Chapter 13
The Link Between CSR and Sustainable Development in a Global Economy

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Abstract In recent years, corporate social responsibility has become a major focus of interest not only for business management but also for economics. Corporate social responsibility indicates a duty to work for social benefit since 1970s. Corporations are voluntarily integrating sustainable development concerns into their operations and their interactions with stakeholders. This paper aims to explore the link to the concept of sustainable development and corporate social responsibility from an economic perspective. In theoretical literature, CSR discourse emerged as a reaction for sustainable development. Recently, growing perception that corporations can contribute to sustainable development by promoting social responsibility that include consumer interests. The adoption of CSR initiatives has a significant impact on the sustainable development as core business strategies.

13.1 Introduction

Over the last decades, discussion about the link between corporate social responsibility (CSR) and sustainable development (SD) has come to the forefront of economic concerns. This leads to an unspecified discussion in economics and business administration. CSR is basically a concept of voluntary business activities whereby corporations integrate social concerns. Companies which espouse CSR are keen to help in a move towards sustainability. There is a general acknowledgement that the corporations have ethical obligations toward sustainable development. Thus, a corporation needs to behave responsibly for two main reasons: self-interests and ethical reasons within that society (Fadun 2014).

The involvement of social objective by corporations is not as new as the term "corporate social responsibility" suggests. There is a long history associated with the evolution of the concept of CSR as far back as 1950s. Therefore, the topic became widely discussed among academics and business world since 1970s.

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Although CSR thought mostly in developed countries and many well-developed socially responsible projects are operated by Multinational Corporations (MNCs) (Carroll 1999).

A major debate in business perspective has centred on whether corporations should be concerned primarily with the interests of shareholders or whether they should consider social interests. Principally, corporations are profit making entities but there are also issues to consider in addressing the needs of society. In this point of view, corporations undertake socially responsible actions only if it is efficient and profitable (Moir 2001). Companies should have economic responsibilities first, but the key point is that CSR is not an anti-profit activity. Although it must be borne in mind that business need to integrate their economic impacts of their activities on society when strategising.

Until 1960s, development was considered as a phase of the economic growth (Hopkins 2007). In general, while economic growth is an increase in aggregate output level, economic development is the actions of policy makers to improve standard of living (Feldman et al. 2015). The term sustainable development is rooted in three pillars: economy, society, and environment. Sustainable development can also be gained in the form of the corporate social responsibility agenda. Several major initiatives have formed over the past two decades to expand the scale of corporate involvement in sustainable development. Regarding to the literature, it can be seen that a consensus on the interaction between CSR and sustainable development has not been achieved yet.

The aim of the study is to provide a coherent framework for the sustainable development analysis of CSR. This chapter contributes to the literature on corporate social responsibility in two ways. First and relatedly investigates the role of corporate social responsibility on sustainable development. Second, it contributes to debate about the corporate social responsibility through an economic perspective. The focus to understand CSR as an economic phenomenon began by asking which development channels with CSR may lead to improve total welfare. The chapter also addresses another broader question: under what conditions might be forced for corporations to adopt practices that benefit society other than customers.

A key contribution of this chapter is to understand CSR as an economic phenomenon. The chapter is organized as follows. After the introduction section, the second section provides conceptual framework in order to emphasis of meaning. The second chapter, then highlights the link between corporate social responsibility and sustainable development while the issues arising from CSR activities in international economy, and the key actors of CSR are given in the following section. In the fifth section, different economic perspectives are explained accross theoretical framework. Finally, the last section concludes the chapter with a discussion of implications for future research.

13.2 Conceptual Framework

Both CSR and sustainable development are internally complex concepts. There is no widely accepted definition of the term corporate social responsibility. The broadest definition of CSR is given by Archie B. Carroll (1979) as "the social responsibility of business empposses the economic, legal, ethical and discretionary expectations that a society has of organizations at a given point in time." While the definition of CSR may vary across international organizations. World Bank (WB) defines CSR as the "commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve quality of lifes, in ways that are both good for business and good for development" (World Bank Institute 2003). Hence the fundamental idea of CSR is that businesses have an obligation to contribute the needs of society.

In the early literature, the concept of CSR was referred to social responsibility. The modern debate on corporate social responsibility began with an exchange of views between Professor Merrick Dodd and Professor Adolf Berle on the extent to which the corporation should be used to refer to an economic identity or a social identity (Williams 2002). Williams (2002) suggests that an entity depends upon the relationship between shareholder and stakeholder, thus, the corporation is an economic entity and social entity, a private sector and public sector.

