacts relating to an enterprise's direct and indirect operations, products and services.")

<sup>8</sup> See: A. Dahlsrud, *How Corporate Social Responsibility is Defined: An Analysis of 37 Definitions*, "Corporate Social Responsibility and Environmental Management" 2008, vol. 15, no. 1, pp. 1–13.

<sup>9</sup> Examples of social accountability include, *inter alia*, the reduction of carbon footprints and other environmental issues, better working conditions, participating in fair trade, caring for the population at large, fair wages, avoidance of forced or child labor and harassment, exploitation, and so on.

<sup>10</sup> C. Schoff, *The Evolution of Corporate Social Responsibility...*

society, also known as “The Triple Bottom Line” because CSR has three arms, namely, economic, social, and environmental.<sup>11</sup>

The International Labour Organization (ILO) defines the CSR concept as<sup>12</sup> “a way in which enterprises consider the impact of their operations on society and affirm their priorities and values both in their own internal methods and processes and their interaction with other actors. CSR is a voluntary enterprise-driven initiative and refers to activities that are considered to exceed compliance with the law.”

Put simply, CSR in international law is a self-regulating business model which assists a firm to be socially accountable to itself, to the public at large, to its shareholders, and to its consumers. The features<sup>13</sup> of CSR in international law are five-fold. First, the concept is a voluntary one on the part of the company to adopt socially responsible conduct which goes beyond the legal obligations required of the company. The second feature is that CSR is systematic on the part of the company and not occasional. A third feature is that CSR is linked with the notion of sustainable development. In the fourth instance, CSR must form an integral part of the company management. Finally, CSR is not a substitute for collective bargaining, industrial relations, or for the role of government.

The ILO states that<sup>14</sup> “it can play an important role in CSR because labour standards and social dialogue are key aspects of CSR and that is the core business of the ILO. Most CSR initiatives [...] refer to the principles deriving from international labour standards. [...] ILO Conventions when ratified at the national level become binding on governments and those governments must adjust legislation to implement them.”<sup>15</sup> In states where incorporation of a Convention does not take place, the ILO and other Conventions can provide a guide regarding a state’s behavior.

The social dialog which the ILO promotes among governments, trade unions, employers, and associations, and employer and employee consultation and discussion

<sup>11</sup> The Triple Bottom Line is a business concept which states that companies should commit to increasing their social and environmental impact, in addition to their financial performance, rather than solely focusing on generating profit or the standard “bottom line.” The three “Ps” of the Triple Bottom Line consist of “Profit” – the financial return a company generates for shareholders; “People” – the organisation’s commitment to positively impact society; and “Planet” – the organisation’s effect on the planet (Harvard Business School Online, *The Triple Bottom Line*, <https://www.hbs.edu> [accessed: 2024.03.30]).

<sup>12</sup> ILO Helpdesk No. 1, *The ILO and Corporate Social Responsibility*, p. 1, [https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@ed\\_emp/@emp\\_ent/@multi/documents/publication/wcms\\_116336.pdf](https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@ed_emp/@emp_ent/@multi/documents/publication/wcms_116336.pdf) [accessed: 2024.03.30].

<sup>13</sup> See: *ibid.*

<sup>14</sup> See: *ibid.*

<sup>15</sup> For a detailed analysis and evaluation on the incorporation of ILO and other international Conventions into state domestic laws, see: J. Carby-Hall *The Integration of ILO and Other International Instruments into British Law and their Application by Judges in the United Kingdom Courts and Tribunals*, scheduled to be published by the Cinca Publishing House, Madrid, in a book edited by J.-L. Gil y Gil, provisionally entitled *The Application by the National Judges and Courts of the ILO Instruments*. The date of publication is May 2025.

foster CSR, as do other ILO documents two of which refer to CSR.<sup>16</sup> They are the ILO Declaration on Fundamental Principles and Rights at Work of 1998, which requires governments to implement the principles of the ILO's core labor standards, and The Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy of 2017, which gives guidelines on companies' behavior for governments, companies themselves, and ILO constituents.<sup>17</sup>

