A review of the relationship between CSR and the Internal Business Process

Fahmi Fadhl Al-Hosaini[1]& Saudah Sofian[1]

[1]*Department of Accounting and Finance, Faculty of Management, Universiti Teknologi Malaysia,
81310 UTM Johor Bahru, Malaysia*

*Correspondence: Saudah Sofian, Department of Accounting and Finance, Faculty of Management,
Universiti Teknologi Malaysia, 81310 UTM Johor Bahru, Malaysia,Tel: +60197277416.*

E-mail: Saudah@utm.my

Abstract

Most of the previous investigations on organisational performance were directed towards the financial status at the expense of other social requirements, particularly with respect to firms' operating environments. In addition, such studies were geared towards better understanding of the influence of Corporate Social Responsibility (CSR) on Organizational Performance without adequate consideration for those non-financial factors, such as the Internal Business Perspective (IBP) that also affect the success of organizational strategic goals. The incorporation of CSR into organizational processes in driving home their strategic management success has been proven to be linked. In this paper, we review the inter relationship between CSR and IBP, and identify major themes from the literature. This study therefore justifies the need for an empirical study to further examine the interrelationships among these variables so as to provide better understanding of the influence of the CSR on the IBP.

Keywords: Corporate Social Responsibility; Internal Business Perspective (IBP)

1   Introduction

Corporate social responsibility or "corporate citizenship" is a term that is defined as a business system that enables the production and distribution of wealth for the betterment of its stakeholders through the implementation and integration of ethical systems and sustainable management practices (Smith, 2012). Its represent the voluntary integration, by organisations, of social and environmental concerns in their commercial operations and in their relationships with interested parties (Commission of the European communities, 2001). According to van der Wiele et al. (2001) CSR is the obligation of the firm to use its resources in ways that benefit the society. This is done through committed participation as a member of society, and improving welfare of society at large, independent of direct any gains for the company.

CSR is a strategic management tool (Vilke, 2011) that affects the relationships and roles of organisations and the society at large, particularly with respect to governance and sustainability. According to Chalmeta and Palomero (2010), Carroll (2012), and Carroll and Buchholtz (2014), some of the new trends among organisations include the incorporation of economic, social and environmental sustainability initiatives with management tools in order to achieve better operational plans. The challenges involved with these economic, social, ethical and environmental factors in relation to CSR were further highlighted by some authors, such as Carroll and Buchholtz (2014). In addition, Carroll (2012) disclosed the current trends in CSR researches in both evolving economies in Asia, Africa, and South America as well as across Europe.

On the other hand, Internal Business Process (IBP) or Internal Process Perspective (IPP) evaluates the IT processes and other operational purposes of organisations. It measures developed products and services, post-sale services and so on (Gokhale, 2010). It represents organizational practices and methods are used to fulfill customer and stakeholder expectations (Kaplan and Norton, 2001).

In this paper, we review related literature in the context interrelationships among CSR, IBP followed by the discussion and conclusion.

2 The Relationship between Corporate Social Responsibility Perspective and Internal Process Perspective

The relationship between CSR and Internal Process has been examined by researchers, and it oscillated with results suggesting a positive relationship (Antal et al., 2014; Antal and Sobczak, 2005; Belyaeva, 2011; Bolton et al., 2011; Chang et al., 2014; Chen and Hung-Baesecke, 2014; Tanimoto, 2013; Van der Heijden et al., 2010) to those indicating a negative relationship (Albuquerque et al., 2014; Gallego-Álvarez et al., 2011).

This relationship is the contribution of CSR to the internal process perspective which is being offered based on earlier researches that showed significance to this relationship. The current trends in research place CSR as a key ingredient to social economic transformation, and as a major contributor to the internal process perspective. As a fundamental argument, there is a notion that a company's productivity is embedded in existing social networks which influence how strategies are defined and implemented. Although there is still a raging debate among the academia, practitioners and researchers, their position on whether CSR contributes to the improvement in the internal process is more or less similar. Robust CSR programs provide an opportunity for improvement of internal systems of the firm in a variety of ways. CSR programs introduce another ingredient in the culture of the firm with which it may seek to identify itself internally and externally (Belyaeva, 2011).