The potential role of CSR in economies raises the prior question of what development refers to. The term sustainable development addresses the implications of wide range of social, ethical and environmental impacts. The critique is development focuses on people rather than production. The theoretical framework for sustainable development rooted in 1972, The United Nation (UN) Conference on the Human Environment (Drexhage and Murphy 2010). Most commonly, sustainable development is defined as "development that meets the needs of current generations without compromising the ability of future generations to meet their own needs" (WCED 1987). This definition contains two key words: "needs", in particular needs of human and "ability" refers in detail the resource ability or limitation to meet the needs (Ebner and Baumgartner 2006). After the World Commission on Environment and Development (WCED) published a report entitled "Our Common Future", in 1987, the term sustainability first gained widespread acceptance. As noted above, sustainable development generally refers improving the quality of human life.

13.3 The Link Between Corporate Social Responsibility and Sustainable Development

CSR as an interdisciplinary context is related to several theoretical approaches. Most business decisions involve development issues. Sustainable development may enhance the understanding of how CSR activities might affect market structure, competition, externalities, and economic welfare. It is also important for strategic purposes of corporations. In the early 1950s, socially responsible behavior of a firm was limited to market performance, then shifted to corporate involvement in solving social problems (Ismail 2009). The link between CSR and sustainable development is well described by Frederick (1994) as "the capacity of a corporation to respond to social pressures" which he calls CSR_2 or corporate social responsiveness.

CSR as an economic phenomenon began to question, whether firms have social responsibility. The academic debate on CSR in economics began with M. Friedman's famous paper "The Social Responsibility of Business is to Increase Its Business", in the New York Times Magazine, 1970. Friedman (1970) argued that the only responsibility of firms was profit maximization as the classical economy. Later then, neoclassical economists began to argue that whether firms should consider externalities, public p and social issues. The focal point is also the mechanism of how public preferences can translate into CSR. Since then, in recent years increasing number of development economists have studied economic implications of corporate social responsibility (CSR) including Becker (1993), Bowles (1998), Stiglitz (2002), and Baron (2008).

Increasing interest in CSR not only to make firms more socially responsible but also to assist them in contribution to sustainable development. On the other side, the role of CSR as a minor firm strategy can be seen in good market and labour market. First, in the labour market, companies declare their socially responsible values to encourage employees, then this signalling affect a worker's labor supply decision at a point in time (Michael 2003). In short, top skilled workforce want to work for firms contributing social well-being. Instead of skilled workforce, CSR also relates to participation of workers in management, lifelong learning, equal opportunities and other employment related issues (COM 2002). The positive impact may also arise on employees' attitudes and productivity in work place (Acar Erdura and Kara 2014). It can be said that CSR as a "social production" was claimed to lead misallocation of production factors (Michael 2003).

Because of the shrinking role of government on regulation to deliver social and environmental issues in micro economy, economists suggest that firms should act in a socially responsible manner for a more efficient resource allocation. There is also growing interest of customers, suppliers, investors, NGOs and civil society. Society would like companies to contribute voluntarily act in a socially and environmentally responsible manner (Kitzmueller and Shimshack 2010). The main question then arises is to how business can contribute to sustainable development. Another problematic is that the tension of balancing different values and expectations of economic, legal and social responsibilities. So that corporations give varying emphasis to the CSR practices; socially responsible goods and services, employee satisfaction and social involvement (Moon 2007). Carroll (1991) assumes that CSR includes four components: economic, legal, ethical and philanthropic. Firm is the main economic agent, hence economic components (responsibilities) of CSR are at the centre.

From another point of view, socially responsible actions may lead to achieve "utility maximization" rather than only profit maximization (Johnson 1971). However, corporations do not want to be a first mover of CSR that they may face higher cost due to uncertainty. If the cost cannot be compensated by higher consumer level or price level, firm may lose competitive ability (Bazillier and Vauday 2014). More specifically, competitive advantage is achieved by firms is rooted in capabilities to develop lower cost products. In this framework, profit maximization, maximization of earnings per share, strong competitive power, and high level of operational efficiency must be forced into focus (Carroll 1991). According to Swift and Zadek (2002), the dimensions of CSR which include these components can be listed as below:

- Human rights,
- Working conditions,
- Equality and diversity,
- Consumer protection,
- Environment and health impacts,
- Economic development,
- Ethical business practices,
- Political impact.