Although CSR in international law is a voluntary model, in European law there is an obligation under the Corporate Sustainability Reporting Directive<sup>18</sup> on certain enterprises to report annually on corporate sustainability. The EU Commission defines CSR as "the responsibility of enterprises for their impact on society and therefore it should be company led. Companies can become socially responsible by integrating social, environmental, ethical, customer and human rights concerns into business strategy and operations."<sup>19</sup>

The Commission promotes CSR and encourages enterprises to adhere to international guidelines and principles. EU policy is built on its 2011 renewed strategy for CSR which aims to align European and global approaches to CSR. This strategy stresses the importance of enhancing the visibility of CSR and disseminating good practices through integration of CSR in education, training, and research.<sup>20</sup>

The purpose of this legislation is said by the EU Commission to be to modernize and strengthen "the rules concerning the social and environmental information that companies have to report." The European Union requires multinational, large, and some listed medium and small enterprises,<sup>21</sup> as well as non-EU establishments which generate over 150 million euros on the EU market to disclose information on sustainability and what they consider "as risks and opportunities arising from social and environmental issues, and on the impact of their activities on people and the environment."<sup>22</sup> The aim of this obligation is to assist customers of enterprises, stakeholders, and civil society

<sup>16</sup> See too: ISO (n.d-a) 26000 (History); ISO (n.d-b) 26000 (Social responsibility), and ISO (n.d-c) 26000 (Guidance on social responsibility).

<sup>17</sup> There has also been a boost to CSR by the ILO's accepting the invitation of the United Nations Secretary General Kofi Anan in 2000 to participate in the United Nations Global Compact. (For a detailed account see: J. Carby-Hall, *Labour Aspects of Corporate Social Responsibility Emanating from the United Nations Global Compact: The Global Case and that of the European Union and the United Kingdom*, "e-Journal of International and Comparative Labour Studies" 2016, vol. 5, no. 2, pp. 55–94). In 2004, the Report on the World Commission on the Social Dimension of Globalisation highlighted the ILO's involvement in CSR activity in the field of the social contribution on globalization. In 2006, the ILO promoted the CSR policy and practice provided in the Multinational Enterprise Declaration.

<sup>18</sup> <https://eur-lex.europa.eu/l/legal-content/EN/TXT/?uri=CELEX:3202212464> [accessed: 2024.03.31].

<sup>19</sup> European Commission, *Corporate Sustainability and Responsibility*, [https://single-market-economy.ec.europa.eu/industry/sustainability/corporate-sustainability-and-responsibility\\_en](https://single-market-economy.ec.europa.eu/industry/sustainability/corporate-sustainability-and-responsibility_en) [accessed: 2024.03.31].

<sup>20</sup> *A renewed EU Strategy 2011–14 for CSR*, <https://www.fao.org/faolex/results/details/es/c/LEX-FAOC218801> [accessed: 2024.03.31].

<sup>21</sup> With the exception of listed micro-companies.

<sup>22</sup> European Commission, *Business, Economy, Euro*, [https://commission.europa.eu/business-economy-euro\\_en](https://commission.europa.eu/business-economy-euro_en) [accessed: 2024.03.31].

organizations to assess the impact of companies on people and the environment, and investors to assess financial risks and opportunities and to evaluate the sustainability performance of the enterprise which is part of the European Green Deal.<sup>23</sup>

The Corporate Sustainability Reporting Directive (CSRD) came into force on 5 January 2023 and requires the application of the rules to take place as from the 2024 financial year. The reporting will, thus, commence in the 2025 company reports. Establishments which are subject to the Directive's provisions are required to report in accordance with the European Sustainability Requirement Standards (ESRS) as developed in draft form, previously known as the European Financial Reporting Advisory Group (EFRAG), an independent organization which brings together a variety of stakeholders. These standards apply to establishments which are covered by the CSRD regardless of the sector in which they operate. The EU Commission stresses the fact that these standards "are tailored to EU policies, while building on, and contributing to, international standardisation initiatives."<sup>24</sup>

It may, therefore, be said that the EU Directive has gone further than the international standard in that, although the voluntary aspect which exists under international law is not specifically stated in European law, this latter *compels* relevant companies to include in their respective policies the concept of CSR in the fields of social and environmental issues.

