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CORPORATE SOCIAL PERFORMANCE REVISITED

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This article defines corporate social performance (CSP) and reformulates the CSP model to build a coherent, integrative framework for business and society research. Principles of social responsibility are framed at the institutional, organizational, and individual levels; processes of social responsiveness are shown to be environmental assessment, stakeholder management, and issues management; and outcomes of CSP are posed as social impacts, programs, and policies. Rethinking CSP in this manner points to vital research questions that have not yet been addressed.

Corporate social performance has been a topic of academic study for several decades, and the concept itself has been in use in the United States since the mid-1970s. Although milestones toward a theory of corporate social performance can be identified (Ackerman & Bauer, 1976; Carroll, 1979; Davis, 1973; Frederick, 1978; Freeman, 1984; Miles, 1987; Preston & Post, 1975; Wartick & Cochran, 1985), there is not yet such a theory. Conceptual developments have not been systematically integrated with one another, but usually have been treated as free-standing, implicitly competing ideas.

Thus, a vast, diverse, and interesting field of research and theory has been generated, but there is no means for assessing the relevance of all this work to the field's central questions. In such a situation, the central questions that should be asked can too easily be lost. The concept of corporate social performance, however, can provide a coherent framework for the field of business and society by integrating the conceptual advances that have been made and by allowing scholars to "locate" works within a broad model of business-society relationships.

DEFINING CORPORATE SOCIAL PERFORMANCE

The definition of corporate social performance (CSP) is not entirely satisfactory. Sethi (1979) offered categories for assessing CSP but did not define the concept itself. Preston's (1978) inaugural volume, *Research in Corporate Social Performance and Policy*, gave substance and a valuable research

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outlet to the concept, but likewise did not define it. Carroll (1979) eschewed a concise definition in favor of a three-dimensional model, which consisted of social responsibility categories, social issues, and philosophies of social responsiveness. Jones (1983) favored social control, not CSP, as a central variable for business and society research.

Ullmann (1985) showed the need for a theory of corporate social performance in his review of related empirical research. About the same time, Wartick and Cochran (1985) published their integrative paper on CSP, building on Carroll's work (1979) and attempting to construct a general model of corporate social performance. They defined the CSP model as "the underlying interaction among the principles of social responsibility, the process of social responsiveness, and the policies developed to address social issues" (1985: 758) and showed how several competing perspectives (economic responsibility, public responsibility, social responsiveness) could be incorporated into this framework.

Subsequently, the concept of corporate social performance has received serious theoretical and empirical attention (Clarkson, 1988; Hocevar & Bhambri, 1989; Randall, 1989; Reed, Getz, Collins, Oberman, & Toy, 1990; Thompson, Wartick, & Smith, in press), but the concept's theoretical framework and impact have not moved significantly beyond Wartick and Cochran's (1985) articulation. Miles (1987) provided an important attempt to develop a general theory of corporate social performance. Building on his own research in the insurance industry, Miles drew on concepts from strategic management and organization theory to elicit a detailed midrange theory to explain corporate responsiveness. The two facets of responsiveness, in his approach, are the firm's external affairs strategy, defined as a function of top-management philosophy, and external affairs design, a function of business exposure. Responsiveness, however, is only one aspect of social performance, and so this work contributes to but does not constitute a general theory. Miles pays little attention to corporate social responsibility principles, or moral reflection. Further, social policy is considered only to the extent that it appears as a natural extension of preexisting business policy, and not as something that might emerge in its own right from a company's adherence to principles of responsibility, acting through processes of responsiveness.

Wartick and Cochran's (1985) definition of the CSP model represented a conceptual advance in researchers' thinking about business and society, but it left some problems unaddressed. First, the term *performance* speaks of actions and outcomes, not of interaction or integration. Thus, the definition of the CSP *model*, which integrates these various concepts, could not define CSP *itself* unless an action component was added. Second, there is a problem, which is examined in the following section, with addressing social responsiveness as a single process rather than a set of processes. Third, the final component of the CSP model is too restrictive. "Policies . . . to address social issues" (Wartick & Cochran, 1985: 758) are only one possible outcome by which a company's social performance can be judged; if a policy does not exist, it cannot be inferred that no social performance exists. Further, formal policies may not be reflected in behaviors or programs that are governed by informal, unwritten policies. In contrast, behaviors and programs that would rate high in social performance may exist and even be institutionalized, without any formal policy backing. Relying on "policies," then, to reflect the outcomes of social performance is risky business. Fourth, although the blame for these unaddressed problems cannot be placed on Wartick and Cochran's (1985) research, the entire CSP concept has taken on subtle "good" and binary connotations, as though corporate social performance is something that responsible companies do, but irresponsible companies do not do. Even though such connotations are common in the literature, they are misrepresentations of CSP. Every firm can be evaluated on its social performance, and a firm's social performance can be negatively or positively evaluated.

If these problems are taken into account, the three facets of Wartick and Cochran's (1985) CSP model are intended to address (a) motivating principles, (b) behavioral processes, and (c) observable outcomes of corporate and managerial actions relating to the firm's relationships with its external environment. Thus, Wartick and Cochran's (1985) definition can be taken a step or two further to produce a definition of CSP as:

> *a business organization's configuration of principles of social responsibility, processes of social responsiveness, and policies, programs, and observable outcomes as they relate to the firm's societal relationships.*

Thus, to assess a company's social performance, the researcher would examine the degree to which principles of social responsibility motivate actions taken on behalf of the company, the degree to which the firm makes use of socially responsive processes, the existence and nature of policies and programs designed to manage the firm's societal relationships, and the social impacts (i.e., observable outcomes) of the firm's actions, programs, and policies. In addition, the researcher would examine all these elements—principles, processes, and outcomes—in conjunction with each other to permit identification of analytically crucial but politically difficult results such as good outcomes from bad motives, bad outcomes from good motives, good motives but poor translation via processes, good process use but bad motives, and so on (the terms *good* and *bad* are used loosely in this case).

This definition addresses all the problems noted above. Additionally, it is not time-locked, but permits CSP to be viewed either as a static snapshot or as a dynamic change-filled sequence, depending on the research question at hand. It can accommodate the wide variety of motives, behaviors, and outcomes actually found in business firms. It does not isolate corporate social performance as something completely distinct from business performance. Also, it permits CSP to be seen not as something that is implicitly good in itself and "desirable" for firms "to have," or that is linked to particular but unspoken values, but as a construct for evaluating business outputs that must be used in conjunction with explicit values about appropriate business-society relationships.

