

The Importance of Economic, Legal, and Ethical Corporate Social Responsibility (CSR) for Representatives of Selected Companies in Puerto Rico

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Background

The literature review shows that there is not published research or reports about the importance of economic, legal, and ethical Corporate Social Responsibility (CSR) for representatives of the commerce, industry and financial sectors, in Puerto Rico.

Since the early 1950's several authors have expressed their ideas concerning the topic of Corporate Social Responsibility. Bowen (1953) stated that "the obligation of business is to pursue those policies, to take those decisions or continue those lines of action which are desirable in terms of the objectives and values of our society." Carroll (1979, 1991) argued that companies assume a set of responsibilities that are representative of CSR such as economic, legal, ethical and philanthropic or discretionary.

In 1984, Aupperle showed that leading organizations exist in economic, legal, ethical and discretionary responsibilities, which are interrelated. Aupperle, Carroll and Hatfield (1985) repeated the study of Aupperle (1984) corroborating that organizations have four responsibilities, with the highest priority assigned to the economic, legal, ethical and discretionary. Schwartz and Carroll (2003) noted that the main responsibilities of business are economic, legal and ethical.

Objectives

The purpose of this investigation was to determine the importance of economic, legal, and ethical Corporate Social Responsibility (CSR) for representatives of the commerce, industry and financial sectors, in Puerto Rico.

Methodology

The research design included the use of descriptive and quantitative methodology. Criteria for selecting companies from the commerce, industry and financial sectors in Puerto Rico, was their contribution to the Gross Domestic Product (GDP).

The target population consisted of 548 individuals who occupied administrative positions related to CSR in their companies. The simple random sampling without replacement was implemented for a sample size of 226 persons with a 5% margin of error and confidence level of 95%, which was distributed proportionally to the number of companies in each sector. Excel and the SPSS 21.0 version were used to analyze the data gathered.

Results

1. Sociodemographic characteristics

The largest numbers of participants were from Commerce (38.2%), followed by Financial Institutions (35.6%) and industry (26.2%). Most people who collaborated in the study worked in the departments of presidency (55.5%), vice presidency (9.4%), corporate affairs (4.2%), human resources (3.7%), marketing (2.1%) and public relations (1.0 %).

More than one-sixth indicated that they worked in other departments or did not identify the position they occupied in the company (17.30%). Some participants preferred not to

identify the department in which they worked (6.80%). Most people who collaborated were male (63.40%), followed by the females (26.70%), and a smaller percent (9.90%) did not answer the question of gender.

2. Mean scores

Participants in this study gave much importance to the Legal, Ethical and Economic aspects in relation to the Social Responsibility of their companies. The mean score for their own companies ranged from 4.45 to 4.68. Participants, on average, placed the legal responsibility for their companies at 4.68 (very important). Ethical responsibility showed an average of 4.46 (important) and financial responsibility reflected an average of 4.45 (important).

The study participants also evaluated the importance of Economic, Legal and Ethics Responsibilities for business in Puerto Rico. The average score ranged from 4.28 to 3.98. On average, the financial responsibility placed on companies in Puerto Rico was 4.28 (important). Legal responsibilities received an average of 4.22 (important) and ethical responsibility reflected an average of 3.98 (important).

3. Economic, Legal and Ethics Responsibility

Regarding the Economic Responsibility, participants stated that it is important for their companies: to achieve sales goals aimed at accomplishing economic and financial objectives (96.30%); followed by maximize the use of resources to be more profitable (94.20%); and maintain an acceptable volume of sales in order to fulfil financial commitments (93.20%). Similarly, the companies seek recovering their investment by developing and marketing products and services of the highest quality (92.10%); and develop activities to improve employee morale with the aim of increasing productivity (89.50%).

Participants felt that Legal Responsibility in their companies is very important in areas such as: to make decisions in accordance with applicable laws (96.90%); to prevent infringements of labor contracts for maintaining a high level of operational efficiency (95.30%); and compliance with laws and regulations to prevent labor disputes (95.20%). In addition, participants said their companies must anticipate the possible legal consequences when selling any product or service without proper warnings required by law (94.30%); and finally, compliance with all laws that protect the environment and the consumer as a useful measure of corporate performance (93.20%).

Regarding Ethics Responsibility, participants assigned the highest weight for managers to act ethically in decision-making (96.30%); address issues concerning codes of conduct to prevent damage to customers (95.80%); and to act professionally in the personnel evaluation processes (95.80%).

On the other hand, the company must to affirm ethical and moral responsibility of the organization following an internal ethical code (93.70%); offer products or services that provide benefits to local communities (83.80%); and provide assistance to non-profit institutions that promote the good of society (81.20%).

Conclusions

The results showed that participants from the commerce, industry and financial sectors consider the legal aspect of CSR as the most important because they want their companies to be in compliance with the laws and regulations. This finding is in line with the empirical study of Shum and Yam (2011) which confirms that the legal responsibility is the main concern for companies. Therefore, it is important for participants that their companies operate in accordance with state and federal laws to avoid and prevent infringements of labor contracts, labor disputes, penalties or closures.

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