## 2. Categories of CSR

CSR is traditionally divided into four types: namely, philanthropic responsibility, ethical/ human rights responsibility, environmental responsibility, and economic responsibility. But there also exist other types of CSR which include diversity and inclusion, governance, well-being, employee engagement, and supply chain responsibility.<sup>25</sup> A brief discussion is proposed on each of these.

### 2.1. Philanthropic corporate responsibility

Philanthropic responsibility refers to a company's aims, goals, and objectives for activity bettering society generally and making the world a better place, such as donating money from company funds to charitable local community causes or national institutions in the form of prizes, donation campaigns, foundations, and trusts. Such philanthropy may align with the company's business, which would have the effect of

<sup>23</sup> See: <https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal-en> [accessed: 2024.03.31].

<sup>24</sup> A. Dahlsrud, *How Corporate Social Responsibility is Defined...*, pp. 1–13.

<sup>25</sup> <https://benevity.com/resources/types-of-social-corporate-responsibility#:text=Phalanthro-pic> [accessed: 2024.03.31]. See too: T. Stobierski, *Philanthropic Responsibility*, <https://benevity.com/resources/types-of-social-corporate-responsibility> [accessed: 2024.03.31].

considerably boosting its image.<sup>26</sup> Other companies use their philanthropic policies on matters which do not align with their business and donate to worthy charitable causes. Some companies create their own charitable trusts or foundations to give back to, and have a positive impact on, society.

An excellent example is the company Ben and Jerry's, which is renowned for supporting a variety of social initiatives, which include the Arctic National Wildlife Refuge, the company's foundation for social justice and racial equality and making donations and undertaking myriads of other benevolent social activities.<sup>27</sup>

## **2.2. Ethical/Human rights corporate responsibility**

Ethical/human rights responsibility requires the company's commitment to run its business in an ethical manner, thus upholding human rights-based treatment of their employees as required by law on matters relating to equal pay for equal work and all employees' other rights at work, including human rights. Other stakeholders, which include, in addition to employees, investors, suppliers, and customers, must be treated in a fair and ethical manner. Ethical responsibility can be exercised in different ways. A company may increase the wages of employees employed over the national minimum wage or over the wage agreed through collective bargaining. A company may require that products, materials, ingredients, and components be sourced in accordance with fair trade standards, thus ensuring that products sourced from child, forced, or slave labor are not bought on the market. All employees should be involved in company ethics wherever possible.<sup>28</sup>

## **2.3. Environmental corporate responsibility**

Year in year out, companies introduce sustainable environmental policies and practices relating to their environmental impact at every stage of their business. They do so by reducing their carbon footprint and/or greenhouse gas emissions, by avoiding single-use plastics, and keeping other environmental issues such as water consumption and general waste disposal at the heart of their policies. Regulating energy consumption, for example, by increasing reliance on renewables, sustainable resources, and recycling or partly recycling materials, is another way of protecting the environment.

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<sup>26</sup> An example is the NatWest Giving Tuesday Campaign, whereby the bank raised £424,000 in donations during Giving Tuesday and added £150,000 in donation matching.

<sup>27</sup> <https://www.vaia.com> [accessed: 2024.04.05]; <https://harbert.auburn.edu> [accessed: 2024.04.05]; <https://linkedin.com> [accessed: 2024.04.05]; <https://benandjerrys> [accessed: 2024.04.05].

<sup>28</sup> At Glovo Cares Volunteer Week one of its initiatives is offering equal access to essential goods for everyone in the community. The company has an employee volunteering program which involves its employees in providing resources to those in need in their local community. Employees organized a global volunteering week food bank in their local communities and supported an ethical cause which aligns with their core business in seven countries and nine cities. Globally, employees contributed 700 volunteered hours. For Benevity's case study, see online: "How Glovo organised a global volunteering week across 7 countries and 9 cities."

