SOCIAL RESPONSIBILITY AND ETHICS
IN ORGANIZATIONAL MANAGEMENT

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Social responsibility (SR) in the field of healthcare can learn a lot from the evolution of the concept of corporate social responsibility (CSR). The “responsibility” component was originally an ethical concept that, when looking at the past, addresses the consequences of actions and, when looking at the future, addresses the responsibility for what is going to be done or must be done. It is, therefore, a good guide for understanding SR. The “social” part of the term also started out as a moral concept in interpersonal relationships. It later attributed an active role to society, whose demands identify situations that give rise to rights that create responsibilities. Starting from the basic ideas about what is involved in managing an organization, this paper identifies what can motivate an organization to act in a socially responsible manner. SR – understood as an ethical responsibility, grounded in virtue ethics – leads to management excellence.

Keywords: Ethics; Firm; Management; Responsibility; Social Responsibility; Society

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Introduction

All of this gave rise to distinctive SR models, which followed different paths from the type of SR practiced by firms, corporate social responsibility (CSR).\(^1\) It was assumed that organizations with such an elevated social function should qualify automatically as socially responsible, without any further scrutiny being performed.

However, this outlook has been reexamined. Technological developments, demographics and an awareness that health is a basic right for everyone have fueled an explosion in the demand for health services, at a time when growing costs, the technification of professions, the presence of private players and fierce competition, constraints on public financial resources, management complexity, a growing concern for environmental issues and the proliferation of regulations, among other factors, have significantly challenged the management quality of healthcare organizations and the coverage provided by a broad SR.

One of the outcomes of all this has been a growing interest in SR in the health industry (Abreu et al., 2005; Brandão, Rego, Duarte, & Nunes, 2013; Jamali et al., 2010; Kakabadse and Rozuel, 2006; Rohini and Mahadevappa, 2010; Wilmot, 2000). This should be seen as an opportunity for a fruitful exchange of ideas between all stakeholders – academics and practitioners, public and private sectors.

SR is not a univocal concept: it means something but not always the same thing for everyone. This lack of consensus should not surprise us. The reality of human organizations is so varied and changes so much that it is obvious that there must be more than one way to be responsible to society (Argandoña and von Weltzien Hoivik, 2009). However, it is equally obvious that all human organizations have some type of SR. The purpose of this article is to reflect on what SR is and why it must be practiced by those who manage these organizations. The next section explains SR from the viewpoint of the organizations’ management. The section after that discusses what moral, legal and social responsibility is. Then we will see why SR is necessary for managers, before reaching conclusions.

\(^1\) We will use the term “social responsibility” (SR) throughout this paper, referring to organizations in general, whether public or private, for-profit or not-for-profit.
Social Responsibility and Management

In this section, we will use three simple concepts to frame our analysis.

1. A human organization (such as a business, a not-for-profit hospital, a sports club or a political party) is “a group of people whose actions are coordinated to achieve certain goals or results, the achievement of which concerns all of them, even though this may be for very different reasons” (Pérez López, 1993, p. 13).

2. Managing an organization entails coordinating all these people’s actions to achieve these common goals.

3. SR is “the responsibility of enterprises [in general terms, organizations] for their impacts on society” (Commission of the European Communities, 2011).

A responsible organization will try to achieve these common goals that concern everyone while taking into account their impacts on society – in the case of the positive impacts, to foster them, and in the case of the negative ones, to avoid and offset them. This idea is expressed in most definitions of SR, which talk of “integrating social or ethical dimensions in economic activities,” “achieving economic goals while at the same time addressing society’s expectations,” “engaging in open, transparent business practices that respect their employees, the community and the environment,” “integrating the needs of people, planet and profit in their operations,” etc. A socially responsible organization can also be defined as one that puts people – the stakeholders – at the center (Freeman 1984): the organization must take into account the needs of all its stakeholders, both internal (owners, managers, employees) and external (customers, suppliers, the community).

Any organization, whether public or private, with purely economic or social objectives, designs strategies, builds structures, develops policies and undertakes actions that affect many people and institutions. All of this goes to define its SR according to its impacts on society.

As is logical, all this needs managers to guide, coordinate and control it. Within an organization, SR consists of a series of instruments or technical resources: management systems (Argandoña, 2004), incentives, indicators, reports, audits, codes of conduct, training programs, etc., which are necessary if SR is to move beyond good intentions or a series of disorganized and ineffective actions. This is the instrumental dimension of SR.

