

What is not CSR: extremes of CSR perception in the world of business and strategic view on it in the era of conscious capitalism

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Abstract. Extremes of Corporate Social Responsibility (CSR) perception are evident in the business world today. Business leaders and other stakeholders can't understand what in particular, how and for what purpose they should practice CSR and they often narrow it down to different business activities that do not have any connection with sustainable development of business. By opposing it to philanthropy and charity; to practice of social investments; to marketing activities and PR; to the concept of shared value, one would find out that CSR is not something evident; it is more about sustainable business model creation. Even if the company is following the rules and requirements, paying taxes on time and demonstrating an annual social report, it doesn't necessarily mean that this company is a socially responsible one. This paper tests the hypothesis that in the era of conscious capitalism CSR is to be more complex and strategic. The evidence collected from real business stories supported this hypothesis. This suggests that there is a managerial, complex and strategic definition of CSR that does ensure business to become more sustainable in the era of conscious capitalism.

Keywords: sustainable development, corporate social responsibility, conscious capitalism.

К чему не следует сводить корпоративную социальную ответственность: экстремумы корпоративной социальной ответственности и стратегическое видение бизнеса в эпоху «сознательного капитализма»

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Аннотация. Очевидно, что корпоративную социальную ответственность (КСО) в настоящее время сводят к разного рода практикам, совершенно не относящимся к процессу создания устойчивой бизнес-модели. Руководители компаний и представители заинтересованных сторон не могут понять, что, в частности, каким образом и с какой целью они должны предлагать в контексте реализации КСО. Многие сводят КСО к благотворительности, практике социального инвестирования, маркетинговой деятельности, к взаимодействию с общественностью и к концепции общих ценностей. Однако даже если компания соблюдает законодательство, своевременно платит налоги, демонстрирует ежегодный социальный отчет, это не всегда означает, что она является социально ответственной. Автор статьи ставит под сомнение существующие практики в области КСО, приводя актуальные примеры; предлагает авторское определение КСО

и подводит к тому, что КСО является особенно важной частью стратегии развития бизнеса в эпоху «сознательного капитализма».

Keywords: устойчивый рост, корпоративная социальная ответственность, «сознательный капитализм».

1. INTRODUCTION

In different times and different countries, under different economic systems, and from the perspective of different industries, corporate social responsibility (henceforth, CSR) is being understood in different ways. Even today, there is no widespread agreement about the practice of CSR.

In order to understand what we are going to think about, let's regard an approximate definition of CSR. CSR, from the point of the author, in its broad theoretical meaning, is a complex responsibility (form of action) of business (subject) towards society (object) for the sustainable development of both business organization and socio-economic and ecological system (matter of the relationships between subject and object), where business organization is functioning.

Of course, in the last decade the representatives of the business elite have started thinking more about sustainability and have become more aware of social and environmental issues such as global population growth, poverty and climate change. There are many reasons for this. Some business leaders have understood the importance of global problems and chosen to become more involved in the global socio-economic and environmental drift; they recognized that they are the agents of change and CSR practices might influence not only the capitalization of the company, but also on the level of the quality of people's lives (those companies are, for instance, General Electric, Whole Foods Market, Patagonia, Walt Disney Company, The Body Shop, Ben & Jerry's, Unilever etc.). Other companies have decided to become socially responsible because of increased pressure from NGOs as well as social, government or financial institutions (Shell in Nigeria, BP etc.). Third, some business leaders decided themselves to become socially responsible because they wanted to be legitimate by the community and other stakeholders (local authorities, suppliers, potential employees etc.).

Consequently, now more and more businessmen try to show their engagement in global trends: they practice charity and give donations,

they conduct and publish social annual, sustainability or integrated reports, sponsor sports or cultural events and contribute to local communities where their companies operate actively discussing the concept of shared value.

However, most of these companies simply narrowly interpret CSR to include only loud, bright and demonstrative actions that amount to an irregular set of socio-economic and ecological initiatives. So, it's really very easy to be confused nowadays with socially responsible corporate practices, because most of them look very impressive from a distance.

Many definitions of CSR have been proposed (see literature review), but all are too vague and theoretical. The findings and the definition given in this article are different from the previous ones with a distinctive contribution to the theory of CSR evolution. The project is to propose more clear and practical-oriented definition of CSR that captures the complexity of the concept and does ensure business to become more sustainable in the era of conscious capitalism.

