Corporate social responsibility: the 3C-SR model

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Abstract

Purpose – To develop a model that bridges the gap between CSR definitions and strategy and offers guidance to managers on how to connect socially committed organisations with the growing numbers of ethically aware consumers to simultaneously achieve economic and social objectives.

Design/methodology/approach – This paper offers a critical evaluation of the theoretical foundations of corporate responsibility (CR) and proposes a new strategic approach to CR, which seeks to overcome the limitations of normative definitions. To address this perceived issue, the authors propose a new processual model of CR, which they refer to as the 3C-SR model.

Findings – The 3C-SR model can offer practical guidelines to managers on how to connect with the growing numbers of ethically aware consumers to simultaneously achieve economic and social objectives. It is argued that many of the redefinitions of CR for a contemporary audience are normative exhortations ("calls to arms") that fail to provide managers with the conceptual resources to move from "ought" to "how".

Originality/value – The 3C-SR model offers a novel approach to CR in so far as it addresses strategy, operations and markets in a single framework.

Keywords Corporate social responsibility, Social capital, Corporate strategy

Paper type Conceptual paper

Introduction

Business in society scholars have developed many theoretical frameworks intended to map and measure business organisations' roles and impacts in civil society. However, over 50 years since Bowen (1953) published his seminal *Social Responsibilities of the Businessman*, management practitioners in general still prefer the narrower economic orientation of the Chicago School to a broader acceptance of social responsibilities. Why does this view persist in the face of overwhelming evidence that its associated externalities present clear and present dangers to society? In this paper, the authors argue that adoption of corporate responsibility (CR) in the commercial world has been limited, to those areas offering economic gains, because scholars have not provided adequate conceptual resources to help managers integrate other aspects of CR into their corporate strategies and operations.

To support this claim we first evaluate several well-known models of CR to establish the overriding focus on definition, scope and measurement (at the expense of implementation). This will establish the paucity of conceptual tools with which to realise a strategic, operational and market relevant approach to CR. We will then outline a processual model of CR that we term the 3C-SR model and explain how it may help bridge the gap between academic exhortation and practitioner actionability. Finally, we offer some initial ideas on how the model can be implemented to deliver a competitive strategy built on social resources that offers triple bottom line benefits.

Literature review
Leading scholars in the "business in society" field periodically bemoan the lack of consensus regarding terminology and structural frameworks for discussing and evaluating what, for need of a term, we will call "corporate social performance". A few examples from the past 30 years illustrate the point:

> The phrase *corporate social responsibility* has been used in so many different contexts that it has lost all meaning. Devoid of internal structure and content, it has come to mean all things to all people (Sethi, 1975, p. 58).

> Although milestones toward a theory of corporate social performance can be identified … 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 (Wood, 1991, p. 691).

> The array of terminology that has been used over the years in the development of what is now broadly called corporate citizenship, or corporate responsibility, highlights some of the confusion in determining the progress of corporate citizenship (Waddock, 2004, p. 5).

Waddock (2004) illustrates the dilemma by cataloguing the terminology and ideas currently in use:

(1) Corporate social responsibility (CSR-CSR1):
  - corporate social responsiveness (CSR2);
  - carroll's pyramid of CRs;
  - corporate social rectitude/ethics (CSR3); and
  - corporate social religion (CSR4).

(2) Corporate social performance (CSP).

(3) Alternative CSR3s:
  - corporate social relationships; and
  - corporate social reputation.

(4) Corporate responsibility.

(5) Stakeholder approach/theory:
  - instrumental, descriptive, normative, narrative;
  - stakeholder management;
  - stakeholder relationships; and
  - stakeholder engagement.

(6) Business ethics and values, including nature-based values:
  - economizing;
  - power aggrandizing;
  - ecologizing; and
  - attunement.

(7) Boundary-spanning functions including:
  - issues management;
  - public affairs;

- employee relations;
- investor relations;
- public relations;
- customer relations;
- supplier relations;
- corporate community relations (CCR); and
- etc.
(8) Corporate community involvement (CCI).
(9) Corporate citizenship (CC):
    - business citizenship.

Waddock (2004) argues this situation persists, in part, because distinct management disciplines exist in parallel universes thus partly negating integration of the theoretical advances to date. Similarly, the academy and the world of management practice exist in parallel universes with limited (though noteworthy) crossover where business in society debates are concerned (Waddock, 2004).