In the following sections, using this definition as a guide, the CSP framework is reconstructed, as outlined in Table 1. The rationale for the conceptual framework in Table 1 is explained and defended in terms of (a) business and society's developmental history as a field of study, (b) the goodness of fit of the new CSP model with existing literature, and (c) the quality and nature of research questions that can be posed because of this new way of thinking about corporate social performance.

PRINCIPLES OF CORPORATE SOCIAL RESPONSIBILITY

Early writers about business and society were worried that, as Eberstadt (1977: 22) put it, "[A]t present, business has seldom enjoyed so much power with so little responsibility" (see also Bowen, 1953; Elbing & Elbing, 1964). Throughout the 1960s and 1970s, scholars searched to define what a corporation's social responsibilities were and were not.

Carroll (1979: 500) observed that "the social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time." Frederick (1986: 4) summed up the position as follows: "The fundamental idea of 'corporate social responsibility' is that business corporations have an obligation to work for social betterment." Davis (1973: 312) offered a classic definition of corporate social responsibility (CSR) as "the firm's consideration of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm . . . (to) accomplish social benefits along with the traditional economic gains which the firm seeks."

In this "consciousness-raising" phase of CSP development, considering the issues (never mind responding) proved to be enormously time-consuming and controversial, and it led to arguments for and against corporate social responsibility (Davis, 1973) as well as attempts to specify CSR

TABLE 1
The Corporate Social Performance Model

Principles of corporate social responsibility
Institutional principle: legitimacy
Organizational principle: public responsibility
Individual principle: managerial discretion
Processes of corporate social responsiveness
Environmental assessment
Stakeholder management
Issues management
Outcomes of corporate behavior
Social impacts
Social programs
Social policies

more precisely (Jones, 1980; Keim, 1978; Tuzzolino & Armandi, 1981; Zenisek, 1979). Three ideas in particular had broad appeal to business and society scholars: Carroll's (1979) four-part categorization of social responsibility, Preston and Post's (1975) notion of public responsibility, and Sethi's (1979) classification of companies as reactive, defensive, or responsive. These works are still used today as independent and implicitly competing models of corporate social responsibility. Wartick and Cochran (1985) attempted to reconcile these competing ideas by showing that both public responsibility and social responsiveness could be subsumed in the CSP model. They argued further that Carroll's (1979) four categories represented principles of social responsibility, the first element of CSP.

Identifying categories, however, is not the same as articulating principles. A principle expresses something fundamental that people believe is true, or it is a basic value that motivates people to act. Categories, in contrast, show how to distinguish among different types of phenomena, but they do not represent motivators or fundamental truths. Carroll's (1979) categories, the economic, legal, ethical, and discretionary responsibilities of firms, can be viewed as domains within which principles are enacted, but not as principles themselves. For example, within the economic domain, a business organization might act on a principle of self-interest, trying to maximize profits, or on a principle of mutual interest, trying to balance the firm's interests with those of stakeholders, or even on a principle of societal interest, seeking to maximize jobs, production, or some other state-determined goal.

The basic idea of corporate social responsibility is that business and society are interwoven rather than distinct entities; therefore, society has certain expectations for appropriate business behavior and outcomes. However, a review of the literature shows that attempts to specify principles of CSR have not distinguished among three conceptually distinct though related phenomena: expectations placed on all businesses because of their roles as economic institutions, expectations placed on particular firms because of what they are and what they do, and expectations placed on managers (and others) as moral actors within the firm. Once these three levels of analysis are distinguished (institutional, organizational, and individual) then several formerly competing concepts can be melded together to explain three corresponding principles of corporate social responsibility, as Table 2 summarizes.

Institutional Level: Legitimacy

> Society grants legitimacy and power to business. In the long run, those who do not use power in a manner which society considers responsible will tend to lose it. (Davis, 1973: 314)

This principle, which is Davis's (1973) Iron Law of Responsibility, expresses legitimacy as a societal-level concept and describes the responsibility of business as a social institution that must avoid abusing its power. Thus, this principle expresses a prohibition rather than an affirmative duty,

TABLE 2
Principles of Corporate Social Responsibility

The Principle of Legitimacy: Society grants legitimacy and power to business. In the long run, those who do not use power in a manner which society considers responsible will tend to lose it.

Level of Application:	Institutional, based on a firm's generic obligations as a business organization.
Focus:	Obligations and sanctions.
Value:	Defines the institutional relationship between business and society and specifies what is expected of any business.
Origin:	Davis (1973)

The Principle of Public Responsibility: Businesses are responsible for outcomes related to their primary and secondary areas of involvement with society.

Level of Application:	Organizational, based on a firm's specific circumstances and relationships to the environment.
Focus:	Behavioral parameters for organizations.
Value:	Confines a business's responsibility to those problems related to the firm's activities and interests, without specifying a too-narrow domain of possible action.
Origin:	Preston & Post (1975)

The Principle of Managerial Discretion: Managers are moral actors. Within every domain of corporate social responsibility, they are obliged to exercise such discretion as is available to them, toward socially responsible outcomes.

Level of Application:	Individual, based on people as actors within organizations.
Focus:	Choice, opportunity, personal responsibility.
Value:	Defines managers' responsibility to be moral actors and to perceive and exercise choice in the service of social responsibility.
Origin:	Carroll (1979), Wood (1990)

and it applies equally to all companies, regardless of their particular circumstances. This principle is supported by three theoretical developments.

First, Preston and Post's (1975) adaptation of functional theory to business-society relationships led them to posit the idea of interpenetrating systems. According to functional theory, society's tasks are accomplished by specialized social institutions—the family for reproduction, the government for public welfare, the economy for producing goods and services, and so on. Neoclassical economists point to the efficiency of this division of labor and the hazard of tinkering with it by requiring businesses to be "socially responsible." Preston and Post (1975) emphasized the interdependence of social institutions, rather than their functional specialization, supporting the idea that firms should be socially responsible because they exist and operate in a shared environment.