In this article we will start from the examination of some historical definitions of CSR and then we will paint the picture of it through negative description; by considering what CSR is not before we regard what CSR is to be in the era of conscious capitalism.

2. LITERATURE REVIEW

M. Porter and M. Kramer raised the question of bright and loud actions of companies in the field of CSR in their article "Strategy and Society: The Link Between Competitive Advantage and Corporate Social Responsibility". They said that "the most common corporate response has been neither strategic nor operational but cosmetic: public relations and media campaigns, the centerpieces of which are often glossy CSR reports that showcase companies' social and environmental good deeds" (Porter & Kramer, 2006). So, sometimes we can see that a company has a very nice annual social report and it expresses concern for people on paper, but then in real life we may find

that employees of that company who work more than they are supposed to work and who are paid less than they are supposed to be paid.

In the literature, CSR is being regarded from a variety of different perspectives and there are plenty of opinions. Scientists started thinking about CSR in the 1950s and they first approached it in a normative way, when the main questions were: what is CSR? and what are the sources of CSR? (Bowen, 1953; Selekman, 1958; Eells, 1956) They tried to understand the essence of CSR, to find out whether its' beginning was external or internal. One group of scientists insisted on the external nature of CSR, arguing that social contract played the key role (Davis, 1973). The other group of scientists claimed that CSR was internally generated and corporations had their own right to choose whether or not to be socially responsible and, moreover, to formulate the meaning of CSR themselves (Ladd, 1984).

Today, the essence of CSR is still discussed in the literature, but CSR is regarded as neither a strictly internal or external phenomenon; rather, there is understood to be "inside-out" or "outside-in" linkages, that are "corporate activities" of business or "social conditions", where a business unit operates. So, CSR today is generally considered an interdependent system of business and society cooperation, and it is regarded strategically. M. Porter and M. Kramer explain it this way: "not only does corporate activity affect society, but external social conditions also influence corporations, for better and for worse" (Porter & Kramer, 2006).

H. Bowen was the first to venture a definition of CSR, suggesting that it is composed of the obligations of businessmen to pursue policies, make decisions, or pursue lines of action which are desirable in terms of the objectives and values of their society (Bowen, 1953). Many people call Bowen the "Father of CSR" because he wanted to integrate business into the context of social life and to regard the CSR practices of businesses as a part of a social system.

A. Carroll invented a very popular pyramid of social responsibility of business that consisted of different types of responsibility: economic, social, ethical and discretionary (Carroll, 1979).

In the 1970s, scientists were thinking more in a positivistic way; they were more concerned about practical issues. Pragmatism and instru-

mentalism became the organizing principles of thinking about CSR.

CSR started being understood more as a business instrument the use of which may help the company not just to make money, but also to help the society develop. The "Corporate Social Responsiveness" concept started being more popular than "corporate social responsibility" and the focus shifted from determinations to actions, from the question "what CSR is" to the question "how CSR is possible to use" (Ackerman, 1973; Sethi, 1978; Bauer & Ackerman, 1976; Frederick, 1960).

W. Frederick was the first to pay attention to the same abbreviations of "corporate social responsibility" and "corporate social responsiveness", and he named them CSR-1 and CSR-2 accordingly. Concerning CSR-1 (corporate social responsibility), he defined this as "a public posture toward society's economic and human resources and a willingness to see that those resources are used for broad social ends and not simply for the narrowly circumscribed interests of private persons and firms" (Frederick, 1960). As to CSR-2 (corporate social responsiveness), he defined this as a "capacity of a corporation to respond to social pressures" (Frederick, 1978). Frederick's argument was that none of these concepts was dominant, and that it was incorrect to mix them together. Both of them deserved attention, he said, and they both had a significant meaning. He stressed that CSR-2 was the continuation of CSR-1.

R. Ackerman, for example, explained that CSR-2 is critically important for the company. Companies must meet social demands and deal with social problems at some point, because otherwise there so many social and environmental problems might accumulate that it would be very difficult for the companies to exist. Also, he wrote about "organizational involvement", and he said that the company was responsible just then when all the members of the organization were responsible (Ackerman, 1973). And just through the organizational involvement according to his thoughts it was possible for the company to become more socially responsive.