While accepting paradigm incommensurability as a contributory factor, this alone does not explain the ongoing failure of advocates of CR to establish what are clearly pressing social issues high on the agendas of the corporations whose practices they derive from. This paper explores another important contributory factor. We contend the lack of corporate buy-in is as much to do with the academy failing to provide frameworks that go beyond defining CR than a lack of will (though this too is a factor as will be illustrated later). To illustrate this point we now review the three key perspectives in the CR literature via their most prominent frameworks.

Corporate social responsibility
Definitional issues regarding "corporate social responsibility" (CSR) have remained an area of deliberation from the concepts very beginnings. Early models of CSR emerged in the 1960s and typically held the "social" aspect of CSR as referring directly to those responsibilities above and beyond economic and legal obligations (Carroll, 1979; Waddock, 2004; Matten and Crane, 2005). Thus, for many, CSR was and still is synonymous with voluntary and philanthropic acts by business organisations designed to alleviate social ills or benefit a disadvantaged group chosen by the corporation's managers.

Carroll's "pyramid of corporate social responsibility" is perhaps the most famous example of the early models. This model's graphical representation implied a hierarchy of responsibilities moving from economic and legal through to more socially oriented ones of ethical and philanthropic responsibilities (Carroll, 1991). Acknowledging the problems inherent in the visual representation of this schema as an implicit hierarchy, Schwarz and Carroll (2003) have replaced the pyramid with a Venn diagram and also abandoned the philanthropic category as not justifiable as a "social responsibility" due to its discretionary nature. This latter revision updates the model to correspond more closely to contemporary notions of CSR as integral to (rather than imposed upon) the business system and exemplified in concepts such as the triple bottom line and social auditing.

Another key dimension of early models was an emphasis on "responsibility" or obligation. For early revisionists in the 1970s, this was too static a notion of CSR. They argued for a more proactive and dynamic orientation, which required organisations to not only meet the expectations of a civil society to secure their legitimacy, but also to anticipate and promote desirable changes in business-society relationships. This changed emphasis became associated with the term "social responsiveness" and is most famously articulated in Sethi's three state schemas for corporate behaviour as "social obligation", "social responsibility" and "social responsiveness" (Sethi, 1975).

Waddock (2004) traces the source of this shift to two key works published in the mid-1970s. The work of Preston and Post (1975) emphasized the organisation's wider engagement in shaping and delivering public policy commitments. By contrast, Ackerman and Bauer (1976) stressed the development of internal management processes for effecting social responsiveness by making the organisation more flexible in responding to external change in the social environment.

These early models of CSR (often termed CSR1 and, when "responsiveness" is emphasised, CSR2) are normative and descriptive in nature. They singularly fail to provide any tools or guidance on how to operationalise the responsibilities they would have managers embrace. Ackerman and Bauer acknowledge as much when they state:

> Responding to social demands is much more than deciding what to do. There remains the management task of doing what one has decided to do, and this task is far from trivial (quoted in Carroll, 1979).

Corporate social performance

The "corporate social performance" (CSP) model, as extended by Wood (1991), offered conceptual synthesis of existing developments, in an attempt to allow academics to locate CSR concepts within a broader overall understanding. However, the primary aim of the CSP model is to address Ackerman and Bauer's concerns by focusing attention on outcomes: "the term *performance* speaks of actions and outcomes, not of interaction and integration" (Wood, 1991, p. 692)

Building on an earlier attempt to devise an integrated CSP model by Wartick and Cochran (1985) – itself with foundations in Carroll's (1979) work cited above – Wood (1991) suggests a CSP model consisting of three interacting elements in the form of principles of CSR, processes of corporate social responsiveness and outcomes of corporate behaviour. It is the focus on "social responsiveness" that is seen as the key to breaking the perceived definitional impasse and achieving action.

In discussing each element of the model, Wood (1991) skilfully integrates various theoretical perspectives into a coherent model of CSP. A brief exposition follows.

The "principles" of corporate social responsibility operate at three levels; institutional, organisational and individual. These derive from earlier work on social legitimacy (Davis, 1973), responsibility for organisational outcomes/impacts (Preston and Post, 1975), and managerial discretion exercised by individual "moral actors" in the manner of Carroll's discretionary responsibilities (Carroll, 1979), respectively.