The link between CSR and internal process has also been established in Tanimoto (2013), wherein an depth interpretive study involving six managers of major corporations in Japan, on how CSR institutionalisation has been achieved was examined. The study demonstrated that CSR should be incorporated in the management process and corporate governance of the firm, paying attention to the internal process as a driver of overall performance. Good CSR programs boost the business growth of the firm by speeding up the staff morale, internal learning, thereby making knowledge transfer from the original innovators to the rest of the organisation easier (Antal et al., 2014).

CSR activities with engagements combined with incorporating some face-to-face interactions provide a good ground for exposure to new knowledge and new systems. These can later be incorporated into the internal processes of the firm. Researchers contend that firms will benefit by establishing systems that enable learning together within and between organizations. This contribution outlines the basic requirements for global responsibility which entails many illustrations of learning processes that different organisations experience resulting in fruitfulness in pursuit of their missions. The different theories tested provide for focus groups, formal informal gatherings that can be implemented using virtual learning as important means of enhancing productivity (Antal et al., 2014).

Companies which adopt a synergetic approach of transferring CSR to the organization adopt strategies that tend to mobilise internal support for all initiatives thereby gathering the momentum from the base of the company. However, more research is needed to fine tune all processes to generate the desired results in terms of overall performance (Antal and Sobczak, 2005). In a study reported by (Van der Heijden et al., 2010) on 18 companies, an analysis of the company process was made revealing sense-making as a key strategy employed as a means of maintaining a comparative advantage over competitors. The link between these variables provides an opportunity for a company to align its culture towards more efficient methods and processes that have been tested and assimilated from other companies. Successful implementation of strategies requires adopting a pragmatic approach that continues to refine all steps based on the new knowledge and experiences explored during the CSR activities. In most of these cases, a positive relationship is identified between CSR and Internal process of the company.

3   Discussion and Conclusion

The findings of this systematic literature review indicate a relationship between Corporate Social Responsibility (CSR) Perspectives a relationship with Internal Process Perspective.

The indicators for Internal Process Perspective reveal that if there is increase in efficiency and participation from the senior management teams of the firm, will affect the strategic thinking of the customers towards better participation. This study therefore revealed that once there are improvements in the management attitudes towards the feedback received from any of the different levels of their customers (students, parents and their operating communities at large) they will be able to re-engineer operational structures, as well as the periodic reviews of these processes. These findings suggest incorporation of Internal Process Perspective strategies in shaping the other indicators, such as: students' complaints, alumni issues and pursuit of higher degrees not to be of paramount issues from the customers' perceptions, though they are parts of the agenda by the managements of the firms.

Based on these management strategies, there lies a bond of connection between the customers and the management of the firm that was translated into the positive and direct effect between and within the elements of these two resulting in an overwhelming increase in the efficiency of the firm based of the customers' perceptions.

It is established that revealed that managements' efficiency relating to the work environment have been on the increase, representing the highest indicator for the Internal Process Perspective construct. This is followed by the feedback indicators being accorded as parts of the major prioritised feedback. There are also improvements in the efficiency of the firm management due to their continuous reviews of the processes involved in the day-to-day operations of the firm. In addition, customers' perceptions towards the firm revealed the strong connection between CSR and Internal Process Perspective.

It is highly imperative for firms to achieve a better Internal Process Perspective for their workforces that normally interact with the customers, particularly while discharging their CSR capabilities. An improved internal operational structure of the firm will therefore affect the output of the employees, which will later be translated to the customers. As such, the customers' satisfaction can only be achieved when the staffs feel the sense of belonging through the Internal Process Perspective.

Attention to CSR by the firm gives a first-hand and free access to the customers, information flow, since part of the feelings of the customers is that the firm management should cater for them; they should provide necessary feedback that will improve the firm services. The strategies adopted by the management teams will therefore help in achieving not only the mission and vision of the firm. Future work should focus on empirical studies, that measure and test the strength of the relationship among these variables.

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