S. Sethi touched upon corporate legitimacy. He explained that companies were to narrow "legitimacy gap", because if you, as a company, want to be understood and accepted by people

with whom you cooperate, you must meet their expectations (Sethi, 1978).

Since the 1990s, the scholarly community has started thinking more about how to measure responsibility, and what results can possibly be achieved through CSR practices. The “Corporate Social Performance” (CSP) concept has steadily become more popular (Wartick and Cochran, 1985; Wood, 1991; Swanson, 1995).

What is also very interesting, nowadays scholars more and more work on CSR. And the main issues are: CSR and stakeholder theory (Freeman, 1984; Freeman, Harrison, & Wicks, 2007; Freeman et al., 2010), CSR and financial performance (e. g. McWilliams & Siegel, 2000; Rowley & Berman, 2000; Hillman & Keim, 2001; Margolis & Walsh, 2003; Orlitzky, Schmidt, & Rynes, 2003; Barnett & Salomon, 2006), environmental and financial performance (Winston & Esty, 2006; Sharma & Starik, 2002; Etzion, 2007; Ambec & Lanoie, 2008; Dixon-Fowler, Slater, Johnson et al., 2013), philanthropy and CSR (Lubin & Esty, 2010; Kiron, Kruschwitz, Haanaes et al., 2012).

Let’s have a look at the line chart demonstrating the quantity of CSR publications (journal and magazine articles, books, reports, newsletters etc.) since 1950s until 2015 that are available at Yale university library site.

So, the evolution of understanding of CSR has been rather long, and the limitation is that there was no clear and practical-oriented definition.

Today, most businesses do recognize the importance of CSR, but at the same time they continue looking at value and sustainable business model creation narrowly. Business representatives still do not really know what “CSR” means and how to handle it strategically. Economic, social, environmental and governance issues are still at the periphery and not at the core of most business strategies.

This research is different from previous ones because it provides the comparative analysis of CSR and other business practices that were not observed before systematically: CSR was not compared with the concept of shared value, PR and philanthropy at the same time. Moreover, this research gives clear and practical-oriented definition of CSR that ensures business to become more sustainable in the era of conscious capitalism.

3. METHODOLOGY

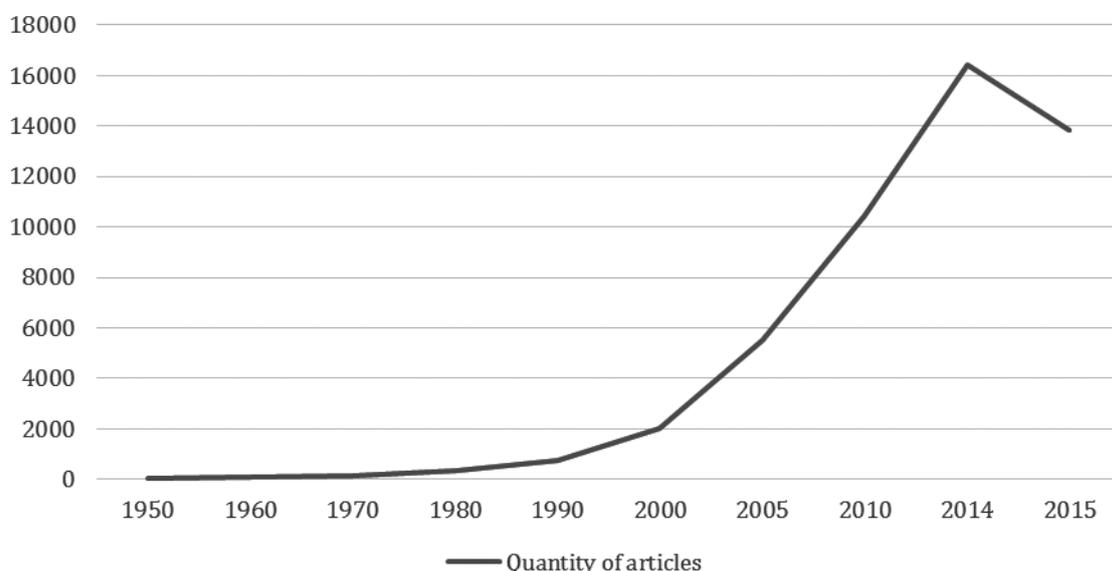
The author of this paper analyzed different articles, books, researches, social polls and statistical data.

