



## **Corporate Social Responsibility and the Management of Conflictual Relationship**

**C**orporate Social Responsibility (CSR) is one of those concepts that, when originally introduced, made a lot of sense, but now one is forced to ponder what it really means. It is a matter of definition (of which there are many), as CSR is one of those container concepts where one puts whatever one likes. Thus, the concept is defined by how a corporation chooses to address its notion of responsibility and the choices it makes: environmental issues; charitable work; support for a local football team; financing local or regional drinking water or irrigation programs; providing textbooks or computers for schools; or informing communities in the neighbourhood about an incoming project.

CSR is a voluntary endeavour guided by equally voluntary codes of conduct, which are as diverse as the definitions referred to above. However, what is common to all these elements is the spirit of CSR: for corporate citizens “to do the right thing.” Again, “the right thing” is a matter of contention, but in general one could say that it is to promote conditions that foster human realization and social conscience to economic development.

The problem with the concept of CSR, as is currently understood or misunderstood, is that in some instances it has turned out to be just a good P.R. tool used to address market concerns of a politically astute public.

“Social” is the condition of living in community and pertains to the life, welfare, and interrelationships of human beings in a community, while being ‘responsible’ is to be accountable for something within one’s power and control. In short, social responsibility means that corporations must recognize that they are responsible for their decisions, operations, and impacts on the natural environment and on their relationships with human beings (individually and collectively).

“Doing the right thing” means, above all, to nurture relationships that are cooperative rather than conflictual, both internally and externally. This means developing the capacity within the corporate body to address social, economic and political issues that often emerge. If corporations are to do the “right thing,” then, they need to manage conflictual social relationships, both in actuality and potentiality.

Conflictual relationships occur inside and outside corporations because their leaders and employees make decisions based on assumptions about the internal workings of their organization and the market place that they serve. We have witnessed on numerous

occasions instances where assumptions have led to divergent and even opposing conceptions of CSR: for example, a mining company CEO asserting that his company's CSR policy aims at contributing to stable societal institutions and democratic processes, while the head of the community relations department maintains that her role is to keep NGOs "off her back" by buying improved seeds for local farmers.

These divergent understandings can significantly impact the overall functioning of the corporation, which includes everything from the allocation of resources (financial and human), and the time and effort to manage them to the impact these actions have in its external relations and environment. Divergent conceptions of CSR within the organization create different levels of expectations among the stakeholders; expectations which, when they are not met, prompt some of the stakeholders to view the relationship as conflictual.

In the same vein, even if the corporation speaks with one voice in regard to its CSR policy, the potentiality of a relationship with stakeholders turning conflictual is great due to the diverse conceptions of "corporate social responsibility" that each stakeholder espouses.

In other words, conflictual relationships with stakeholders can result from misplaced expectations as to what the role of a business organization is in society; the commitment or lack of commitment and follow through that the corporation attempts in addressing structural social problems; the division of labour between corporations and governments to deal with local social ills; or even the differing meanings that the stakeholders and corporations attach to the concept of *sustainable development*, just to name a few.

Conflictual relationships with the stakeholders, therefore, are perceptions of diverse meaning between what a corporation says and what it delivers in its contribution to the social milieu. Corporations wishing to show responsibility in their social interactions, therefore, must manage conflictual relations, which includes recognizing their role as social agents, engaged in activities that accelerate change.

CSR is not a one-time event; it is a process of building cooperative social relationships, based on a common vision. CSR is not about what the private sector is going to do all by itself; it is a joint undertaking to define what will be its contribution to create those conditions that foster human realization and socio-political and economic development.

CSR is a test of leadership in adverse conditions; it is a test of the capacity of corporations and stakeholders to transform conflictual relationships into collaborative relationships. To exclude the co-management of conflictual relationships from CSR is an act of social irresponsibility.

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