Planting trees, donating to environmental causes, and funding research are other ways of offsetting negative environmental impact. All of these are known collectively as “environmental stewardship.” A company’s sustainable environmental policy could include the engagement of its employees to foster their company’s environmental policy. The Nestlé brand in Switzerland, which has a policy of protecting the planet with environmentally friendly practices, organized with its employees a volunteering clearing-up week which coincided with “World Cleanup Day.” This was in line with the company’s policy to protect the environment and support communities in Switzerland. Over 110 kilos of rubbish were collected nationally.

Google empowers individuals, organizations, and governments with the data and tools they need to drive positive action for our planet.<sup>29</sup> This means using products and platforms to help reduce emissions and make more sustainable choices and working with Google partners to help reduce their emissions and advance transformative technology for a carbon-free future. Research is being carried out by Google to tackle climate change. Google also has an ambitious clean energy goal for carbon-free energy called “Google clean” sourced from solar and wind power. There has been an overall reduction in power requirements for Google’s data centres by 50%.

#### **2.4. Economic corporate responsibility**

This type of corporate responsibility refers to companies making financial decisions which are based on a commitment to charitable causes. The final goal of such a company is not to maximize profits, but rather to ensure that business operations positively impact society, the environment, and the population generally. Examples of this type of corporate responsibility include funding local charities as a means of bolstering their mission, or funding education programs through fellowships, lecture series, selected scientific research programs, studentships, educational or medical foundations. Investing in alternative energy sources is another form of economic social responsibility.

Benevity sums up economic corporate responsibility by stating that “to uphold economic responsibility, business leaders are challenged to think past operational cost savings and instead put their obligation to corporate citizenship at the heart of all financial decisions.”

Starbucks is a good example of a company which observes some of the aforementioned types of CSR. That company is committed to sourcing 100% of its coffee, tea, and cocoa through ethical sourcing programs. This means working directly with farmers to improve their yields and livelihoods, as well as investing in programs which promote sustainable farming practice, recycling of waste reduction, energy and water conservation, community service involving its employees, the health and well-being of its employees and others, ethical sourcing, and a reduction of the company’s carbon footprint. Its employees are encouraged to take an active part in

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<sup>29</sup> <https://sustainability.google> [accessed: 2024.04.03].



the company's CSR activities. Overall, Starbucks has implemented a range of initiatives which reflect its commitment to sustainability and social responsibility. By so doing Starbucks shows that it is not only following sustainable practices but also generating positive public relations, demonstrating that it cares about more than just making money.<sup>30</sup>

## 2.5. Other types of CSR

The four types of CSR are considered the traditional ones, but there are other types of CSR which need to be considered. One of them is inclusion and diversity, which suggests that employees be encouraged to take part in awareness days, such as international women's day, mothers' day, various international independence days, *inter alia*, in the USA, Poland, Bulgaria, Ukraine, Portugal, and France, if employees from those or other countries are in the workforce. Participation in Black History Month, etc., is also to be encouraged. In addition to showing respect for these events, there is a strong educational element in them that must benefit employees.

Well-being is another form of CSR. Employers can show their concerns for their employees by introducing well-being facilities in the workplace.<sup>31</sup> The introduction of mental and physical health care is a good step in modern employment where stress factors are high. The introduction of mental health specialists and gyms within the company, or alternative medicine specialists offering, for example, acupuncture or reflexology, the encouragement of employees to meditate or to consult dietitians, all indicate that such employers have a concern for their employees. It is important to note, too, that engaging in such activities during working time enables employees to keep their bodies and minds fit, and thus perform better as employees.

Employee engagement includes working teams in the company bonding with the community through CSR initiatives. This can be achieved through sports such as cricket, football, rugby, volleyball, and tennis (with company teams playing local community teams) or mutual book reading clubs, astronomy associations, or history clubs.

There is an important relationship between the systems which control/govern the company and being a socially responsible company. Such systems of governance are of benefit both to the company and to society at large.