The methods employed in this article are as follows:

- Analysis of the words “corporate”, “social” and “responsibility” so that we fully understand the meaning of the term CSR;

- Synthesizing our definition with observed practices of CSR in different companies to generate the idea of CSR complexity;

CSR Publications



Generalizing from the analyzed and synthesized information to arrive at a better definition of the term CSR;

Imitating modeling (the process of modeling the reality; for example, modeling of the implementation of CSR policy in a company that is not socially responsible).

As we have already mentioned, CSR—from the perspective of businessmen—often looks like something evident that simply lies on the surface of business. However, we will put several practices of business under scrutiny and try to prove that none of them is in fact an example of a company practicing CSR.

Methodology proposed in this article is author's innovation.

4. CSR IS NOT PHILANTHROPY OR CHARITY

Today, lots of companies narrow their CSR activities down to one of the most obvious kinds of goodwill activities, such as charity. We understand that it is very important to help the poor as possible. However, truly helping the poor is rarely best served by an extremely public and self-congratulatory annual corporate practice, and is better served by regular and quieter assistance. Furthermore, charity alone is not an adequate CSR policy. Charity should be an addition to something more, to the responsible decision making process, for example, and, secondly, it should be an honest, systematic and sustainable corporate action.

Let's draw our attention to some contradictions in this context that may somehow push us towards deep thoughts about corporate philanthropy and charity.

We all know that charity is a voluntary act of giving, so the interests of the company that gives someone money are not obvious. What are the motives of the business to practice charity? Does charity today imply that a company will be rewarded tomorrow?

It is helpful to draw into these discussion Andrew Carnegie's two principles from "The Gospel of Wealth" and the tradition of noblesse oblige. Carnegie's first principle is the principle of charity that requires the most prosperous members of society to help the less prosperous, and the second one is the stewardship principle, when businesses and wealthy individuals suppose themselves as stewards of their property and use

their money for the purposes of the society. Regarding these two principles, we may say that to share wealth is not an easy task for anyone, especially for a businessman, whose main interest is profit maximization.

Then what kind of motives and goals should businessmen have in order to practice charity and donation? Let's clarify. When you give money without any wish to get something from it you should have very strong beliefs, religious ones, for example, and in this case we can say that it's a kind of charity. Whereas, when you donate and hope to get something from it, community or stakeholder loyalty, for example, you rather practice something like quasi-charity. Feed first, and then ask people for their support. Charity becomes nothing more than a business tool here, a hook that will attract people's attention to the business and help the company to become legitimated, increase its intangible assets, and enhance its corporate reputation and brand image. Making money becomes easier when your business image is good.

Paul Godfrey, who has studied self-interested corporate charity, has argued that (a) corporate philanthropy can generate positive moral capital among stakeholders and communities, (b) this moral capital can provide business owners with insurance-like protection for a firm's relationship-based intangible assets, and (c) this protection contributes to shareholder wealth. So, from his point of view, corporate philanthropy is an asset to both the company and the recipients. But does it qualify as CSR behavior?

Observing the possible motives and goals of businessmen who practice charity, we also should pay attention to one suspect current trend: companies generally help the needy internationally shortly before they expect to expand into those communities abroad.

Although there are plenty of reasons the rich help the poor, it is really very difficult to believe that businessmen have strong beliefs and want to help society without any self-interest. Nonetheless, there are some examples of altruistic businessmen who became philanthropists, past and present.

Andrew Mellon, for example, donated enough art to start the National Gallery of Art; Henry Ford created the Henry Health System and then his son formed the Ford Foundation of wellbe-

ing, a society that is now the third biggest charity in the United States of America.

Even now, corporate philanthropy is widespread and there is a Committee Encouraging Corporate Philanthropy (CECP) that conducts surveys. According to the Corporate Giving Standard (CGS) survey for 2012, for example, the sum of all the contributions across 240 companies participating was more than \$20.3 billion in total giving. And this is more than the sum of all the contributions in 2011 (\$19.9 billion in cash and product giving).