On a level above that of instruments, there is the organizational dimension, relating to the people and structures who accept responsibilities and implement them: management and governing bodies, specialized bodies (the SR committee and SR or sustainability manager), middle managers and employees, and also suppliers and distributors, partners, agents, etc. SR is a series of personal and collective responsibilities that are shared, mutually supporting and reciprocal.

This takes us to the managerial dimension, where it is decided what must be done, how it must be done and who has to do it. Normally, SR starts with a commitment by senior management, based on the organization’s mission, vision and values. That commitment then percolates through the structure and materializes in the strategy and in day-to-day policies and actions, involving people in dialogue, participation, communication, training and implementation processes. SR is

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2 For some definitions and a critical analysis of them, see Dahlsrud (2008).
a way of managing the organization, an ongoing practice that is more or less integrated into the mission, strategy, policies and daily decisions.\(^3\)

Viewed from outside, SR is part of the organization’s contribution to a prosperous, sustainable society. There are many ways to make this contribution, from performing the firm’s traditional functions (satisfying needs through the production of goods and the provision of services, creating value and jobs) to managing its positive externalities (innovation and development) and negative externalities (relating to the environment and climate change), and the moral and cultural transformations of the societies with which it interacts. Its impact is measured mainly by its results (outcomes), for example, on the triple bottom line (Elkington, 1998), although it is more than these outcomes.

SR seeks to make the organization efficient, ethical and responsible, both internally and externally. It is a series of processes that are manifest above all in the internal changes (in knowledge, capabilities, attitudes, values and virtues) that take place within the organization and within people. The external outcomes are only consequences of these changes and probably not the most important ones either.

However, this ideal will probably never be attained, for many reasons. SR has a very limited capacity to impact positively on society and, in any case, it is unlikely to have any real significance: “there is little if any logical or empirical evidence that more social activities on the part of corporations are likely to be socially enhancing, and that in fact they can be socially harmful” (Devinney, 2009, p. 45). That is why Visser (2010, p. 7) says that “CSR, as a business, governance and ethics system, has failed” when “success or failure is measured in terms of the net impact (positive or negative) of business in society and the environment.”

SR’s capacity to transform companies from within also comes up against difficulties but it is at least a reminder that organizations have responsibilities that can change management processes if managers identify and take on these responsibilities. The virtuous or responsible firm “will be one which has a corporate character that acknowledges that it ‘houses’ a practice, that encourages the pursuit of excellence in that practice, aware that this is an entirely moral pursuit, that pursues the external goods in so far (and only in so far) as they are necessary to sustain and support the development of excellence in the practice” (Moore, 2003, p. 51). A socially responsible organization is one that is managed by applying excellence criteria. And this leads us to the ethical dimension of SR.

### Responsibility

What do we mean when we say that a person or an organization is responsible?\(^4\) Here, we consider three forms of responsibility: moral, legal and social.\(^5\)

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\(^3\) SR is often identified with philanthropy or social action, without being part of the core business or identifying with its management. This does not seem to be the right way to define it.


\(^5\) There is another responsibility, causal responsibility, which is attributed to someone when that person is the direct or indirect cause of an action or its effects. We will not discuss it here because it is always present in the other responsibilities.
Moral responsibility

Responsibility is a moral category, which always arises from the relationship with another person: “To say that a person is responsible [...] for a given action is only to say that it is appropriate to take it as a basis of moral appraisal of that person” (Scanlon, 1998, p. 248). There can be different types:

1. Retrospective or a posteriori, as an attribution. In the past, the agent acted (or did not act) and the responsibility is attributed to the agent for the action and its consequences and also for its objectives and motives.

2. Prospective or a priori, as a duty. The subject has decided to act or has the duty to act, and is prepared to accept his or her present and future responsibilities (Jonas, 1984), including the duty’s purposes and the necessary or appropriate means to do that duty. This type is often linked to the agent’s role or function (Vincent, 2011).

3. Responsiveness, as an attitude. When the agent acts with prospective responsibility, he or she is showing a willingness to respond to the needs or demands of others, which is what constitutes the agent’s responsiveness, also called virtue responsibility (de Ruyter, 2002; Williams, 2008). The rationale of this comes from the agent’s ability to make genuine moral decisions for him or herself, in such a manner that others trust that the agent will perform his or her obligations and accept the consequences of his or her acts.