By "processes of corporate social responsiveness", Wood means the processes by which the organisation identifies and frames responses to threats and opportunities

presented by environmental factors and the managerial processes that generate internal coping mechanisms. Specifically, context includes environmental factors (think, PESTEL, DEPICTS, etc.), stakeholder demands and *ad hoc* "issues" relating to public relations, crises, political lobbying, etc. Internal coping mechanisms take the form of internal policies, codes of conduct, ethics and values, etc.

The outcome of corporate behaviour is the only observable and assessable element of the model, and is designed in conjunction with the principles and processes allowing for improved pragmatic assessment of social impacts, programmes and policies.

Although the corporate social performance model does integrate much of the earlier work into a coherent model for assessing an organisations social responsibility standing, it does not fully consider the significance of stakeholder impacts (Waddock, 2004).

Wood's (1991) model is adapted by McAdam and Leonard (2003), to incorporate the corporate social responsibility aspects within the business excellence model (BEM-EFQM, 2002). Their desire is for corporate social responsibility to be incorporated within established TQM systems as a tactic to advance understanding and acceptance of a more ethically anchored approach to quality management. The authors claim TQM has a foundation similar to that of corporate social responsibility, in that they both have "ethical anchors" consistent with the previously discussed work of Wood (1991). While arguing for this ethically grounded conception of a TQM/CSR orientation, McAdam and Leonard acknowledge that for many organisations the more defensive "instrumentalist perspective" is also prevalent whereby organisations embrace CSR to maintain a positive corporate reputation and social legitimacy.

While Wood's (1991) model represents a significant piece of scholarship, it nevertheless failed to address the needs of practicing managers charged with implementing CSR/CSP programmes and, crucially, measuring their impacts. This is not unexpected. As Waddock (2004, p. 20) notes: "The framework was primarily intended to advance theory and research in the field rather than to influence practice." The CSP model thus offers greater theoretical integration and more emphasis on strategic and processual considerations but little guidance on how to actually develop appropriate strategies and instruments for realising its stated aims.

Corporate citizenship

The term CC is a relatively new concept in the discourse surrounding business-society relations. Its usage and meaning has been promulgated more by practitioners than scholars. Indeed, many scholars early use of the term was as a restricted notion of philanthropy (Carroll, 1991). Matten and Crane (2005) characterise this as the "limited view of CC". Alternatively, scholars have viewed CC as the latest catchall term to cover business-society relations (Carroll, 1998; Waddock, 2004). Matten and Crane (2005) terms this interpretation the "equivalent view of CC".

By contrast, Matten and Crane (2005) argue that CC is a specific construct that sheds new light on the role of business in society via its emphasis on the more politically derived concept of citizenship. In arguing for an "extended theoretical conceptualization of corporate citizenship" they draw upon the "dominant liberal understanding of citizenship", defining it as a set of rights vested in individuals. Following Marshall (1965) (cited in Matten and Crane, 2005), they classify these rights as social, civil and political.

CC, as they define it, is seen as addressing the eroding effects of globalization on the role of nation states as guardians of individual rights through their loss of control over the economic, social and political domains of civil society. It is at this juncture where non-public bodies such as business organisations (and supra-national institutions such as the EU) are supplementing the traditional guarantors of citizenship as providers of social rights, enablers of civil rights and as a channel for political rights. As they summarize it: "corporations" and "citizenship" come together in modern society at the point where the state ceases to be the only guarantor of citizenship (Matten and Crane, 2005, p. 171).

Waddock (2004, p. 32), in a bid to bridge what she sees as the parallel universes of academia and management practice, suggests two "essential elements for making corporate citizenship real". First, internal "Responsibility Management Systems," acknowledging the importance of stakeholder involvement and environmental consideration. Second, external "Responsibility Assurance Systems," using globally accepted principles endorsed by credible organisations to produce externally verifiable triple bottom line accounts. She cites the Global Reporting Initiative (GRI), AA1000, SA8000 and ISO14000 as moves in the right direction in terms of the desired management systems. Similarly, the principles promoted by the Global Compact, the Sullivan Principles, OECD Guidelines on MNCs, ILO Conventions, etc. also offer potential for a synthesized and integrated set of principles. However, neither currently offers the necessary integration and holistic perspective required by her two part system.

Unfortunately, Waddock (2004) offers no practical advice on how to develop the desired components she identifies as crucial to the success of CC. Thus, leaving us, like many before, with a new framework with a lack of attention to the organisational realities associated with implementation.

