Social Responsibility And Non-Profit Organizations

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Practical and theoretical developments on the social responsibility (SR) of organizations, understood as the voluntary integration of community and environmental concerns in their operations and in their relationships with relevant stakeholders, have mainly focused on for-profit organizations. In this context, although the concept of SR has been occasionally explored in the context of other types of organizations such as public agencies, universities or social enterprises, the concept of “corporate social responsibility” (CSR) is almost exclusively used to refer to the socially responsible behavior of business corporations. We argue that the concept of SR, however, is not only applicable to any type of organization, but also has particular relevance for the social legitimacy and financial growth of non-profit organizations (NPOs), as they are the multi-stakeholder organizations par excellence (Rey, Alvarez & Bello, 2013). All organizations face increased pressures from stakeholders and highly complex social and economic challenges. They develop a growing awareness of the importance of taking into account stakeholders’ expectations and potential societal impacts of their activity, in order to achieve long-term survival and growth (Carroll, 2008; Freeman, 1984; Sturdivant, 1977). Interconnections between economic, social and environmental impacts are acknowledged; and responsible management of those impacts is understood as a means to maximize economic and non-economic outcomes (Elkington, 2006). Porter & Kramer (2011) point to the need to rethink organizations around a new understanding of value creation: a “shared value” that is created for and with stakeholders. By improving the relationship with key stakeholders in the medium and long-term, SR can also foster sustainable organizational differentiation and competitive advantage. The concept therefore comprises both ethical and strategic aspects.

The aim of this paper is precisely to propose a framework that justifies and facilitates the application of the concept of social responsibility (SR) to nonprofit organizations (NPOs). In order to achieve such goal, the SR of organizations is conceptualized across three dimensions: corporate governance, social outcomes and environmental sustainability. This definition builds upon the conceptual approach to the SR of firms of the European Commission (2002, 2011); adapts it in order to include all types of organizations including non-profit ones; and expands it with contributions from the most widespread standard of sustainability reports at the international level, the Global Reporting Initiative (GRI) framework (GRI, online). Therefore, the proposed conceptualization includes good governance practices to reconcile the interests and expectations of the different stakeholders; sensible management of the impact of the organization on those stakeholders and on the surrounding environment, both human and natural; and fully accountability for those impacts to stakeholders and society in general in a transparent way.

Secondly, we conduct a critical review of the academic literature on SR and NPOs across the aforementioned three dimensions. The SR of NPOs has received only marginal attention within the already significant corpus of literature on the SR of organizations. Literature most often addresses NPOs not as subjects of their own (non) responsible behavior, but as organizations which roles either complement (e.g. as partners or beneficiaries) or qualify (e.g. as watchdogs) the behavior of (non) responsible businesses. The few theoretical and empirical works on the SR of NPOs tend to overlook the social dimension, as it is taken for granted as part of the public benefit mission that characterizes NPOs; and seldom consider the environmental dimension in depth. By contrast, governance of NPOs has received increased attention from researchers (see for example, Drucker, 1990, 1992; Bowen, 1994; Saidel & Harlan, 1998; Cornforth, 2003; Miller-Millesen, 2003; Anheier, 2005; Christensen & Ebrahim, 2006; Ostrower & Stone, 2006; Bradshaw, Hayday & Armstrong, 2007). Nonprofit governance, however, is rarely dealt with in the context of the broader concept of the SR of NPOs, and as a result research on boards tends to be disconnected from other relevant dimensions of the impact of those organizations on society.

Third and last, a conceptual framework tailored to fit the distinct characteristics of NPOs, and consistent with the findings of the literature review, is proposed. The commonly accepted materiality principle is applied in order to embrace the specific aims and functioning of NPOs, and the potential relevance of each of the three dimensions of SR is discussed. Our conclusions
suggest good governance to be a transversal dimension with the potential to articulate the backbone of SR policies and strategies in NPOs; given not only what for and how this specific organizational type operates, but also what NPOs are, that is organizations without owners where traditional agency problems may escalate in the absence of a clear commitment with responsible governance.