Somewhat unusually in the field of CSR is the reduction of reoffending by making the workplace more inclusive. An example is Proof Social Bakehouse in Oxford,<sup>32</sup> which opened in 2022. Thirty per cent of its staff are either serving a custodial sentence, are in prison, or have recently been released from prison. The bakehouse is a coffee shop and patisserie founded by Tess Taylor who is the director of Tap Social beer brewery. He

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<sup>30</sup> <http://www.starbucks.co.uk> [accessed: 2024.04.03].

<sup>31</sup> This also applies to establishments like schools and universities where their pupils, students, and staff are very much in need of mental health care in particular.

<sup>32</sup> "Waitrose Food Magazine", April 2024. See too: [proofbakehouse.com](http://proofbakehouse.com) [accessed: 2024.04.07].



says:<sup>33</sup> “We believe that everyone deserves a second or third chance. [...] Our mission is to reduce re-offending by making the workplace more inclusive, while providing insight to help change public opinion on the effectiveness of our criminal justice system. [...] Many of the people who join the team have no previous baking experience, and some may have never worked at all after serving lengthy sentences. They learn as they go. [...] An offer of employment and support given by a willing employer might be the first real chance someone has ever had. [...] We hope that more companies will recognize that social enterprise is a powerful model for any organization to be impactful and make a real difference while operating a business.”<sup>34</sup>

### 3. The essence of CSR: Success or failure?

As illustrated above, CSR is a relatively novel concept. Until recently in the history of CSR, enterprises aimed solely at maximizing their financial profits and those of their shareholders, their directors, and other senior personnel. In today's international markets there are many employers who still hold firmly to that idea.

According to research conducted in the UK,<sup>35</sup> well over half of small and medium sized companies do not have a clear CSR strategy. The reasons are many and varied, and include the following. In the first instance, though companies see the benefits which CSR generates, financial considerations and the lack of resources are an important reason why SMEs do not adopt the social and environmental CSR concept. Secondly, some employers give little or no importance to the concept of CSR outright. Lack of communication and appreciation is a third reason why the CSR concept may fail. Fourth, if company CSR policies, initiatives, and efforts are not communicated by management to employees, the latter cannot be expected to pursue CSR policies as they do not have any knowledge of their existence. Alternatively, if employees have been made aware of the CSR concept and are successfully pursuing those policies, management needs to praise and reward their employees who are pursuing CSR policies and advertise their initiative within the company as a gesture of recognition for their efforts. Communication in both these instances is, therefore, of paramount importance in terms of the encouragement and success of this concept. Fifthly, a company which is pursuing the CSR concept must believe fervently in and exercise

<sup>33</sup> *Ibid.*, p. 17.

<sup>34</sup> Tess Taylor goes on to say that: “By offering effective support to those who are released we help them to become productive citizens in our society again with the result that there are fewer new victims of crime and less costly reoffending. [...] The alternative – catapulting prison leavers from 23 hour/day lockdown to fending for themselves without support, – creates devastatingly high levels of reoffending, along with the human and final costs that entails. [...] Our team members join us for a regular workday and are a vital part of our operation running smoothly.” See: [proofbakehouse.com](https://proofbakehouse.com) [accessed: 2024.04.07]. That is surely CSR at its best!

<sup>35</sup> By Tyl NatWest's payment platform for SMEs, as reported in Asset Finance International by Pat Sweet, 4 March 2022.

CSR values. If the company does not do so, it cannot expect its employees to generate any belief in those values and to exercise them. In the sixth instance, company values need to be aligned to those which befit the community's values and thus make an impact. There should, therefore, be an alignment among communities, companies, and employees. A permanent partnership should be created as opposed to a one-off and temporary relationship. Finally, company CSR policy needs to be *ad idem* and agreed to by the employees themselves; otherwise the policy will fail. This means that a company needs to recruit employees who enjoy the same CSR values as the company policy. A good example of this is Ecotricity, a British company which supplies ecological electricity and gas to consumers. Its employees are all eco-friendly and passionately believe in an ecological economy and a carbon footprint-free society.<sup>36</sup> Employees need to feel that their ideas are in tandem with those of the company's CSR policies. It is also important that the company constantly provides moral and physical support to the work that its employees perform.