The 3C-SR model – competitive advantage through "social resources"

The primary reason for the limited take up of CR is that business in society scholars have typically presented CR as either in opposition to the profit motive or, at least, an adjunct to it. Casting CR as an add-on to existing methods of conducting business (a trap set by Friedman, 1971) rather than as a strategy for achieving profits, at worst, suggests it is viable to ignore these demands, and may also antagonise practitioners who, consequently, resist demands for change. In this regard business in society scholars can learn much from the strategies employed by management gurus seeking to promote the latest management ideas. Habituation of the latest fad using familiar language and schema that encourage evolution through adapting existing practices seems more palatable than outright philosophical attack and confrontation.

It is our view that CR can equally well be framed as a competitive resource and habituated to the normal processes of strategy development and measurement (albeit with broadened reference points) that are so well embedded in many leading organisations. In this way CR becomes a means to, rather than drain on, business success (measured in terms of the triple bottom line). To illustrate this argument we offer the concept of "social resources" and suggest a model that integrates previous perspectives on CR into a strategy to implement a CC orientation.

Social resources are made up of three inter-related components whose simultaneous presence underwrites the credibility of a product/service offer targeted

at the "ethical consumer". The model is shown in Figure 1 and explained in detail below. Components of the model are:

- ethical and social *commitments*;
- *connections* with partners in the value network; and
- *consistency* of behaviour over time to build trust.

These latter two elements refer to the space and time dimensions of the model and are very closely inter-related. In practice, it is impossible to separate the three elements of the 3C-SR model and claim to be a "good corporate citizen".

Ethical and social commitments
Ethical and social commitments represent the values element of social resources. They comprise the ethical standards and social objectives the organisation subscribes to and are manifested in its mission, strategic objectives, strategy programmes, organisational policies and corporate culture. These commitments should be broadly based to encompass the legal, economic and ethical dimensions of Schwarz and Carroll (2003) as well as the rights associated with citizenship suggested by
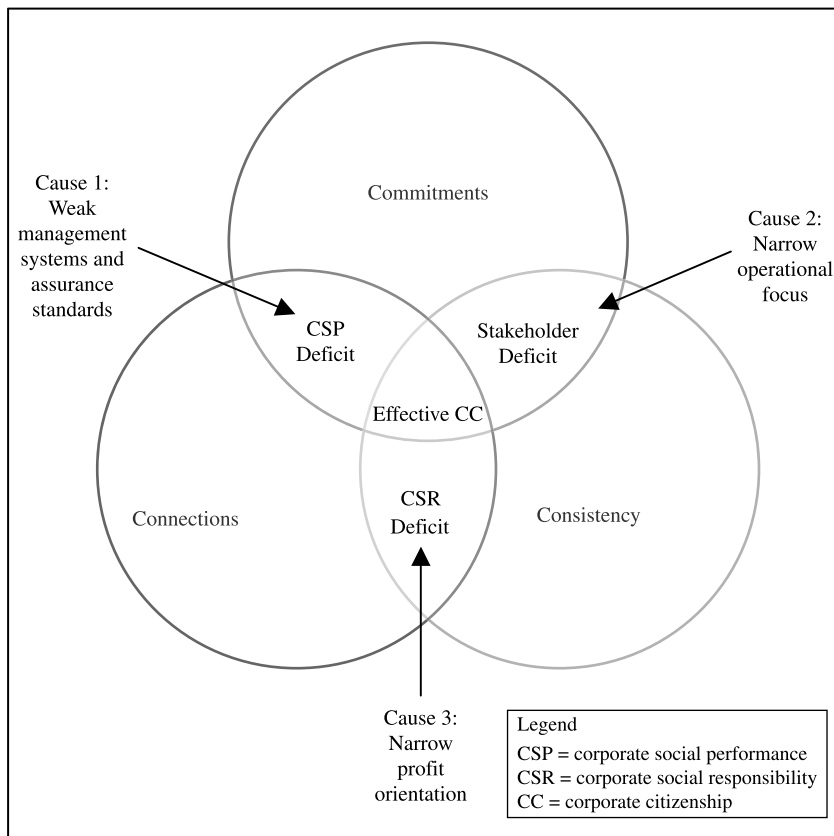
Figure 1.
The 3C-SR model

Matten and Crane (2005). The societal validity of such commitments will be greater where they align with emerging (but, as yet, not globally accepted) external frameworks for ethical and social values. For example, candidates for such verification would currently include: the UN's Global Compact; the Global Reporting Initiative; Account Ability's AA1000; Social Accountability International's SA8000; OECD Principles for MNCs, and (more specifically) Fair Trade Labelling Organisation (FLO) Standards.