Second, Freeman's (1984) stakeholder perspective answered the question, to whom should business be responsible? Freeman outlined the mutual impacts of a firm's relationships with a broad variety of stakeholders, including governments, competitors, consumer and environmental advocates, the media, and others, in addition to the traditional stakeholder groups (owners, customers, suppliers, employees; see Ansoff, 1965). Freeman's definition of stakeholders as "those groups who can affect or are affected by the achievement of an organization's purpose" (1984: 49) brought this abstract idea called *society* closer to home. In addition, stakeholder analysis provided a starting point for scholars to think about how society grants and takes away corporate legitimacy. If central stakeholders lose confidence in the firm's performance, legitimacy may be withdrawn as the stakeholders refuse to provide their share of reciprocal benefits. Customers stop buying products, shareholders sell their stock, employees withhold loyalty and best efforts, government halts subsidies or imposes fines or regulates, environmental advocates sue. If the firm cannot compensate for lost stakeholder benefits, it becomes "illegitimate" and dies.

Third, some recent work has emphasized the roots of laissez-faire capitalist economic theory in utilitarian philosophy (that is, the pursuit of self-interest leads to the most efficient allocation of society's resources and, thus, to maximum social well-being) and the moral and practical inadequacy of this perspective as a basis for modern life and as a defense of total business autonomy. Proponents of utilitarianism ignore basic questions of rights and justice. Further, modern transportation and communications technology have made it clear that the earth's resources are finite and that its populations are dependent upon one another. Frederick (1986) and Etzioni (1988) pointed out that human beings make decisions and act on moral grounds as well as rational economic (i.e., self-interested) grounds. Aram (1989) also tied together several diverse areas of research, including the tragedy of the commons from population ecology (Hardin, 1968), the logic of collective action (Olson, 1965), and strategies for resolving the classic prisoner's dilemma, to show the irrationality of companies not being oriented to the collective good.

Organizational Level: Public Responsibility

> Businesses are responsible for outcomes related to their primary and secondary areas of involvement with society.

This principle, derived from Preston and Post (1975) and operating at the level of individual organizations, frees corporate social responsibility from the ambiguity that plagued its early conceptual development (Votaw, 1973). It also eliminates the convenient hiding place that was available for a time to executives who would rather not take on duties that were so vaguely defined. Businesses are not responsible for solving all social problems. They are, however, responsible for solving problems that they have caused, and they are responsible for helping to solve problems and social issues related to their business operations and interests.

Public responsibility refers to "the functions of organizational management within the specific context of public policy" (Preston & Post, 1975: 10), which is defined broadly as "the principles that guide action relating to society as a whole" (1975: 11). Two areas of managerial/organizational involvement with society were defined: (a) the area of primary involvement, behaviors, and transactions "that arise directly from (the firm's) specialized functional role" and (b) the area of secondary involvement, including "impacts and effects not intrinsic to the character of the organization but generated by its primary involvement activities" (1975: 10–11).

The principle of public responsibility brings CSR down to earth for specific firms. An auto maker, for example, is rightly held responsible for helping to solve problems of vehicle safety and air pollution, and such a company might reasonably become involved with drivers' education programs and public transportation policy. It might be harder for such an auto firm's executives to justify to their board getting involved with issues regarding low-income housing or adult literacy.

In practice, however, and in conjunction with the other two CSR principles, public responsibility can be translated into a broader *rule of relevance*. The reciprocal influences of business and society are so wide-ranging that companies may indeed be able to justify social involvements that seem far afield from their primary and secondary involvements. For example, if the auto maker is dependent on lower income literate workers, then housing them appropriately and making sure they can read would be very relevant social issues for that firm, which could justify taking some responsibility for solving these problems.

The principle of public responsibility does not permit a company's social responsibility to be defined by the whims, preferences, or social connections of the firm's top executives. Social responsibilities should be relevant to the firm's interests, operations, and actions. But, this principle leaves substantial room for managerial discretion in determining what social problems and issues are relevant and how they should be addressed.

Individual Level: Managerial Discretion

> Managers are moral actors. Within every domain of corporate social responsibility, they are obliged to exercise such discretion as is available to them, toward socially responsible outcomes.

In Carroll's (1979) CSR classification, a firm's discretionary responsibilities are those areas of voluntary social involvement not specifically prohibited to or demanded of companies because of their economic, legal, and ethical responsibilities. More recent work (Aupperle, Carroll, & Hatfield, 1985) has emphasized that discretionary responsibilities are the least weighted of all a firm's social responsibilities. The domain of discretionary responsibility typically has been operationalized as corporate philanthropy, or occasionally as corporate involvement in public-private partnerships or collaborative social problem-solving ventures. Clearly, as reflected in the low conceptual weight given to it in Carroll's (1979) scheme, discretionary responsibilities defined in this manner are subject to a LIFO method of placement on a firm's action inventory, that is, "last in, first out."

To date, the business and society field has not built a concept of discretion, or discretionary social responsibility, that is related to the standard concept of managerial discretion. However, the focus since the mid-1980s on business ethics, decision making, value conflicts, and so on, clearly points to the need that a principle of socially responsible human action should be articulated. A company's social responsibilities are not met by some abstract organizational actor; they are met by individual human actors who constantly make decisions and choices, some big and some small, some minor and others of great consequence (Wood, 1990).

Ackerman (1975: 32–33) wrote about corporate social responsibility as "the management of discretion," referring not to philanthropy or community involvement programs, but to the discretion extant in the total realm of managerial actions and choices. Thus, the principle of managerial discretion is premised on the following ideas: (a) managers exist in an organizational and societal environment that is full of choices; (b) managers' actions are not totally prescribed by corporate procedures, formal job definitions, resource availabilities, or technologies; and (c) managers are moral actors on the job as well as in other domains of their lives. Despite the existence of certain corporate social responsibilities prescribed in various domains, managers have choices about how to fulfill many of these responsibilities. Further, the principle implies that because managers possess discretion, they are personally responsible for exercising it and cannot avoid this responsibility through reference to rules, policies, or procedures (see Berthoin Antal, 1990).

Contributions of the Principles to CSP

For years, the works of Davis (1973), Preston and Post (1975), Ackerman (1975), and Carroll (1979) appeared to be independent, implicitly competing ways of thinking about corporate social responsibility. Further, formulations such as Sethi's (1979), although useful in some respects, suggested too strongly an inaccurate evolutionary framework in which responsive (i.e., socially active) companies were by definition also responsible. However, the principles of legitimacy, public responsibility, and managerial discretion, derived from these early works, integrate these ideas into a multilevel way of understanding CSR.