#### 4. What advantages does CSR generate?

Although the CSR concept has its critics,<sup>37</sup> over the years, citizens in general and consumers have become more aware of social matters such as forced labor, child labor, discrimination of various kinds,<sup>38</sup> and a plethora of other international unethical labor practices. In addition, global issues such as dangers to the environment and especially global warming mean that citizens are demanding that enterprises create policies which benefit communities and society environmentally and generally. They demand that enterprises act over and above what the law requires of them and their own financial interests. Such are the demands of modern society towards enterprises. The concept of CSR attempts to meet those demands and carries with it several advantages. There has, therefore, been a revolutionary change of thinking in recent decades from what was the case a few decades ago, namely that companies should only focus on the bottom line.

The CSR concept has resulted in creating some advantages to employees and employers and potential business benefits to employers. Each of these needs a brief mention.

<sup>36</sup> See: <https://www.ecotricity.co.uk> [accessed: 2024.04.08].

<sup>37</sup> However, in spite of its critics, statistics show that a healthy majority of these critics agree with the CSR concept, but for financial and practical reasons they do not adopt it.

<sup>38</sup> See: *International Workplace Discrimination Law*, eds. J. Carby-Hall, Z. Goral, A. Tyc, London 2024. Here a variety of global discrimination issues is discussed, analyzed, and evaluated.

#### 4.1. Increase of brand and customer loyalty

One of these benefits is that CSR improves customer loyalty. This accords with the Nielsen Global Sustainability Report of 2015, which declares that<sup>39</sup> "In a world of choice, the reasons why we purchase one product over another can be driven by a multitude of factors. As concerns about the environment and corporate sustainability continue to gather momentum around the world, understanding the connection between sentiment and purchasing actions has never been more important." To get a better insight into the matter, Nielsen polled 30,000 customers from sixty countries across the globe. Grace Farraj, SVP Public Development and Sustainability person at Nielsen's, notes that "The hierarchy among drivers of customers' loyalty and brand performance is changing. Commitment to social and environmental responsibility is surpassing some of the more traditional influences for many customers. Brands that fail to take this into account will likely fall behind."

The key highlights mentioned by Nielsen are that: (a) "in the past year alone sales of consumer goods from brands with a demonstrated commitment to sustainability have grown more than 4% globally, while those without grew 1%." Furthermore, (b) "66% of customers say they are willing to pay more for sustainable brands, – up from 55% in 2014 and 50% in 2013."

*Ecolytics*<sup>40</sup> corroborate the above arguments. They declare that "Today, businesses are missing out if they aren't participating in CSR. It has become an integral part of doing business and is increasingly governing customer choice. For instance 90% of customers would purchase a product because a company supported an issue they care about, while 75% would refuse to buy a product if the company had a different stance on the issue."

#### 4.2. Employee retention and attraction

CSR has the potential of attracting and retaining talented and dedicated skilled and unskilled workers, thus making a positive difference to the enterprise both financially and administratively. Employees and potential employee applicants who wish to make a career in their lives wish to work for an establishment which upholds strong CSR values. Furthermore, CSR has the potential to improve employee engagement and satisfaction at work, which encourages retention. Similarly, retention is encouraged when potential employees share the employer's CSR values. Enterprises which do not have a CSR concept strategy risk losing talented applicants to companies which have a CSR policy. Employees working for employers who observe a CSR policy feel happy and more fulfilled because, by working for a socially conscious employer, they experience a sense of purpose, thus helping the retention of contented employees.

<sup>39</sup> Nielsen provides valuable insights into customer behavior and marketing information by collecting data which measures what customers watch and buy. Nielsen's ratings measure audiences for media markets.

<sup>40</sup> C. Schoff, *The Evolution of Corporate Social Responsibility...*

### **4.3. CSR boosts the reputation of a brand**

Social media may well work as an engine to advertise and/or popularize an establishment whose brand fosters a CSR policy. In so doing company sales of that brand will have a greater audience, which results in an increase of its sales, and as an added bonus the company enjoys free publicity.