When organisation-wide commitment to robust ethical standards is deficient, due to a consistent focus on short-term profits across the value network, corporate legitimacy will likely decline. This can occur for two reasons. Firstly, as a reputation for narrow self-interest develops, consumers will vote with their spending. The internet and growing corporate activism serve to highlight those companies who lack the strategic approach to CR needed to maintain long-term legitimacy. Witness the online chorus of disapproval of supermarket retailers, corporate intrusions into schools and universities, corporate manipulation of news media, exploitation of workers in apparel sweatshops, etc. Secondly, other firms participating in the supply chain will, wherever practical, seek other contracts where economic returns are more favourable and relationships mutually respectful.

Toy makers Mattel and Hasbro tried and failed to resist the shift to improved ethical standards in their industry. The voluntary code of business practices (COBP) developed by the International Council of Toy Industries (ICTI) in 1996, had been accepted by some 150 European and US toy manufacturers. Like many codes of practice, COBP embodies the ILO labour standards and reflects the OECD guidelines for multinationals. However, industry leaders Mattel and Hasbro had resisted the strictures of the code until both acquiesced in 2004. Their legitimacy within their own industry was being called into question, forcing them to concede and adopt improved commitments on pay, working hours, health and safety, training and a range of other supplier related issues. Mattel in particular is now hoping to reduce persistent criticism of practices in its supply chain. Both companies recognise the damage to their businesses of failing to embrace externally agreed social commitments and hope for greater credibility from their acceptance of the code of practice.

While the code of practice developed by ICTI is a step forward, it is not as rigorously audited as schemes such as SA8000 and AS1000. Pioneers in the area of social business models such as Café Direct, the Day Chocolate Company and Coop Italia all prefer to use independently audited standards as a measure of their commitment to transparency and ethically defensible practices.

Connections with partners in the value network

Normann and Ramirez (1993, p. 69) argue, "value occurs not in sequential chains but in complex constellations". They point out that "value" in a business network results from a:

> ... *value creating system,* within which different economic actors – suppliers, business partners, allies, customers – work together to *co-produce* value. Their key strategic task is the *reconfiguration* of roles and relationships among this constellation of actors in order to mobilize the creation of value in new forms by new players. And their underlying strategic goal is to create an ever-improving fit between competencies and customers (Normann and Ramirez, 1993, p. 66) (Italics in original).

It follows from this contemporary approach to "value" creation that any commitment to a socially oriented business model is doomed to failure if a strategic approach across the value constellation is not embraced.

The structure of relationships within the value network is the means through which a joint implementation of a socially oriented value network is achieved. We refer to these structural elements of social resources as value connections. This implies a stakeholder approach to ensure mutuality of interests and uniform commitment to shared values across the value network. Thus, upstream and downstream partnerships are required rather than a narrow operational focus on an organisation's own short-term efficiency and profits.

The other organisations any individual organisation chooses to contract or associate with, and the nature of those relationships, is key to its perceived credibility. For example, a commitment to Fairtrade entails non-exploitative relationships with suppliers and adherence to equitable labour relations, which in turn is central to the organisations credibility in the eyes of ethically aware consumers. The integrity of this structure of relationships is only as strong as the commitment of the weakest member.

Where an individual organisation espouses a commitment to particular social values, but fails to work towards their dissemination within the wider value network a stakeholder deficit will exist. That is to say, the organisation will be perceived as acting narrowly to protect its own reputation by deploying internal policies and communications to engender the perception of a social orientation without acting to realise that commitment across its wider business activities. Such an approach is common and belies a cynical reputation management strategy rather than a real commitment.