It is assumed that society expects from businesses to perform that improve the welfare of society (Acar Erdura and Kara 2014). According to Frynas (2005) there are four key motives for companies to engage in social development projects; improving competitive advantage, maintaining a stable working condition, managing external perceptions and keeping employees satisfaction. If companies were to succeed in socially responsible behaviour this will lead to positive impact on both the macro economy and micro-economy (COM 2002).

Hopkins (2007) argues aspects of developments can be characterized into three types of activity levels: charitable donations, development inside the corporation by generating goods and services for developing countries or investing in a developing country which may directly affect the profit level and finally activities involved in sustainable development, mainly anti-poverty objectives. It is widely accepted that sustainable development is rooted in three pillars: economic development, social equity and environmental protection (Drexhage and Murphy 2010; Tang 2012; Kolk and Tulder 2010). These three pillars are called as the term "triple bottom line" (TBL): profit, people and planet by John Elkington in 1994 (Elkington 2004). The TBL refers three pillars of performance: economic value, social value and ecological value in the measurement of the impact of socially responsible activities

(Idowu and Filho 2008). In this framework World Bank Institute (2003) classified CSR activities mainly as below:

Economic:
- Monetary flows to the public sector,
- Employment and human resource development,
- Procurement and supply chain management,
- Efficiency and competitiveness,
- Technology transfer and intellectual property rights.

Social:
- Labour standards,
- Human amenities, health and safety,
- Social Investment,
- Human Rights,
- Violence and conflict,
- Corruption and bribery,
- Non-Commercial community and stakeholder engagement.

Environment:
- Energy, water and air quality,
- Waste minimizing,
- Environmentally safe production, products and services,
- Environmental impact assessment and management
- Environmental reporting and management systems.

Companies operating in different sectors, address different sustainability issues. In response to negative impacts of some industries such as heavy industries or more pollution intensive industries on the environment, they have been the leading players in CSR initiatives. On the otherside, these sectors have been subjected to social and market pressures to do something about the environment and community (Frynas 2005). Furthermore, more strictly regulated firms or firms subject to closer public policy monitoring and advocasy give greater importance to CSR more than others (Brown et al. 2006).

Many consultants recommend that companies that may threat to the environment or harmful, for instance defense, nuclear, tobacco, gambling, alcohol or sex industries are more likely to participate for "giving back" to the society (Brown et al. 2006; Ludescher and Mahsud 2010). The management stakeholder theory emphasizes that as a part of optimal firm strategy shareholders prefer to act socially or environmentally CSR activities rather than increasing bonus payments or direct donations. On the other hand, shareholder preferences translate into voluntarily acts relevant to profit maximization. Thus, shareholder value maximization may drive CSR. Another approach can be seen in the "team-production model" which views that owner of production factors and managers have responsibilities to solve the moral hazard problem (Meese 2002). These models assume that moral hazard problems may reduce shareholder profits, and principal-agent problems can be costly. Altman (1999) indicates that there is a positive relation between environmental performance and financial performance. Results show that firms in "environmentally unfriendly" industries may under heavy public pressure to participate in CSR (Brown et al. 2006).

The overall skills and the capacity of the business sector will also be critical to meeting more effective sustainable ways. CSR is now being added to management responsibilities varies according to firm specific factors such as marketing, human resources and public relations (Moon 2007). Moreover, stakeholder, industry and country play a critical role in this regard (Kolk and Tulder 2010). The corporate social responsibility issues in the light manufacturing industries such as textile, toys are more likely to concern labor related issues including workplace safety and security, child labor issues, gender inequality in workplace and labor rights. On the other hand, heavier manufacturing industries primarily concern environmental issues (Williams 2002).

In economic context, economic, social and environmental issues are part of sustainable development objectives. According to classical theory, public goods are largely characterized by social and environmental externalities. Moreover, classical public economics states that public goods or externalities should be based on public preferences. First of all, firms produce a public good or an externality to contribute to maximize profits as a primarily goal. More specifically, in the economic literature, the Environmental Kuznets Curve (EKC) hypothesis supports this view. This inverted u-shape curve hypothesized relationship between economic development and various indicators of environmental degradation (Stern 2003). Arora and Gangopadhyay (1995) indicate that consumers are willing to pay a price premium for corporate environmental responsibility. Further, stakeholders and investors often take account of ethical and environmental firm performance. Government policies and political concern such as global warming require addressing environmental protection. Today most of the CSR activities that encourage development mainly focus on environmental issues measures rather than different parts of sustainable development paradigm. Multi-sectoral international cooperation must adopt a broader strategy to solve this problem.