According to the principle of legitimacy, society has the right to establish and enforce a balance of power among its institutions and to define their legitimate functions. This is a proscriptive, structural principle, focusing on business's obligations as a social institution, and it implies that society has available sanctions that can be used when these obligations are not met.

According to the principle of public responsibility, it is the organization's duty to act affirmatively for social well-being. This principle establishes that the content of CSR will vary somewhat from company to company, because every firm is responsible for fixing what it has broken, for avoiding future breakage, and for helping to solve those social problems that affect it. This principle removes CSR from the realm of capricious decisions or definitional ambiguities, and it demands that firms examine their own unique positions and roles in the environment to ascertain their social responsibilities. This is a relational principle, emphasizing each firm's relationship to its own specific environment.

According to the principle of managerial discretion, the individual's right and responsibility to decide and to act are affirmed within the bounds of economic, legal, and ethical constraints. This principle is based on human choice and will, focusing on the options and opportunities available to individual actors within their organizational and institutional contexts.

Clearly, other principles, in addition to or underlying those of corporate social responsibility, will motivate managerial behavior. These are likely to include principles concerning what is possible (e.g., cause-effect and time-sequence principles), how human relationships should be managed (principles of justice, equity, rights), and in whose interests the manager is to act (self, other, collective interests). Further, not all managers will be guided by the same principles. Ethical training, cultural background, preferences, values, and life experiences all play a role in establishing the principles that motivate human behavior.

Nevertheless, normally managerial action is motivated also by some principles concerning business and society relationships. Articulating these three CSR principles helps to clarify some issues that have consistently troubled the social issues in management (SIM) field. For example, scholars have argued for years that businesses must be socially responsible in order to survive, expecting some new corporate behavior to result, only to be stuck with poor answers when business leaders such as David Jones of Humana, Inc., argue that they are socially responsible because they provide jobs, create wealth, obey the law, and obey society's ethical rules. Such leaders are apparently motivated by the principle of legitimacy, and they believe they are acting responsibly because they are fulfilling the obligations expected of any business. But such leaders are not motivated by the principles of public responsibility or managerial discretion, and thus they easily can become the targets of public disfavor because they have overlooked the firm-level and individual-level aspects of corporate social responsibility.

The principles articulated here have limitations that must be acknowledged. First, terms such as *legitimate functions, obligations, social well-being*, and so on, are neither universal nor absolute in their meaning; they are time- and culture-bound. Second, even within a specific time and culture, such concepts are defined variously by relevant stakeholder groups, that is, according to their own values. Third, organization-level and individual-level concepts, such as *options, opportunities, constraints*, and *choices*, are likewise bound by different conditions and perceptions among organizations and people (Wood, in press). The principles of CSR, therefore, should not be thought of as absolute standards, but as analytical forms to be filled with the content of explicit value preferences that exist within a given cultural or organizational context and that are operationalized through the political and symbolic processes of that context.

Research Implications of the CSR Principles

Legitimacy. If the principle of legitimacy is accepted, researchers can stop asking whether or not corporations should be socially responsible and start asking tougher questions regarding global social responsibility and social control.

In terms of global responsibility, old questions demand more intense study and, eventually, answers. To which society should a multinational enterprise be responsible—home, hosts, or all of these? Is a company expected to proselytize for its home country's values? Should it adopt every host country's values? How does the company deal with social change at one or more of its sites? How should managers balance short-term and long-term social expectations among various countries and stakeholders? How do companies assess their responsibility to the world community, rather than to the peoples of various nations? Questions such as these have begun to receive serious research and theoretical attention (Donaldson, 1989; Toyne, 1990).

Questions about relationships between business legitimacy and social control continue to be troublesome. One way to test the principle of legitimacy is to systematically analyze what happens to companies that violate social expectations. If it is true that corporations need social legitimacy to survive, then an investigation of companies that do and do not survive should show what distinguishes them. If it turns out that companies are not "beheaded for their social sins," that is, if they survive after perpetrating even the most egregious and deliberate harms to society's members, then researchers must reexamine their definitions of legitimacy and survival to see what wrong assumptions they are making. Johns-Manville Corporation could be an example. Some people assume that bankruptcy is organizational death, and, indeed, Johns-Manville has suffered stock price declines and a negative stock split since dealing with asbestos-related claims against it through a Chapter 11 bankruptcy. But the firm's sales and revenues have increased every year, people are still employed by it, and the company, in some respects, appears to be doing better than ever. Has Johns-Manville paid its debt to society, or was its transgression not severe enough to warrant its dissolution? If the latter is true, is there a problem with the principle of legitimacy as currently stated? Or is this a case where the market is indeed operating to account for social irresponsibility, but only the stockholders (aside from asbestosis victims) suffer?

Public responsibility. Acceptance of Preston and Post's (1975) concept of public responsibility pushed SIM research in the direction of public policy (Preston, 1986), leaving the door open for studies of how companies could be more "responsive" to external conditions, in particular, how they could avoid government regulation or establish "more effective" relationships with government officials (Lenway & Rehbein, in press). In the scramble for responsiveness, the relationship between public responsibility and social legitimacy was left behind. Yet a number of vital questions remain.

What are the links between legitimacy and public responsibility—the institutional and the organizational dimensions of social responsibility? Do firms tend to lose their legitimacy when they do not meet their public responsibilities or when they go far afield from these responsibilities in a search for "social betterment" (Frederick, 1986)? Who defines a company's public responsibilities, and how do these responsibilities change? What relationships exist between public responsibility and the ethical values of a company's employees and its society?

Managerial discretion. Testing the idea that managers are moral actors and are responsible for making choices about how to meet corporate social responsibilities would involve more empirical investigations of how managers actually define and fulfill economic, legal, ethical, and discretionary expectations placed on their companies. Researchers need to know more about how managers perceive choices in their organizational and societal environments, the constraints they experience, and the innovations they develop to circumvent constraints and exercise choice (Berthoin Antal, 1990). It seems likely that managers vary in their perceptions of choice and responsibility (Boal & Peery, 1985) and that personal and organizational characteristics might be related to these varying perceptions in ways that would help to more clearly express the conditions of corporate social responsibility.