4. As accountability. The attribution of responsibilities means the agent must be able to account for his or her actions and motivations, the strategy in which they are embedded, the means used and their consequences (Oshana, 1997). Moral responsibility is owed to another person or to a community and, therefore, is subject to the normative standards governing interpersonal relationships in that community and the scrutiny, appraisal and sanction of those relationships. This type is a way of including the community in defining the responsibilities listed above.

Societal demands by themselves do not create moral responsibilities, which arise from duties of justice. However, these demands serve to draw attention to the content of these responsibilities and give them form for a specific place and time. For example, the duty not to discriminate against an employee on the grounds of race, gender or religion will be set out differently in different communities but the moral norm will be generally and morally binding.

Legal responsibility

Legal responsibility is founded on abidance by the law. It may or may not be a moral obligation, because ethics and the law do not share the same origin or scope:

1. Legal responsibility is based on criteria of social necessity or efficacy, not necessarily on moral principles.

2. The law is concerned mainly with the outcomes and not with intentions whereas, in some ethical theories, intentions occupy an important place in moral responsibility.

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6 Responsibility is always personal. Danley (1980), French (1979), and Goodpaster and Matthews (1982) opened the debate about whether corporate responsibility is possible.
3. The law does not encompass all moral obligations, nor should it, as to do so would be detrimental to freedom.

4. The spheres to which the two responsibilities are applied are different.

5. Legal responsibility tends to be reactive and cannot adapt easily to new circumstances and problems.

Responsible organizations must obey the law but SR is not a legal responsibility. It is not the law that makes SR binding.

**Social responsibility**

The adjective “social” has a number of meanings. The moral responsibilities to which we alluded earlier are social insofar as they arise from relationships between people. For example, the sale of a faulty product that may harm consumers gives rise to the obligation to compensate for this harm. However, SR has acquired a broader meaning. In the example given above, it establishes a generic consumer entitlement to safe products and a responsibility that applies to all companies, beyond the specific relationship between a buyer and a seller. It is responsibility to all of society (although on occasions it is limited to a group of stakeholders), and this is reflected in many definitions of SR, with phrases such as: “integrate social and environmental concerns,” “contribute to a better society,” “respect people, communities and the environment,” and “treat the stakeholders in a socially responsible manner.”

Therefore, it is assumed that, when society voices its requirements, demands, claims or expectations, it is formulating potential or effective rights that deserve public recognition. (Even those that are recognized only for certain groups still have the support of the community.) The strength of these demands comes from various sources: coercion (by society or by the state), ethics (either because the recognized right implies a moral duty or because a normative value is bestowed on what society proposes), convenience (the organization agrees to negotiate its responsibilities), etc. Society also demands that organizations be accountable for their commitments, the means they have used or will use to meet them, and the results, which enables a certain degree of control to be maintained.

This modern conception of SR has its roots in profound changes in society, ideas or ideologies (Devinney, 2009), with major consequences:

1. In postmodern society, rights have proliferated. They have become changing and relative, and attempts are often made to turn mere preferences into formal rights (Argandoña, 2016). This inflation of rights translates into a proliferation of SR demands.

2. The wording of these rights is often ambiguous – for example, when it is said that the firm needs a “social license” to operate (without it being known who grants it and under what terms and what its effects are) or that the firm must “give back” to society what it has received (without it being specified how this is to be calculated) or that, as a “good citizen,” the firm must help improve society, or that it must make good use of its power.

3. Society is an abstract body that encompasses many groups (politicians, government officials, academics, companies, the media, civil society organizations) with different interests that compete for the attention of the state (to validate their demands) and for the attention of firms (to get them to accept their responsibilities). In practice, we run the
risk of leaving the task of setting out society’s demands in the hands of a stakeholder group, without discussing their validity.

4. The lobbying capacity of the stakeholder groups is strengthened by state structures, the judiciary, lobbies and the media, which may put at risk the voluntary nature of SR.

5. SR often becomes a vehicle for funding social actions that were traditionally the responsibility of the state but which it can no longer perform due to growth in demand and budget constraints. On occasion, SR has been presented as transferring to firms the responsibility for solving the world’s major problems – for instance, hunger, disease, education, environmental degradation or climate change.

6. The ethical rationale of this SR is usually consequentialist. What matters is that certain results are attained that are considered socially desirable, without giving due attention to the means. These means may be unjust because of what is being asked for, or because of the burden placed on firms. That burden is then passed on to the firms’ customers and employees, not just their owners – perhaps without taking into account distributive justice criteria or perhaps because this way of operating furthers personal interests or sometimes the interests of the rich and powerful, etc.