There is also evidence that signal of CSR stem from the behaviour and preference of individual consumer. Advocates of CSR, expecting companies to fill the objectives of the government by generating products for public welfare (Ludescher and Mahsud 2010). Governments as an only authority that could legislate, have responsibility in creating a more sustainable environment. So that, governments have shown an increasing interest in CSR. As the significant financial involvement of firms in sustainable development, governments impose tax reduction and subsidies to encourage firms to engage in CSR activities (Albareta et al. 2008). Governments should start to consider development policies more seriously than ever before (Table 13.1).

It is concluded that CSR is business and society collaboration which identifies sustainable economic development objectives that companies are encouraged to achieve. The link between business, society and government as a topic of

Table 13.1 Possible government regulations and public policies regarding CSR

Mandating	Facilitating		Partnering	Endorsing
Command-control legislations	Enabling legislation	Funding support	Combining resources	Political support
Regulators and inspectorates	Creative intensiveness	Raising awareness	Stakeholder engagement	Publicity
Legal and fiscal penalties and rewards	Capacity building	Stimulating markets	Dialogue	Praise

Source: World Bank Institute (2003). Public Policy for Corporate Social Responsibility

theoretical literature may be traced back to the post world war-II era (Moir 2001). The empirical studies indicate that impacts of CSR activities on economic development are dependent on firm characteristics, organisational structure and internal decision making mechanism. Therefore, the sustainable development depends upon responsible business enterprises. In today's world, business world play a crucial role on development of world economies than ever before.

13.4 Issues Arising from CSR Activities in a Global Economy: Drivers of CSR

By the early 1970s, with the modern form of the corporation, mandatory regulation of corporate activities became an international issue (Jenkins 2005). The debate on this issue has been dominated by the developing world. The 1972 "UN Conference on the Human Environment" brought both developed and developing countries together for a better environment. Clearly, CSR projects are more complicated sustainable projects than charitable donations or direct grants.

Economists suggest that CSR as a corporate expenditure refers static cost of a firm. Porter (1991) emphasizes that environmental issues increases cost level which may lead to decrease power of competition under perfect information. From another perspective, Rowley (1997), Reinhardt et al. (2008), McWilliams and Siegel (2001) indicate that CSR is clearly influenced by the internal factors of a firm. Authors also emphasize the role of "theory of the firm" relationships. In the long-run, firms that adopt more CSR activities raise prices, and reduce total cost which may help to achieve expected profit level. Baron (2008) analyzes the causal relationship between social expenditure and profit incentives of managers. He refers that CSR is motivated by profit maximization goal of a firm. Further, capital intensity is also positively associated with voluntarily actions (Fig. 13.1).

Nowadays, socially beneficial investments help to improve reputation, and sales volume for the expected profit level. Thus, in the long run CSR actions accelerate development level and social welfare. In sum, variety of factors including managerial incentive, employment agreements, firm performance, organizational identity and structure may also affect CSR engagement (Reinhardt et al. 2008). In sum,

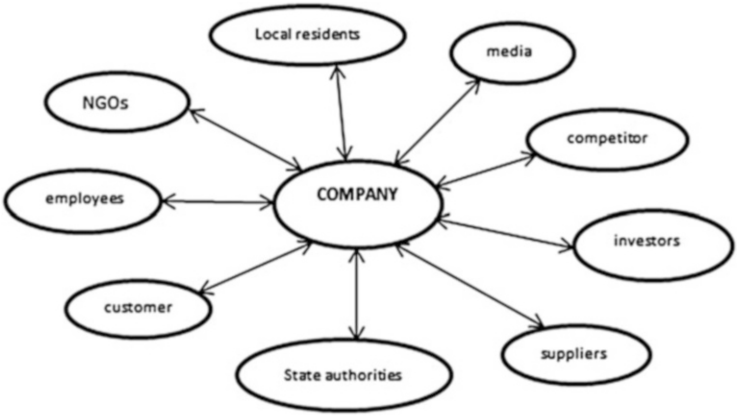

Fig. 13.1 Companies' interaction with various stakeholders. *Source*: Husser et al. (2012). CSR and Sustainable Development: Are the Concepts Compatible?