A complex and interesting question concerns the relationships among the three CSR principles. For example, it could be argued that they are hierarchical, in Guttman-scale fashion, with legitimacy being the root principle, public responsibility the next, and managerial discretion the last. Then, Preston and Post's (1975) or Sethi's (1979) classification of companies as reactive, responsive, and so on, could be seen as an indicator of which of the CSR principles are motivating the firm's leaders. It could be argued that *reactive* firms are motivated only by the principle of legitimacy, *responsive* firms by legitimacy and public responsibility, and *interactive* firms by all three principles. Further, researchers could look for differential outcomes (policies, programs, and other consequences) of corporate or managerial actions based upon one, two, or all three CSR principles.

In contrast, it could also be argued that each of the three principles can operate independently of the others. For example, there might be managers who act to maximize their discretion so as to fulfill their own definitions of corporate social responsibility, without regard for the firm's public responsibilities or the institutional legitimacy of business. Even if the outcomes of such cases are beneficial for society (and they would not necessarily be), questions would remain about the appropriate balance between individual choice, organizational responsibility, and institutional necessity.

Testing empirically for motives is a tricky business; however, scales could be devised and validated to assess the degree of belief in, or compliance with, the CSR principles and any corollaries that later develop. Then, links between a company's degree of adherence to CSR principles and the processes of responsiveness it chooses to use could be determined.

PROCESSES OF CORPORATE SOCIAL RESPONSIVENESS

A vast quantity of SIM research falls in the domain of corporate social responsiveness. Many scholars have proposed methods and conditions for implementing corporate social responsiveness (Aldag & Jackson, 1975; Post, 1978; Preston & Post, 1975). None of these works, however, proved to be systematic and operational enough to frame the field of responsiveness research.

Corporate social responsiveness, defined by Frederick (1978: 6) as "the capacity of a corporation to respond to social pressures," has been described by SIM scholars as a replacement, a refinement, or a complement to social responsibility. Frederick saw responsiveness as a second phase of conceptual development, a way of shifting academic and managerial thinking toward implementing the agenda of the earlier social responsibility phase. Sethi (1979) implied that responsiveness could be seen as a replacement for CSR. Carroll (1979) observed, however, that responsiveness is conceptually inadequate to replace CSR; companies can be very responsive to environmental conditions or social pressures, but they may in the process act irresponsibly or unethically. Wood (1990) pointed out that a concept that permits action without reflection or responsibility is not a refinement over a concept that merely encourages responsibility. In recent years, this flaw in the concept of responsiveness has been an incentive to incorporate ethical philosophy into SIM research (Freeman & Gilbert, 1988; Kahn, 1990; Massie, 1989; Walton, 1988; Weber, 1989).

Wartick and Cochran (1985) argued correctly that, within the corporate social performance model, responsiveness complements but does not replace responsibility. As the second facet of the CSP model, responsiveness provides an action counterpoint to the principled reflection of social responsibility. However, in their formulation of the CSP model, they use the four *approaches* listed by Carroll (1979)—reactive, defensive, accommodative, and proactive—to represent *the process of social responsiveness*. These approaches may indeed characterize various organizational responses to social pressure, but they are not themselves processes, nor do they help researchers to understand the vast literature that has been built regarding the concept of corporate social responsiveness.

Although Strand (1983) developed a more thorough systems framework for corporate social responsiveness, the relevant research is more consistent with the earlier work of Ackerman (1975), who suggested three characteristic behaviors of a responsive firm: (a) it monitors and assesses environmental conditions, (b) it attends to the many stakeholder demands placed on it, and (c) it designs plans and policies to respond to changing conditions. These behaviors are indeed processes for handling information, people and groups, and social issues and events, and, thus, they more accurately reflect what the second part of the CSP model is about. Further, they correspond to three main areas of SIM research: environmental assessment, stakeholder management, and issues management.

Environmental Assessment

Responsiveness is an ecological concept, suggesting organizational survival through adaptation to environmental conditions. A premise of this concept is that firms must know something about the external environment in order to respond or adapt to it (Bourgeois, 1980). To translate corporate social responsibility into managerial action, SIM scholars had to show that the business environment is neither a unitary nor a stable phenomenon—that its components have different origins, processes, configurations, and effects, and that the environment is always changing. Further, they had to demonstrate that the social, political, and legal environments were at least as important to companies as were the economic and technological environments.

Several developments facilitated these tasks. Steiner's (1979) work set the stage for differentiating various noneconomic facets of the business environment. Wilson's (1977) framework for scanning the social, economic, political, and technological environments showed how to begin rational modeling of a complex and confusing environment. The social and political uproar of the 1960s and 1970s at last entered management consciousness as something more than a temporary aberration in an otherwise placid environment (Molitor, 1980). Economists such as Weidenbaum (1981) got across the message that the legal and regulatory environments could be very influential and costly to businesses.

As these points came to be accepted, scholars moved toward developing more sophisticated and rigorous techniques for scanning and analyzing the environment. Researchers such as Fleming (1981) and Fahey and Narayanan (1986) refined environmental assessment techniques and helped to integrate them into the strategic management literature. This information component of responsiveness—knowledge about the environment—could then be used to devise strategies for adapting to the environment or, conversely, changing it. Presumably, better environmental scanning would pay off in better social and financial performance for companies (Newgren, Rasher, LaRoe, & Szabo, 1985); however, the measurement of social performance and its relationship to financial performance has remained an intransigent problem (Cochran & Wood, 1984; Starik & Carroll, 1990).

Stakeholder Management

Freeman's (1984) landmark book on stakeholder analysis provided a convincing discussion of the links between external stakeholders and company functions and a set of preliminary tools for mapping these relationships and their consequences. A great deal of research in SIM is related to the stakeholder management model.

Some researchers have focused directly on the stakeholder management concept itself, expanding and refining it, and making it more theoretically robust and grounded to corporate practice (Gilbert, 1989; Mallott, 1990; Meznar, Chrisman, & Carroll, 1990). Morris, Rehbein, Hosseini, and Armacost (1990) have associated particular kinds of stakeholder management devices (e.g., employee newsletters, public affairs offices, community relations programs) with organizational characteristics such as size, ownership, profitability, and CEO leadership style.