The top five foundations of 2013, by total giving, are: Bill & Melinda Gates Foundation, AbbVie Patient Assistance Foundation, Pfizer Patient Assistance Foundation, Inc., GlaxoSmithKline Patient Access Programs Foundation, and Genentech Access to Care Foundation.

So, corporate philanthropy is becoming very important in the age of conscious capitalism, globalization and information technologies. It is a very positive trend that corporate charity is becoming more widespread. However we shouldn't forget that charity is real when it is being practiced not for the business reward, but for changing the life of those who need it. Charity is really honorable when it is an honest and willing action

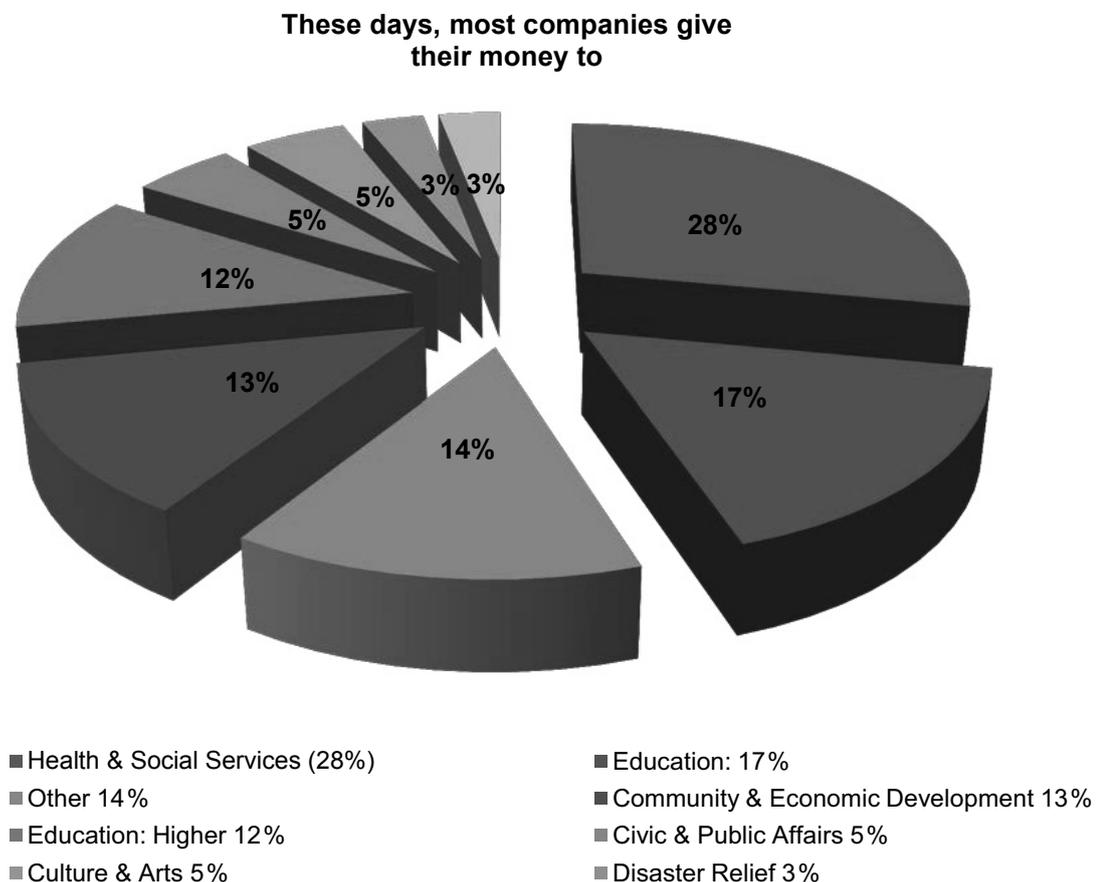
of a business, when it is something more than just a show to boost the company's reputation.

In this context, let us remember the CSR pyramid of A. Keroll. Charity, according to Karoll's CSR pyramid, is the most voluntary component of CSR. Beside a company's economic, legal and ethical responsibilities there is one more kind of responsibility – the discretionary or philanthropic one. This last is the top level of CSR and is definitely a voluntary kind of responsibility. If we perceive charity as a part of CSR, we should better recognize that it is an extra responsibility of business and it is the most voluntary element of CSR. So, charity is important in terms of CSR, but not sufficient.