profit maximizing firms engaging in a socially or environmentally responsible manner have always positive price effect. Evidence suggests that some investors may also be motivated to invest a stock issued by socially responsible firms. In this case, firms might be forced to adopt more CSR practices. Moreover, stakeholders give greater importance to CSR in promoting development objectives. These stakeholders either internal (investors, employees, customers and suppliers) or external (media, state authorities, local residents, media and NGOs) integrate company's socially responsible decision making and operating mechanisms (Husser et al. 2012). Freeman (1984) defines stakeholder as "any group or individual that can affect or be affected by the realisation of a company's objectives". However, not only above mentioned institutions but also governments, development agencies, intermediary organisations, multi stake-holder organisations, academia, media and other civil-society organizations need to be socially responsible (Albareta et al. 2008; Ludescher and Mahsud 2010). All institutions associated with all individuals should be aware of how they contribute to human well-being. Thus, CSR can only be developed and implemented at global level through other economic agents, business associations and organizations.

It is well-accepted among economists that the rise of CSR can be rooted in international economics. Achieving sustainable development through CSR, international organizations play a key role in providing assistance and supervising activities in many countries. In this chapter, key drivers of CSR; multinational corporations (MNCs), non-governmental organizations (NGOs), international organizations and policy makers will be examined. Since the globalization has accelerated considerably around mid-1980s, international economic organizations have begun to examine social responsibility from a more global perspective. In the 1990s, the discourse about the developmental aspects of CSR became increasingly prominent into the international economics literature, the international issues arising from CSR activities have quickly become part of international economy.

13.4.1 International Organizations

Because of growing gaps between the rich and the poor and other profound changes in world system address sustainable development issues not only in firms but also in international organizations. In a globalised world, sustainable development can only be achieved through cooperation with leading global economic agents. Nowadays CSR is being advocated by international policy makers as an alternative way to sustainable development. The debate on this issue has been dominated by the northern (the Anglo-Saxon and the European) perspectives, and social responsibility moves one step further by emphasizing international institutions. International organizations such as The World Bank (WB), The United Nations (UN), Organization of Economic Cooperation and Development (OECD), European Union (EU) have the most prominent position and take a much more positive view of the sustainable development impacts of CSR. International organizations have also proposed international agreements relating to developmental issues include the UN Global Compact, OECD Guidelines for Multinational Enterprises, International Labour Organization (ILO) International Labour Standards (Herrmann 2004).

United Nations (UN) reports show that sustainable development is an outstanding issue. By the launched of the UN Millennium Development Goals (MDGs), the UN's major initiative, social dimensions of development such as poverty and hunger, child mortality, primary education, health, gender equality, environmental sustainability and a wide range of other activities became more important than economic growth (Hopkins 2007). The MDGs pointed out how sustainable development has been influenced by countries.

The UN leaders agreed on the common principles of sustainable development at the UN Conference on Environment and Development (UNCED) in 1992. The first is equity and fairness principle which focuses on poverty and rights. The second is precautionary principle tends to prevent environment. Finally, the last principle that the UN members set out, emphasizes the importance of economy, society and environment in sustainable development (Drexhage and Murphy 2010).

The UN has also proposed "The Principles for Responsible Investment" as a guideline for social responsibility projects (Tang 2012). There three primary set of principles that the UN's Global Compact invites businesses to support human rights, labour standards, anti-corruption and the environment (Hopkins 2007; OECD 2005). Since 1966, the United Nations Development Programme (UNDP) is the UN's global development network which coordinates international effort to achieve development goals. The UNDP have been promoting the development activities of private sector under the UN Global Compact. Today, environment principles and practices have taken more attention in negotiations and these principles have been integrated into the structure of many international institutions.

The World Bank (WB) is another main development arm of the UN system. The World Bank actively promotes socially responsible promotes through its institutions and Corporate Social Responsibility Practice which advises governments on ways to promoting corporate responsibility (Jenkins 2005). As a development agency, The World Bank Group also offers advisory services and organizes meetings, workshops and seminars in a variety of CSR related areas.

The Commision of the European Communities-COM (2002) has released maybe the most notable work on a European CSR action framework to integrate CSR into EU policies. In early 2000s, CSR became the strategic goal of "European Union Strategy for Sustainable Development", by the Lisbon Summit of March 2000. Later then the Lisbon Summit in 2010 showed that the EU level CSR development, based on European values. The Lisbon Strategy identifies seven unsustainable issues that need to be addressed. These strategies are climate change and clean energy, sustainable transport, sustainable production and consumption, sustainable management of natural resources, public health, social inclusion, and global poverty (European Parliament 2010). After the Lisbon Summit, in June 2001, The European Commission declared Green Paper entitled "Promoting a European Framework for Corporate Social Responsibility" to promote further CSR projects (Herrmann 2004). White papers provide an overview of the government policies and strategies for sustainable value creation. The Green Paper and White Paper put corporate social responsibility on the EU agenda (OECD 2009).