Other researchers have concentrated on how companies manage multiple stakeholder relationships. Some examples include research on public affairs management (Andrews, 1987; Mahon, 1983; Post, Murray, Dickie, & Mahon, 1983); corporate social reporting, focusing on how companies disclose social responsibility information and how various stakeholders make use of it (Dierkes & Berthoin Antal, 1986); and collaborative social problem solving (Austrom & Lad, 1986; Gray, 1989; Logsdon, 1990).

Some scholars have expanded knowledge of stakeholder management processes by working within established theoretical traditions not directly derived from or related to the stakeholder concept. Examples include Mitnick's (1987) efforts to specify dimensions of agent-principal relations and boundary-spanning roles, Getz's (1990) application of agency theory to international corporate political action, Miles's (1987) use of organization theory and strategic management literature to explain corporate social responsiveness, Aram's (1989) article on the paradox of interdependent relations, and Freeman and Gilbert's (1988) work on corporate ethics and strategy.

Still others have studied processes of managing particular stakeholder relationships. In this domain there are many traditional subject areas of business and society and, thus, there is an enormous body of literature (with only a few representative works cited in this article), including research on corporate philanthropy (Pasquero, 1990; Siegfried, McElroy, & Biernot-Fawkes, 1983; Useem, 1988); community relations (Burke, Logsdon, Mitchell, Reiner, & Vogel, 1986); responses to activist pressures (Paul & Duffy, 1988); ethical investing (Massie, 1989; Wokutch, 1982); international stakeholder management (Mahon & Kelley, 1988; Windsor & Preston, 1988); and business-government relations, including corporate political action (Buchholz, 1982; Epstein, 1969; Kelley & Agle, 1990; Maitland, 1983; Marcus, Kaufman, & Beam, 1987; Mitnick, 1980; Stevens, Wartick, & Bagby, 1986; Vogel, 1978; Wood, 1986).

Issues Management

Wartick and Cochran (1985) proposed issues management as the third facet of the CSP model, which they termed *policies developed to address social issues*. In their conceptualization, issues management is further classified as issues identification, issues analysis, and response development. However, because this concept of issues management has taken on rather specific process connotations, because it is not necessarily a policy-oriented concept, and because it is not sufficiently descriptive of the outcomes of corporate social performance, it is better seen as a process of social responsiveness than as the endpoint in the CSP model.

Issues management (IM) is an outgrowth of earlier interest in environmental scanning (Wartick & Rude, 1986). IM involves devising and monitoring internal and external processes for managing a company's responses to social issues (Brown, 1979), with the purpose of "minimizing surprises" (Wartick & Cochran, 1985). In IM the theory of innovation diffusion (also used in concepts such as the product life cycle) is adapted and applied to the development and handling of social issues (Molitor, 1980).

In the 1980s, IM had a strong external orientation and was identified closely with the corporate public affairs function (Post et al., 1983). Other corporate behaviors relevant to issues management that have been studied are crisis management (Srivastava, 1987), corporate political strategy (Bigelow, Fahey, & Mahon, 1990), the cross-cultural dimensions of public issue agendas (Pasquero, 1989), collaborative ventures such as industry self-regulation (Lad, 1985), and public-private partnerships (Waddock, 1986).

Internal processes for responding to social issues also have been of interest to SIM scholars. For example, corporate ethics programs and corporate codes of ethics have been studied, with inconclusive results, to see whether the existence of formal ethical guidelines and decision processes are useful to managers in resolving ethical issues, and whether they result in better corporate social performance (Brenner, 1990; Mathews, 1987). Wartick (1988), further, emphasized the conceptual and practical links between issues management and overall corporate performance.

Contributions of Responsiveness to the CSP Model

Responsiveness contributes an action dimension, a "how to" component, that is needed to complement the normative and motivational concept of corporate social responsibility. The three facets of responsiveness—environmental assessment (context), stakeholder management (actors), and issues management (interests)—are theoretically and pragmatically interlocked. Stakeholders are involved in issues; issues involve stakeholders and their interests; and information about the environment is necessary for responses to be made. Responsiveness provides a conceptual link among these facets and, thus, can help researchers to map how managers and firms act regarding environmental and stakeholder conditions and expectations.

Research Implications of Corporate Social Responsiveness

There is more work to be done to define and understand processes of corporate social responsiveness. Research questions include (a) Domains of response: To what environmental pressures should companies be responsive? How should environmental threats and opportunities be analyzed and prioritized? (b) Modes of response: What philosophy or action orientation does a company bring to its relations with the external environment? How well do responsive actions reflect the firm's values? (c) Vehicles of response:

What methods does a company use to respond to environmental conditions and social demands? (d) Evolution and cycle of response: What managerial processes apply to the development and implementation of responsive programs and policies? What should managers expect as these programs are undertaken? Is there a learning curve of social responsiveness, and, if so, what does it look like? (e) Effectiveness of response: How are responsive actions evaluated, both internally and externally? Whose interests are taken into account to determine effectiveness? (f) Institutionalization of response: How do responsive processes come to be "standard operating procedure" in companies? Under what conditions are they ad hoc, or noninstitutionalized? And what is the relationship between processes of social response and corporate policy?

A very interesting question concerns the variability of response modes that can occur within a single company. Recent work has shown that companies will use different response modes at different times and for different issues, and they may even display a variety of modes at once, depending on the situation (e.g., Marcus et al., 1987; Mitnick, 1981; Wood, 1986). The conditions under which a single company will choose a variety of responsive modes deserves further study.

Another question is that of the top-down implementation pattern that is explicit in Ackerman's (1975) work and rampant in SIM research. If researchers want to know how companies respond to social demands, they ask top executives, preferably CEOs. Epstein's (1987) corporate social policy process model focuses on top management, as does the work of Miles (1987). Yet Berthoin Antal (1990) has shown that social responsiveness need not originate at the top-management level, and Collins (1990), in his research on gain sharing, demonstrated the value of "bottom-up" ideas. More research is needed on the conditions favoring top-down, bottom-up, and lateral approaches to social responsiveness and, in particular, on the role of organizational culture in mediating the transmission of ideas, support, information, and resources relevant to social responsiveness.