7. Firms react to these demands – sometimes by ignoring them and other times by undertaking cosmetic actions. At other times, firms participate actively in the process of negotiating social demands, by supporting them, manipulating them or blocking them, or using the demands as entry barriers to possible competitors, etc. Often, firms pay attention to these demands for consequentialist reasons, based, for example, on a cost-benefit analysis. In consequentialist ethics, there are no moral lessons. SR does not improve management quality.

8. The firm’s interests and those of the community are not necessarily aligned because this way of conceiving SR excludes the existence of a shared interest or any notion of common good. These relationships are often adversarial and are resolved by power games that give rise to instability when external changes happen (an economic recession, for example), when the relationship has detrimental effects for one of the parties, or when the power of SR to impose new conditions has changed, etc.

9. SR can become a generic framework that does not take into account the needs and possibilities of specific players. It will become a regulation that does not elicit allegiances and loyalties because, “without developing a specific ‘customised’ meaning leading towards dedicated and useful actions for the people involved, CSR as an overarching notion does not make sense” (Cramer et al., 2004, p. 215).

In short, the SR we see today is the outcome of the coexistence of models at different stages of evolution. In some cases, SR addresses the ethical treatment of the relationships between stakeholders – accepted by organizations with a greater or lesser degree of conviction – in accordance with criteria dictated by justice, solidarity and prudence, sometimes with the intervention of the law but never limited by it.

At other times, SR is broadened to encompass a series of generic responsibilities that go beyond interpersonal relationships and in which society takes on a more significant role. SR formulates its demands and expectations, it identifies the rights that underpin these demands, supports them and establishes pressure mechanisms, which transfer to organizations the responsibility for
fulfilling them, and SR subsequently demands that organizations account for their actions. This model is a natural continuation of the previous model, insofar as society identifies needs and ethical rights. The model adds a social dimension to what was, until then, an eminently private relationship.

However, here ambiguities may emerge that change the nature of SR. In postmodern society, the list of rights and, alongside these, the list of types of SR have lengthened considerably. SR’s substrate ceases to be ethical and now includes mechanisms for negotiation and manipulation, both by stakeholder groups and by firms. This changes the rationale for how binding SR is and it may generate instabilities in the relationships between firms and stakeholder groups. The objective of achieving a fair, efficient relationship – in which both parties find common ground – gives way to the possibility of a consequentialist confrontation in which stakeholders pursue the maximum possible rent from firms while the latter defend themselves and try to keep their advantages. Sometimes, the goal is to turn SR into a series of regulations, controlled not by the state but by stakeholder groups, for exploitation or control purposes.

All of these alternatives are now the subject of academic debate and practitioner implementation or criticism. As has been noted already, SR is not a univocal concept, applicable to all organizations in all settings and at all times. There are several reasons for this: because there is no single concept of the firm or organization, because the problems that must be addressed are different in each case, because the anthropological, sociological, political and economic assumptions are different, and because it seems wise to leave space for agents’ actions for an issue such as this where no one has all the necessary information, where no one can predict all the consequences of their decisions, and where freedom of initiative will always be necessary.

**Managers' Interest in Social Responsibility**

What can induce a manager to act in a socially responsible manner? Perhaps his or her moral or religious preferences but this is not an argument that can be generalized in a multicultural society such as ours. The so-called business case argues that SR has a positive impact on financial results but we are still a long way from proving this, and the results of empirical studies on this topic are unlikely to motivate business owners. It has already been explained that, for many companies, the social case – the demands made by society – is reduced to an exercise in cost-benefit analysis that does not motivate business owners either, although they may find it helpful when negotiating with stakeholder groups.

There are still two other reasons, however, in favor of implementing SR in full within organizations. The first, the management case, is that SR is an exercise in management excellence (Argandoña, 2012). A socially responsible manager tries to take into account all the impacts his or her decisions will have on society, on the internal and external stakeholders and also on him or herself, including the moral lessons learned by the manager. He or she knows the stakeholders and tries to understand what their stakes are, what their interests are in the firm, and their short and long-term reactions. The manager takes a long-term view and has good risk management skills. He or she develops a culture founded on dialogue and acts before problems arise. The manager creates an atmosphere of trust among his or her subordinates, and so on. All of this is included in the definition of an excellent manager.