The case of WalMart illustrates this situation. Multi-stakeholder Initiatives (MSIs) such as the Ethical Trading Initiative (ETI) in the UK and Fair Labour Association (FLA) in the USA, covering sectors such as consumer goods, footwear and apparel have received much support from NGOs, trade unions, the United Nations and other concerned groups. However, WalMart has been steadfast in its reluctance to engage with such MSIs preferring instead the less restrictive standards of their internal WalMart Certification System. Consequently, the company has been heavily criticised for its failure to embrace more socially acceptable labour practices (at home in the USA as well as among its overseas suppliers). As Bavaria (2005) has observed: "For years, Wal-Marts business model has seemed to be about reducing costs at all costs, whatever the social and environmental consequences". The scale of this criticism and the energy activists are putting into the effort to highlight Wal-Mart's poor practices is evidenced by the results of a simple Google search of the company's name. A majority of the sites in the results represent dissenting voices or groups pursuing legal actions for labour rights violations. Whilst Wal-Mart's packed stores may enable it to resist this criticism, their CSR deficit will not be sustainable over the long term in the face of shifting consumer attitudes towards CR.

By contrast, Bologna-based services group Coop Italia, has wholeheartedly embraced Social Accountability International's SA8000 standards for its entire business network. Coop Italia is a group of cooperatives with interests in banking, insurance and retail (where it provides purchasing, marketing and quality management services to members of Italy's cooperative movement). Retail suppliers are carefully evaluated prior to the issue of contracts and once incorporated into the

value network are given access to an interactive (web-based) management system and encouraged to develop their own CSR management systems to ensure compliance to the SA800 standards across the value network. Suppliers (or stakeholders as Coop Italia prefers) who violate the standards are supported with intensive training to ensure they eliminate undesirable practices.

Consistency of behaviour

Consistency refers to the behavioural element of social resources over time and across all facets of an organisations operation. Adherence to stated values and careful selection (and development) of business partners, who have matched social commitments, is the litmus test of an organisation's own credibility. Failure to "walk the talk" is a common source of criticism of many companies claiming to be socially responsible. Consumers are adept at seeing through a veneer of credibility and demand long-term consistency of behaviour from organisations purporting to be socially responsible. Lafferty *et al.* (2002) point to a growing body of evidence strongly supporting the view that positive corporate image is positively correlated to purchase intention and that consumers discriminate between firms and their product/service offerings.

Doherty and Meehan (2004) stress that this research has significant implications, not only for how a company interacts with its customers, but also for the behavioural standards reflected in internal policies, upstream relationships with suppliers and the governance structures of the firm. Hence, development of social resources requires organisations to take a holistic or strategic view of their values and the management policies they underpin. This in turn implies consistent adherence to externally recognised and accredited standards. Failure to consistently behave in line with the stated value commitments, using externally assured social auditing systems, will result in the kind of corporate social performance deficit highlighted by Wood (1991). That is to say espousing social commitments within ones own organisation and promulgating codes of conduct across the value network will be seen as a public relations strategy if not seen to direct behaviour (action in Wood's model) over time.

Ethical and social commitments developed across a value network comprising business partners sharing these commitments, are thus necessary but not sufficient conditions for the development of social resources. Continually demonstrating that all facets of the network reflect these commitments are also necessary. In the "network" economy consumers are not only savvy about product market offerings, they are switched on to a wider set of business performance metrics of a social and ethical nature. Consequently, securing consumer purchases involves more than price-quality relationships. It requires long-term consistency and credibility of the value network.

Inconsistencies in social performance naturally attract critical attention. While companies frequently argue that such inconsistencies are a product of a gradual roll-out of a new policy commitment it may be more likely that these inconsistencies reflect the fact that firms locate operations to exploit local economic conditions to ensure cheap supplies, rather than making a consistent commitment to credible international standards of operation (irrespective of local conditions). Nike illustrates the point. At the same time as it is expanding its worker empowerment programmes in China, it is simultaneously shifting supply from Indonesia because labour costs have gotten too high following the introduction of such policies to empower workers.

Many consumers place primary emphasis on company social performance in deciding whom to favour with their spending. Environics International's Corporate Social Responsibility Monitor 2001 (a survey of 26,000 people across 20 countries) found that CSR-related factors accounted for 49 per cent of a company's image while brands and financial management accounted for only 35 and 10 per cent, respectively , (Environics International, 2001).

It follows that any strategy seeking competitive advantage by leveraging social resources will not succeed unless those resources are the product of a coherent and sustained commitment to widely accredited socially oriented business practices. It is this consistency in action or behaviour that proponents of the CSP approach to CR maintain is essential (Wood, 1991). Failure to maintain this performance focus will therefore result in a CSP deficit unless robust management systems are put in place to bring about the required behaviours that ensure consistent achievement of stated commitments (Figure 1).