Finally, Freeman (1989) observed that in the SIM field the researcher intends to be a critical, objective observer of corporate behavior and business-society relationships. If this is so, then it is necessary to ask more difficult questions about the relationship between responsibility and responsiveness. One of the major attractions of the CSP model is its ability to sever the implicit identity of these two concepts and to construct a variable relationship between them, so that, for example, a politically active firm could be seen as responsive to social issues, but not necessarily therefore as socially responsible. Researchers on the links between responsibility and responsiveness would inquire, for example, into socially responsive processes and practices that were undertaken with the intent either to manipulate or deceive stakeholders or to aggrandize the firm's self-interest at the expense of stakeholders. Researchers could focus on means of distinguishing principled and unprincipled actions as well as the specific principles driving various responsive actions. The relationship between corporate public image and the firm's responsibility/responsiveness profile would also bear investigation.

OUTCOMES: SOCIAL IMPACTS, PROGRAMS, AND POLICIES

The outcomes of corporate behavior are of direct and obvious interest in the assessment of corporate social performance. According to this third facet of the CSP model—policies, programs, and observable outcomes as they relate to the firm's societal relationships—outcomes are divided into three types: the social impacts of corporate behavior, regardless of the motivation for such behavior or the process by which it occurs; the programs companies use to implement responsibility and/or responsiveness; and the policies developed by companies to handle social issues and stakeholder interests.

Social Impacts of Corporate Behavior

In considering these outcomes, a cycle is completed as the problems and issues that motivated research in corporate social performance in the first place are addressed again. Early proponents of corporate social responsibility focused attention on factory disasters, oil spills, toxic wastes, harmful products, illegal payments to politicians, improper testing, and similar negative social impacts of business behavior. Early detractors from CSR focused on the provision of jobs, needed and desired goods and services, wealth creation, payment of taxes, technological innovation, and other similar beneficial social impacts of business behavior.

A great deal has been written about business's social impacts, but more empirical research is needed in this area. Some economists have analyzed business's social impacts using econometric models (Weidenbaum, 1981), which tend to show that free-market solutions to social problems are most efficient. Other economists (e.g., Rose, 1970) have tackled the difficult problem of assessing social intangibles such as the beauty of a wilderness area or the measurable costs of air pollution. Much of the research on business's social impacts has been accomplished in the area of corporate social reporting (Blake, Frederick, & Myers, 1976; Dierkes & Berthoin Antal, 1986), with special attention paid to assessment devices such as social indicators, goal reporting and accounting, and the social balance sheet. Although this significant area of research unfortunately has languished in recent years, it should be revived to help give substance to the evaluation of corporate social performance.

If corporate social performance becomes in any fashion something distinct from other (i.e., "business" or "real") corporate performance, then it loses its viability as a way of understanding business-society relationships. Using the concept of social impacts helps to avoid this improper segmentation of social and business behaviors.

Corporate Social Programs and Policy

Having acknowledged that everything a firm does has some social impact and thus is relevant to corporate social performance, a conceptual move can be made to the outcomes of actions the firm undertakes explicitly to manage its social impacts. These actions include the investment of resources in social programs to achieve specified ends and the establishment of social policy to institutionalize socially responsible motives and socially responsive processes.

Those who adopt corporate social programs seek to meet particular needs or ends through the investment of resources in some course of action seen by the company as socially desirable. Such programs may be one-shot ventures (e.g., the Coca Cola Company's sponsorship of the Hands-Across-America fund-raiser), longer term but still time-specific projects such as a cause-related marketing campaign, or institutionalized features of corporate structure and culture (e.g., youth apprenticeship programs in German companies).

Corporate social policy emerges in organizations to guide decision making (a) in areas where problems recur, so that effort need not be wasted on reflection and analysis in routine matters and (b) in areas of great interest or importance to the organization, so that threats or opportunities in these areas can be handled more effectively. Speaking ideally, a comprehensive corporate social policy, fully institutionalized and operational, would be the logical final outcome of corporate behavior motivated by principles of responsibility and occurring through socially responsive processes. Speaking practically, corporate social policy has to do with the incorporation of social issues and impacts anywhere within the body of company policy, formal or informal, whether or not institutionalized or operational. In the difference between the ideal and the practical, crucial research questions await answers.

First, consider the ideal case. Corporate social policy, when linked to the principles of social responsibility, has the following three corresponding objectives: (a) *institutional*—to uphold the legitimacy of business in society, (b) *organizational*—to improve the firm's adaptability and fit with its environment, and (c) *moral/ethical*—to create a culture of ethical choice, which will support and encourage individual actors to exercise the options available to them in the fulfillment of corporate social responsibilities. Some possible programmatic outcomes of these ideal links between responsibility and policy are shown in Table 3, which is built on the assumption (which itself remains an empirical question) that the CSR principles are hierarchical. Ideally, corporate social policy and programs would encompass fulfillment of all three objectives across all domains of the firm's operations and behaviors.

Now consider the more practical situation of incomplete adherence to social responsibility principles and sketchy outputs of social policy and programs. First, retaining the assumption that the principles are hierarchical, company management may truly believe itself to be acting responsibly by fulfilling only those duties noted in the economic/institutional cell, but such a company would be judged by stakeholders as irresponsible, because of lack of attention to noneconomic domains and to firm-level and individual-

TABLE 3
Corporate Social Policy: Sample Outcomes of Acting on CSR Principles Within CSR Domains

	CSR PRINCIPLES		
Domains	Social Legitimacy (Institutional)	Public Responsibility (Organizational)	Managerial Discretion (Individual)
Economic	Produce goods & services, provide jobs, create wealth for shareholders.	Price goods & services to reflect true production costs by incorporating all externalities.	Produce ecologically sound products, use low-polluting technologies, cut costs with recycling.
Legal	Obey laws and regulations. Don't lobby for or expect privileged positions in public policy.	Work for public policies representing enlightened self-interest.	Take advantage of regulatory requirements to innovate in products or technologies.
Ethical	Follow fundamental ethical principles (e.g., honesty in product labeling).	Provide full and accurate product use information, to enhance user safety beyond legal requirements.	Target product use information to specific markets (e.g., children, foreign speakers) and promote as a product advantage.
Discretionary	Act as a good citizen in all matters beyond law and ethical rules. Return a portion of revenues to the community.	Invest the firm's charitable resources in social problems related to the firm's primary and secondary involvements with society.	Choose charitable investments that actually pay off in social problem solving (i.e., apply an effectiveness criterion).

level considerations. Or, as another example, a firm might fulfill the criteria for business legitimacy and its own public responsibilities in all domains, but it could fail to provide a culture that supports individual ethical reflection and decision making, thus leaving it open to crises that might be prevented or mitigated by such reflection.