### **4.4. CSR as a marketing tool**

Another company benefit of CSR is that it can act as a powerful marketing tool which can have positive results in the rating of companies in the eyes of regulators, consumers, and investors.

## **Epilogue**

By way of rounding off what has been said in this article, I propose to divide the epilogue into six instances. In the first instance, the strategic importance of CSR is highlighted briefly. Secondly, the ethical aspect is discussed. Thirdly, something is said on the CSR structure. Fourthly, its beneficial values are examined. CSR's economic benefit is considered in the fifth instance, while in the sixth instance the support element is appraised. A prediction for the future follows.

CSR is a strategy which companies undertake to achieve a positive and active social role in their community or globally, rather than to solely make financial gains. It has been shown that CSR is a sound and profitable business practice, and that disrespect for that strategy could have a serious negative effect on the company's financial future. Furthermore, such a strategy boosts the morale of the company, its shareholders, and all other stakeholders. This is even more so where employees are encouraged to become involved in the employer's social causes.

The ethical framework of CSR plays a crucial role in company policy, for it suggests that a company has a responsibility to act for the benefit of society at large. The ethical part of CSR is a duty which demands that the company perform in such a way as to maintain a balance between the world's ecosystems and the economy. Companies which prioritize ethical behavior in their CSR policies reap improved financial benefits, win the loyalty of their customers, and foster a contented work force.

A company's sustainable strategy is invariably structured to include three pillars. These involve social, environmental, and economic aspects. Action plans are inevitably created and based on this triad of pillars. CSR programs focus on giving a structure to a company's efforts to give back what is owed to the community, to provide social value to such a community, and to participate in contributing to philanthropic causes. Thus, they make a difference, and at the same time build a sustainable brand for the company.

The beneficial values of CSR are threefold. In the first instance, the company earns positive public attention from the local or global community through its CSR generosity. Second, the way the company treats the community suggests that engaged employees are also treated with dignity, and are cared for and respected. Third, loyal customers of the company hold it in great esteem regarding the products and services which they purchase.

A company can enjoy significant economic benefits through CSR by attracting investments, improving the business environment, reducing business risks, and creating a more sustainable economy. It can also assist in promoting economic growth and development.

CSR supports local and global initiatives, participates in community development projects, and generates development projects. Such involvement may include the development of infrastructure, investment in public amenities, and support for local entrepreneurs, all of which contribute to the prosperity and growth of the community.

The CSR concept is important because it enables companies to take positive action in their own names. The concept is not only a vital one in modern times, but is also an imperative priority for customer, employee, prospective employees, and community relationships. Customers normally wish to do business with a company they can trust. A company, therefore, needs a sustainability report as well as one or more CSR initiatives. Markets are competitive and they are intertwined not only with business issues but also with social and environmental requirements. The CSR concept is, therefore, of significant importance for maintaining a company's reputation and positive public attention, for recruiting and retaining top-talent employees, for fostering loyal customers, and for boosting brand reputation.

Given the fact that multinational companies have both the power and the ability to influence public policy, CSR scholars Michael E. Porter and Mark R. Kramer<sup>41</sup> have suggested an approach called "Creating Shared Value." Such an approach views environmental and social challenges as business opportunities and even possible sources of innovation. There are certain possibilities for such a vision to materialize, but that would need some fine tuning. Wayne Visser,<sup>42</sup> however, suggests a CSR 2.0 approach, namely, an attempt to tackle the root causes of the problems encountered by companies today through a transformation of company practices and through innovative business models. Excellent as it is, this suggestion would be impracticable to put into practice, for it would require a complete transformation model for businesses. The more realistic approach of "Corporate Political Responsibility" has been suggested by a group of academics who argue that companies should be more transparent in their communications relating to socially and environmentally beneficial public policies.<sup>43</sup> Examples of such transparency could include publication

<sup>41</sup> M.E. Porter, M.R. Kramer, *Creating Shared Value*, "Harvard Business Review" 2011, vol. 89, no. 1, pp. 2–17.