CSR is no longer code for philanthropy, says Stephen Howard, the chief executive of BITC. "We know from working with hundreds of business of all sizes that the role of CSR is an increasingly integral element of how business operates," he says (The Independent, 2014).

5. CSR IS NOT THE SAME AS SOCIAL INVESTMENTS

Social investments may sometimes also resemble charity; however the most important differ-



ence between these two practices is the goal and motivation. When we think about companies' investments we have thoughts about financial returns. To sponsor important social projects or to invest money in socially or environmentally relevant problems and derive benefit from them is the essence of social investment practice. However, this is not the same as CSR. Social investment practice is just the part of CSR with the help of which a company may solve some problems of the society or environment in which it operates. But before resolving these problems, company has to determine them. CSR is something more than a social investment strategy.

For example, Norilsk Nickel, Russia's largest mining company by market capitalization, and its new social program called World of New Opportunities aimed to promote regional public initiatives and form favorable conditions for social and economic development of the Polar regions (Norilsk Nickel Press Release, 2014). World of New Opportunities is a good example of social investment program, however when we read about it we shouldn't think the company is socially responsible. We should consider company's profile. Do we know what the scale of negative impact of company's operations on the environment is? Do we remember the case when Norilsk Nickel suspended mining at its Lake Johnston operations, in Western Australia, laying off employees, and not compensating them fairly (The Western Australia, 2014)? So, before saying that Norilsk Nickel is a socially responsible company because it has a new program of social investments we should learn its business story.

6. CSR IS NOT AN ENUMERATION OF PR ACTIONS AND MARKETING ACTIVITIES

As we all understand today Public Relations (PR) and marketing activities play a very important role in the world of business. The results of these activities are the most evident and tangible. Companies try to broaden their influence through sponsorship of different events. And it is a great business tool in terms of company promotion. By football match sponsorship, for example, you may enhance the pull of your customers who will definitely mention the name of your company on the stadium billboards and will become more loyal towards your brand, however

it doesn't mean that you practice CSR. By showing everyone your prosperity you won't be able to create a new business model.

When we look at Chobani, maker of America's No. 1-selling Greek Yogurt brand, the proud sponsor of Team USA athletes competing in Sochi, we think that Chobani is a socially responsible company. However when we start thinking critically about its label that is "Greek Yogurt", misleading to consumers who believe that it's a product from Greece instead of Chenango County, NY (Morran, 2014); when we start examining the ingredients contained in Chobani yogurt and remembering the claims the company uses milk consisted of genetically modified items (Morran, 2014); when we start analyzing why the export of Chobani yogurts to Russia was forbidden (My Fox New York, 2014), then we will recognize that sponsoring sport events or doing other PR activities doesn't necessary mean that a company does care about CSR.

Concerning Nestlé, the world's largest food company, with more than 450 manufacturing facilities in over 80 countries spread over six continents, that used to call itself the "world's leading nutrition, health and wellness company" Is also one of the world's most controversial corporations. For more than two decades the Nestlé name was widely associated with a longstanding boycott, over its marketing of infant formula in poor countries. More recently, the company has been one of the primary targets of the global movement against the bottled water industry. The company's hardline labor relations practices in poor countries have made it a villain in the eyes of the international union movement.

We should say that PR is nothing when there is no sustainable and outstanding business behind it. The goal of PR and marketing activities is to enhance the influence of the company and to promote business, while the goal of CSR is to make the business that is to be promoted a more responsible member of society.

7. CSR IS NOT JUST GR, IR AND HR

It's logical to continue, by saying that we shouldn't narrow CSR to GR, IR or HR as well. All these spheres of business are important and equal in terms of their position to CSR. All these practices are about relationships with stakeholders, that are really very important in the context

of CSR (Freeman, 1984; Freeman, Harrison, & Wicks, 2007; Freeman et al., 2010)), however we shouldn't narrow CSR to one of these parts of business. Of course, CSR practices may attract socially conscious consumers (Hillman & Keim, 2001), attract financial means from socially responsive investors (Kapstein, 2001), enhance access to finance (Ioannou & Serafeim, 2013) or help poorly performing firms to recover from disadvantageous positions more quickly (Choi & Wang, 2009). CSR touches GR, IR and HR issues. But CSR is not just about interaction with government officials, investors, employees, suppliers, customers and other stakeholders. CSR is more about the way of managing these relationships and influencing positively on society by making money.