This proposition may seem utopian but it is not really if we understand that SR is a journey, not a destination. Thus, we learn every day and we travel in the company of others. It is a personal
and collective responsibility, shared and reciprocal. Obviously, excellence can never be attained and there will be setbacks and failures, but we can try again each new day. As there is no single definition of excellence, each organization must seek its own path to SR by reflecting on its mission, the role it wishes to play in society, its objectives, the responsibilities it acknowledges and the means it has at its disposal.7

The second reason is that excellence is an ethical issue (Solomon, 1992) and SR is too: “Social responsibility should be understood as being part of what has traditionally been called moral obligations. These obligations cannot be imposed by others or by the State. The difference between legal and moral obligations does not imply that the latter are less important. It simply implies that there is no legal coercion to fulfill them. Nonetheless, the more significant the consequences for failure to conform to these norms, the greater the moral obligation to do so” (UNESCO, 2010, p. 19).

This takes us to another important issue: Which ethics? It must be an ethical theory that is capable of autonomously generating self-enforceable norms, norms that hinge “on our concern with living a good human life, with models and ideals of human possibility” – that is, those that do not depend on the existence of a law and the coercive power of the state or certain “to social regulation and […] to retributive and compensatory justice” (Watson, 1996, p. 243) exercised through a game of rewards and punishments. In this way, SR can be voluntary and, at the same time, normative – that is, enforceable for the agent.

There is an ethical theory that accounts for people’s moral learning and how this shapes their answers: virtue ethics, which addresses not only decisions’ external outcomes (the firm justifying its responsibility externally) but also the improving of people’s moral quality (management excellence from within).

The exercise of virtue has four dimensions (Alzola, 2015):

1. Cognitive: a virtuous person “perceives a situation rightly – that is, notices and takes appropriate account of the salient features of a situation” (Hartman, 2008, p. 322). That person grasps the problem’s ethical content, not on an abstract level through the application of certain general principles but on a concrete level, in the present setting and for the specific people affected by it.

2. Emotional: virtues are “dispositions not only to act in particular ways but also to feel in particular ways” (MacIntyre, 1984, p. 149). This dimension reinforces the previous one: the problem does not leave the agent unmoved but, rather, the agent’s feelings drive him or her to act.

3. Motivational: virtues are dispositions that depend on the motivations of the agent, who feels committed to act resolutely in the specific situation in which the agent finds him or herself, even though the decision chosen may not appeal to him or her (Pérez López, 1993).

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7 This is not accepted by those who prefer an instrumental SR, both in the firm (viewing SR as just another department, which does not influence how the others work, or a cost that it is hoped will be offset by profits and reputation) and in society (viewing SR as an instrument for solving collective problems, not for people’s improvement).
4. Behavioral: the virtuous person carries out the chosen action because he or she has the necessary strength of will to overcome short-term pressures and the temptations that may turn him or her from the path (Alzola, 2012; Argandoña, 2011 and 2014; Polo, 1996).

To summarize, an ethical manager has the possibility of becoming an excellent manager because he or she is developing the habits that enable him or her to make better decisions, both now and in the future, avoiding negative learning and, insofar as possible, facilitating positive learning, both in him or herself and in the organization and the people who depend on the manager. The main reason why a manager may try to act ethically and responsibly at all times is that this means that he or she is striving to be an excellent manager, and this will encompass moral and SR concepts, such as duty, professionalism, excellence, citizenship, and ethical culture.

Conclusions

The concept of SR was developed first in the firm and later took root in not-for-profit organizations and in healthcare, with distinctive social objectives. SR is at the interface of the organization and society. When viewed from the outside, it is concerned with the organization’s impacts on society. When viewed from the inside, it explains how reflection on the firm and its role in society and acceptance of the resulting responsibilities influence how the firm is managed.

The “responsibility” component of SR is an ethical, retrospective, prospective, and attitudinal concept that links with the role of SR in management. The “social” component originally referred to the duties created by interpersonal relationships but, since then, it has evolved toward meaning more active involvement of society in identifying problems and proposing solutions. In this process, it runs the risk of becoming an interventionist, consequentialist, confrontational approach that, furthermore, does not offer useful ideas for excellence in organizational management. In this function, we find two mutually enhancing keys to SR: as a means for managing organizations excellently and as an ethical responsibility, founded on virtues.

References


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8 The technical, economic and legal knowledge and abilities of a competent manager will also be necessary. Acquiring these is also a moral duty for a management professional. In any case, ethics cannot be built on virtues alone. It also needs good (seeking good in all actions) and norms (which limit the possibilities of error) (Polo, 1996).