Next, abandoning the assumption that the principles are hierarchical gives us a different theoretical picture of relationships between CSR principles and social policies and programs. For example, a company that is supportive of managerial discretion and economic legitimacy but is not supportive of public responsibility or the remaining domains of legitimacy might well be a deviant or criminal organization, as in "our heroin operation supplies jobs, creates wealth, and keeps the customers happy, and our managers are devoted to maintaining a productive sales force." As another example, consider an organizational culture that is supportive of managerial discretion but has no motivation to meet broad legitimacy or public responsibility dimensions. Such a company might permit the emergence of "ethical demagogues," managers who rule their work areas according to their own rules of ethics (perhaps based on racism, sexism, religious bigotry, or xenophobia) as long as they meet headquarters' objectives. Alternatively, an organization that emphasizes managerial discretion might permit a manager to quietly build programs and policies that, over time, could move the entire firm closer to conformity with all three CSR principles. This would be an example of a bottom-up or sideways-out change in a firm's approach to its social performance.

Contributions of Social Outcomes to the CSP Model

This third part of the CSP model, social outcomes, is the only portion that is actually observable and open to assessment. Arguably, this aspect of corporate social performance is the only place in the CSP model where any real performance exists. Motivations are not observable, and processes are observable only by inference. Social impacts of policies, programs, and operations, however, are those visible aspects of CSP on which the company's motives will be judged, its use of responsive processes assessed, and its overall performance determined by stakeholders.

Research Implications of Social Outcomes

Some pressing research questions have already been noted: the need for further methodological and conceptual developments to measure and evaluate the social impacts of business activities, the need for a revitalization of corporate social reporting as an area of study, the need to discover whether motivating principles can be empirically linked to policy and program outcomes. Beyond these, new questions arise when corporate social performance is conceptualized as a three-way interaction of motivating principles, behavioral processes, and observable outcomes.

Institutionalization. Questions of institutionalization can be dealt with better in the tripartite CSP framework than in a straight social policy context, as Epstein (1987) attempted. For example, the idea of institutionalizing corporate social policy has to some extent been idealized in SIM literature, as though such policy were necessarily "good" as well as "effective." This idea disconnects policy from principles and processes, making it possible for firms to be assessed as having good social performance because they have formal social policies, whether or not these policies are motivated by principles of responsibility and, even more important, whether or not these policies are ever reflected in organizational and managerial action. Additionally, the existence of a socially responsible program at any particular time does not explain whether it has been institutionalized, and it would be worth investigating the structural, cultural, and interpersonal conditions under which institutionalization does or does not occur.

Further, Berthoin Antal (1990) and Andrews (1987) pointed out that institutionalizing some corporate program or policy does not necessarily imply that CSR itself has been institutionalized, or that better corporate social performance will result. That is, having a program or policy in place, which will itself be seen as a good social performance outcome, does not guarantee that the "downstream" outcomes also will be socially responsible or desirable. For example, going back to Table 3, it is conceivable that targeting voluntary product information to specific market segments, as is suggested in the ethical/discretion cell in the table, could result in just the behavior the company is trying to prevent (e.g., "Don't try to get high by inhaling this product!"). Thus, more research is needed on the relationship between existing social programs and policies and their downstream unintended consequences, as well as on the ways in which managers incorporate these possibilities into their planning and actions.

If they use the CSP framework, researchers are in a better position to look for "bad-faith" social policies and LIFO social programs, as well as opposite (but perhaps equally politically tricky) findings, such as good social impacts with no identifiable social policy or programs, or good policy and programs but bad impacts. Further, researchers can pursue the variables of organizational structure and culture that facilitate or hinder certain relationships among the CSP components. (It is essential to remember here that *good* and *bad* refer to value-based content derived from the context of the situation under study, not from a priori or universal assessments.)

Stakeholder perspectives. A second interesting set of questions concerns the perspectives of stakeholders on corporate social performance. Stakeholders are likely to evaluate CSP differently, depending not only on their own interests, but also on their understanding and acceptance of social responsibility principles and their relationship to corporate social performance. If it is posited that companies and managers can be motivated by one or two, but not all, CSR principles, the same could be said of stakeholders who assess CSP on the basis of one or two principles. For example, an owner-stakeholder who is motivated by the principle of legitimacy, but not the principle of public responsibility or managerial discretion, may be noncomprehending, puzzled, annoyed, even outraged upon observing what he or she considers to be "excessive" social policies and programs of a firm motivated by all three principles.

Ideological positions of stakeholders will also differ, as will their value structures. Some British scholars of corporate social responsibility, for example, note that American writers on the same subject tend to shy away from ideological discussions of capitalism itself, focusing instead on individual firm behavior (Harvey, Smith, & Wilkinson, 1984). On the question of value differences, Frederick and Weber (1987) compared the value structures of corporate managers and social activists, but this remains a vastly understudied subject. Further research is needed to determine the extent and nature of value and ideological differences among corporate stakeholders as well as the effects of such differences on stakeholder assessments of CSP.

CONCLUSION

Earlier work on the corporate performance model showed how the CSP concept could reestablish the broken link between social responsibility and social responsiveness, thus allowing CSP to serve as a central organizing concept for research and theory in business and society. This article's reformulation of the CSP model offers several conceptual advances: (a) The articulation of three principles of social responsibility at the institutional, organizational, and individual levels clarifies the long-standing debate over social responsibility and emphasizes that principles motivate human and organizational behavior. (b) The identification of specific responsive processes—environmental assessment, stakeholder management, and issues management—shows the channels through which companies act out their involvements with the external environment. (c) Incorporating social impacts, policies, and programs as the collective outputs of a company's environmental interactions removes CSP from the category of wishful thinking and allows more pragmatic assessments to be made. (d) Links among the three facets of the CSP model are made explicit, generating new understandings of business-society relationships as well as important new research questions. The CSP model now gives management researchers a more useful framework, or template, for organizing their research and theory on corporate social performance.

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