GAP Inc. has made much of its efforts to reduce persistent criticism of its use of sweatshops. In 2003 its first social responsibility report received a mixed reception. One of the main areas of criticism was that, for all of its positive statements about workers and their contribution to GAPs success, trade union involvement in its factories was conspicuously absent. The 2003 social responsibility report contains just one reference to trade unions (in a glossary explaining the composition of the ETI). By contrast, the 2004 report contains 14 references to trade unions. In every case though, the reference is to trade union participation in various multi-stakeholder consultation processes rather than their activity as recognised labour representatives in GAP factories. GAP claims to be socially responsible, and cites GRI external standards as guiding benchmark standards, while seeming to ignore inconvenient elements of the social responsibility metrics of the GRI standards such as trade union recognition.

GAP Inc's persistent exclusion of trade union recognition (i.e. recorded as "Not reported" in its 2004 CSR Report), from its social performance audits, suggests an instrumentalism to GAPs approach: wanting to reduce the damage to its reputation without fundamentally changing its labour relations economically. This lack of consistency in its behaviour – adopting low cost measures of social responsibility and ignoring others – does little to convince observers of GAP's real commitment.

From social resources to competitive strategy

Strategically astute organisations are today aware of significant changes in consumer attitudes to organisations themselves and the brands they seek to develop. The work of Lafferty *et al.* (cited above) illustrates this discrimination between organisations and their brands. Where negative perceptions of organisations prevail, brand boycotts often follow as consumers, particularly in wealthy industrialised countries, seek to punish parent organisations. But herein lies an opportunity for a new approach to competitive strategy based around social resources.

To the extent that an organisation embraces the tri-partite CR orientation discussed above as the 3C-SR model, an organisation will develop a positive reputation among the growing ranks of ethical consumers. This positive corporate image translates into enhanced sales revenue as more and more aware consumers favour the organisation with their expenditures. Doherty and Meehan (2004) cite the case of the UK Cooperative Retail Group (CRG):

The new Co-op Fairtrade chocolate range, launched in 2002, is 15-20% more expensive than the previous CRG chocolate range. Co-op own-label Fairtrade block Chocolate sales in 2003 increased by 21% despite a decline in branded sales of 1.1%. In the first 16 weeks of 2004 this trend continued with a growth in Fairtrade own-label of 36% compared to a decline in branded products of 15%.

It follows, that an organisation that commits to widely recognised standards of social performance and seeks to promulgate them across its entire value network will, if the effort is perceived to be genuine (i.e. consistently maintained over the long term), benefit from enhanced competitive resources deriving directly from its social orientation. In effect, CR orientation becomes a meaningful basis for marketplace differentiation.

It is this wholehearted social orientation that helps to explain the success of recent UK start-ups such as Café Direct and the Day Chocolate Company. Their consistent adherence to FLO standards has generated positive corporate images and enabled them to circumvent the physical resource advantages and greater marketplace power of global rivals within the food sector. The identity of their brands is developed around their social commitments to Fairtrade. Indeed, the Day Chocolate Company's reputation for excellent social performance has been a significant factor in its being selected as the sole supplier of own-label Fair trade chocolate by the Co-Operative Group in the UK.

Conclusions

This paper has sought to highlight the overly theoretical nature of many previous approaches to CR. Through a review of the three main approaches to CR – CSR, CSP and CC – we have shown that each of these approaches fails to provide the kind of practical tools that managers need to embed a CR orientation in their organisations.

To counter these deficiencies we have offered the 3C-SR model that suggests that a CR/CC orientation requires three simultaneous elements. These are commitments, connections and consistency. Weakness in one of these three areas will result in a failure to adequately achieve a real CR orientation due to the resulting failure to address one of the three key perspectives present in the existing literature (and reviewed above). We have sought to suggest that long-term legitimacy and the development of a competitive resource can stem from the simultaneous presence of the three C's of the model.

It is the author's view that the simultaneous presence of the three "Cs" of our model is the foundation for building competitive strategies around social resources. Ethical consumers as suggested above particularly welcome such strategies. However, ethical concerns are becoming mainstream in an increasing range of markets. Companies that fail to recognise the seismic changes taking place in business society relations will fall victim to equally significant restructuring of competitive positions within their own industries.

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