Of course, we should remember here the case of Nestlé Waters that was drawing water from multiple reserves in California to make its bottled water during record-breaking drought. Of course, that was terrible in terms of social and environmental risks perspective. The company should have thought carefully before extracting water in that period of time. Poor stakeholder engagement and risk management lead Nestlé Waters to face a number of legal battles with local governments in areas designated for water extraction and its requests to extract water in Florida, Wisconsin, and Michigan were denied.

8. CSR IS NOT JUST THE EXISTENCE AND PRESENTATION OF AN ANNUAL SOCIAL REPORT

Here is something you should think about. Most of the companies have annual social reports and even integrated reports; however does it really mean that they are socially responsible. Do we always write something on paper that is not done? Do we show everything to those who evaluate?

Do we remember Bangladesh Factory Collapse when over 1100 workers were killed because of unsafe working conditions? Bangladesh's biggest buyers, biggest brands that produce merchandise in Bangladesh — H&M, Walmart, J.C. Penny, Benetton, Gap, Zara — were in a difficult situation, because they were all responsible and honest on paper, however not responsible and transparent in real life. They ignored opportunity to increase transparency of supply chain

risk and that is why received negative press and discontent from consumers on social media. Moreover, as a result there was \$3B in total damages and repair and 900,000 signatures of upset customers.

It is very important to be open and transparent to the society and constantly lead the discussion about the process of work for the company. Leading the discussion does not mean a company has to be executing perfectly. 85% of respondents say it's okay if a company is not perfect, as long as it's honest about its efforts.

The company TOMS is a good example of being transparent and leading the discussion with customers. One-for-One business model has revolutionized the way customers and companies think about corporate responsibility. Launching the conversation on giving back has paid back significantly, and TOMS has seen significant growth for its philanthropy efforts. Launching the discussion on Giving Back has caused a shift in the retail industry and raised consumer expectations of major clothing companies.

Alternatively, another good example is the company Patagonia. Through the Common Threads Initiative and the Sustainable Apparel Collective, Patagonia has led the discussion on Sustainability, from encouraging customers to stop buying their products in order to focus on reuse to uniting 30 apparel companies, including Nike and Walmart, in sustainable practices.

Today, most companies have social annual, sustainability, integrated reports or some other kind of papers that show the process of value creation; however, it does not mean that those companies are socially responsible. The existence of an annual social report may sometimes be a pretension of a socially irresponsible company. We should critically evaluate these reports, because often they do not reflect the real state of affairs of the company. The content of socially annual report and factual realization of CSR strategy — this is more important.

9. CSR IS NOT JUST FOLLOWING THE RULES OR REQUIREMENTS AND PAYING TAXES TIMELY

Most of the businessmen still think that their main social responsibility is to follow the rules and pay taxes timely. As Milton Friedman said that "there is one and only one social responsi-

bility of business — to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud.” (book *Capitalism and Freedom*) It’s the responsibility of the government to distribute finance and to care about citizens, most of the businessmen say. However, no one even thinks that when you make your business you have much more possibilities to help people and, even if it’s a burden for business it’s also the strategy of a winner nowadays. In case you are helpful and fair, you can influence not only on the community and the local government, you can develop your own business much faster and broader. Win-win-win is the strategy of the future. There should be a mutually favorable exchange between company, society, government and other stakeholders. Therefore, CSR is not just to follow the rules and to pay taxes timely.

10. CSR IS NOT THE CONCEPT OF SHARED VALUE

Often we hear that CSR is something similar to the concept of shared value. However, the essence of this concept is not about the process of how to do business, it’s more about the premises of doing this particular business in a socially responsible manner or about the results business aims to achieve. “Shared value is a benefit for both society and its own competitiveness”, as M. Porter and M. Kramer, say (Porter & Kramer, 2006). It is about creation of an important benefit for society that at the same time helps a company make a profit and remain competitive. The concept of shared value is very nice in terms of understanding that CSR is a profitable business activity. However doing business in a responsible manner is not just contributing to society and deriving some benefit from it, there are much more CSR nuances about how you should make your business, as risk management, global/local requirements and business ethics, for instance.