<sup>42</sup> W. Visser, *The Age of Responsibility: CSR 2.0 and the New DNA of Business*, "Journal of Business Systems, Governance and Ethics" 2011, vol. 5, no. 3, pp. 7–22.

<sup>43</sup> T.P. Lyon, M.A. Delmas, J.W. Maxwell, P. Bansal, M. Chiroleu-Assouline, P. Crifo, R. Durand, J.-P. Gond,

in local and national newspapers, in-house journals, handouts, CEO public speeches, lobbying activity, advertising of donations, and other imaginative activities. Companies would, thus, be assessed on their political actions and the coherence of their business and CSR activity.

What does the future hold for the CSR concept? The wise words of Casey Schoff<sup>44</sup> attempt to give an answer. "CSR is here to stay. As improving technology allows for increased corporate transparency and scrutiny, the incentive to be socially responsible will continue to grow. Also, the increasing severity of climate change and inevitable resource shortages that are in store will reward companies that are sustainable and have a small carbon footprint. Overall, CSR will likely continue to evolve down the line and will only become more important in our uncertain future."

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<sup>44</sup> C. Schoff, *The Evolution of Corporate Social Responsibility*...

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## Summary

*Joseph Carby-Hall*

### The Internationally Evolving Concept of Corporate Social Responsibility

This article discusses the evolution of the concept of Corporate Social Responsibility (CSR), whose origins can be traced back to Roman law. CSR, in its modern form, developed during the late nineteenth and early twentieth centuries, with significant contributions from Howard R. Bowen and William C. Frederick. Contemporary CSR encompasses three key aspects: economic, social, and environmental. In international law, it is a voluntary business self-regulation model that promotes actions beyond the minimum legal requirements. This article also presents various categories of CSR, such as philanthropy, ethical responsibility, environmental responsibility, and economic responsibility, and provides examples of modern CSR practices. This concept is an important tool for building corporate reputation and enhancing customer and employee loyalty. The article concludes by outlining future trends in CSR, which may include greater transparency and innovative approaches to managing social and environmental impacts.

**Keywords:** Corporate Social Responsibility, CSR, sustainable development, ethical responsibility, environmental responsibility, economic responsibility, sustainability reporting, sustainability reporting directive.

## Streszczenie

*Joseph Carby-Hall*

### Międzynarodowo rozwijający się koncept społecznej odpowiedzialności biznesu (CSR)

W artykule omówiono ewolucję koncepcji społecznej odpowiedzialności biznesu (CSR), której początki sięgają prawa rzymskiego. CSR, w swojej współczesnej formie, rozwinęła się na przełomie XIX i XX w., przy czym kluczowy wkład w jej rozwój mieli Howard R. Bowen i William C. Frederick. Współczesna CSR obejmuje trzy kluczowe aspekty: gospodarczy, społeczny i środowiskowy, natomiast w prawie międzynarodowym jest to dobrowolny model samoregulacji przedsiębiorstw, który promuje działania wykraczające poza minimalne wymogi prawne. W opracowaniu zaprezentowano również kategorie CSR, takie jak filantropia, odpowiedzialność etyczna, ochrona środowiska i odpowiedzialność ekonomiczna, a także przedstawiono przykłady współczesnych praktyk CSR. Koncepcja ta jest ważnym narzędziem w budowaniu reputacji firm oraz zwiększaniu lojalności klientów i pracowników. Wskazano również przyszłe kierunki



rozwoju CSR, które mogą obejmować większą transparentność oraz innowacyjne podejścia do zarządzania wpływem społecznym i środowiskowym.

**Słowa kluczowe:** społeczna odpowiedzialność biznesu, CSR, zrównoważony rozwój, odpowiedzialność etyczna, odpowiedzialność środowiskowa, odpowiedzialność ekonomiczna, raportowanie zrównoważonego rozwoju, dyrektywa o raportowaniu zrównoważonego rozwoju.