The quality of your CSR largely depends on risk management. Every business persons should know that non-financial risks omitted in the concept of shared value might cause operational disruptions and impact company stock price. Companies with disruptions have 30% lower shareholder returns than peers and share prices

do not return even two years post-announcement. Then negative exposures can cause long-term brand damage.

For example, the company Mattel Toys recalled over 1 million children toys after it was discovered the paint contained lead. The breakdown occurred because a supplier used an unapproved vendor to overcome a temporary shortage. In addition to significant costs, Mattel suffered significant brand damage.

Work on risks connected with value chain of a company can drive competitive advantages. In a market study, sales of fair-trade label coffee remained steady even as prices were increased by up to 8%.

Starbucks, for instance, launched the C.A. F. E program to ensure ethical sourcing practices and product quality. Suppliers were evaluated across social, economic, and environmental standards. In 2012, 98% of Starbucks’ sourcing contracts included economic transparency clauses.

Also, in the context of shared value concept, globalization is very important. We all understand that emerging markets represent a significant amount of untapped revenue and we see many western companies started operating there. However, in order to make profit there, the company is to think about local community needs.

For example, Newmont Mining halted work at Yanacocha (Peru), one of Latin America’s largest gold mines, after protesters torched earth-moving equipment. Yanacocha officials said protesters were “trying to pressure the mine to sign a community relations pact” that would give local communities US\$72 million.

11. WHAT CSR IS: A GESTURE TOWARD A MORE COMPLETE DEFINITION

We have looked at different extreme views of CSR and shown why each does not capture the essence of what CSR is about. But we aimed to find out the core components of CSR that increase business awareness of how to do business and influence the capitalization of the company through sustainable development practices.

In this regard, CSR is a complex managerial responsibility of shareholders of big/medium/small businesses to affected stakeholders for the results of business activity that is expressed

in economic effectiveness and value creation of business thanks to its obligatory:

- Compliance with global/local and corporate requirements (legal responsibility);
- Governance and regular work on prevention, mitigation and liquidation of non-financial risks (economic, social and environmental responsibility);
- Governance and regular work on managing social investments, if and where needed, that are aimed to facilitate the sustainable development of both business organization and the community where this organization operates (economic, social and environmental responsibility; the concept of shared value can be regarded here);
- Governance and regular work with all affected stakeholders (social responsibility);
- Compliance with an ethical code of conduct (ethical responsibility).

And also thanks to possible and voluntary contributions as charity or donations (called discretionary responsibility which is an extra responsibility taken by business in order to improve the image of the company).

Exceeding social expectations connected with the contribution to the social welfare does not mean that a business has already governed all non-financial risks, worked out social investments, met all the expectations of the stakeholders (investors, suppliers, customers, media, government structure representatives, local community and others) – all of which comprise the basis for a sustainable development of business.

CSR is to be an obligatory kind of responsibility of business, because doing business today implies making decisions in competitive circumstances. And to be irresponsible while making decisions in competitive circumstances may lead to fail.

Also it is very important to pay attention to the fact that all “must” do practices are connected with sustainable development of business. When we work on non-financial risk prevention on a territory of operation we guarantee ourselves that the process of production we have will be finished on time, we will get planned profit and we will be able to continue our business without any extra costs.

Today in the era of conscious capitalism we have to think about higher purpose of business, conscious leadership, stakeholder orientation and conscious culture (Mackey & Siso-dia, 2013). We should recognize that money is just a means of doing business that good corporate governance happens when “we” is much more important than “me” to business leaders. Stakeholders are those on whom business is dependent and their knowledge of values, principles and patterns of conscious behavior, their understanding of the common business goal is of paramount importance. Thus, CSR is a great strategic approach for doing business that will meet all the obvious requirements of conscious capitalism. In this era, CSR is to be taken into account strategically (Mackey & Siso-dia, 2013).

Concluding, the hypothesis that CSR is a complex and strategic concept that allows business to become more sustainable in the era of conscious capitalism is true. The findings that were given above contradict anti-capitalism statement that the only social responsibility of business is to make profits (Friedman, 1970), and support the view that CSR is about conscious capitalism, about a company’s commitment to make money by operating in an economically, socially and environmentally sustainable manner.

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