The EU proposed the role of European institutions, member countries, producer and consumer associations, sector representatives, social partners and other related agencies including from third countries to promote CSR. The European Commission has set up a "Multi-Stakeholder Forum on CSR" with the aim of exchanging knowledge among the key actors from market representatives of all member states. The Forum identified the contribution of socially responsible activities to sustainable development focusing on developing countries. Furthermore, the European Commission has published a discussion paper, "Corporate Social Responsibility: A Business Contribution to Sustainable Development" to establish European network to consider social and environmental issues (COM 2002). EU perspective is that corporations benefit from being socially responsible to build long-term success in a responsible manner. No doubt, as the increasing fragility of economies, integrating CSR into sustainable development process is vital for the future of Europe.

13.4.2 The Role of Non-governmental Organizations (NGOs)

NGOs became more effective in managing and identifying projects associated with social and environmental issues. Many NGOs also provide consultancy service to develop more responsive organisational culture to reduce inequality (Swift and Zadek 2002). There are also non-profit NGOs tend to engage in programmes mainly focus on CSR and a wide range of business issues. Examples include Business for Social Responsibility (BSR), The World Business Council for Sustainable Development (WBCSD), Equator Principles, Global Reporting Initiative and Extractive Industries Transparency Initiative (Drexhage and Murphy 2010). On the other side, profit NGOs such as The European Business Network for Corporate Social

Responsibility (CSR Europe), Oxfam International, Friends of the Earth and The Corporate Citizenship Company (CCC) offers consultancy services to manage corporations' social responsibility activities by focusing on market mechanism (Michael 2003; Drexhage and Murphy 2010). NGOs as a representative of civil society have a stronger role of CSR motivations.

13.4.3 Multinational Corporations—MNCs

The concept of CSR covers all size of corporations, but the majority of debates tend to focus on Multinational Corporations (MNCs). As global non-state actors, MNCs play a key role in ensuring sustainable development. These global business institutions have the broadest impact on the market mechanism, in both home and host countries. The increase the impact of the socially responsible MNCs' activities supports poverty reduction by generating income and jobs. Indeed, globalization is a structural phenomenon which creates sustainable development pressures in multinational corporations. MNCs have taken a dominant position in society and many of them are involved in development in some way.

The fact that CSR as a special form of investment today has been largely driven by MNCs. These companies are leveraging their capacity to corporate social responsibility programmes. Generally, because of the international framework, multinational corporations are faced limited official regulation that may give competitive advantage to CSR. Another problematic is that the laws governing MNCs are often weak. Because the legal system may allow the corporations to increase profit level from investments in socially responsible projects (Reinhardt et al. 2008). Moon (2007) argues the negative relationship between economic activity and environment mainly in developing or less-developed countries cause of the economies of scale, larger firms are more likely to adopt sustainable development. Furthermore, the economies of many countries are smaller than the annual revenues of the largest MNCs. On the other hand, MNCs are maybe the most efficient resource transformers, thus they have ability to create business-oriented solutions toward sustainable development.

13.5 Economic Perspectives on CSR

Corporate social responsibility (CSR) has come to the forefront of economic concerns with the rise of the New Economy that are characterized by knowledge, cutting-edge technology and rapid growth (Herrmann 2004). The debate in economics began with the question of whether or not firms have additional voluntarily social or moral responsibilities to commit resources to social interest. Although, whether CSR is legal obligation or voluntarily action address conflicts in some countries (Prieto-Carron et al. 2006). At this point, another question may eventually arise whether CSR is a way for companies to economic benefit themselves or benefit for societies (Prieto-Carron et al. 2006). There are various approaches about the interaction between CSR and sustainable development.

According to economic theory, the main function of a company is profit maximization through producing goods and services that society demands. Theoretically, CSR is a cost parameter. Nowadays economists assume that CSR is the contribution of private sector organizations to sustainable development goals on a voluntary basis. Economists pay more attention when CSR comes to endogenous preferences of economic agents. CSR can be dubbed as a (corporate) public good that does not always affect consumers directly but play an active role of social and public preferences. Most of the economic literature suggests that the socially responsible consumers, on average, are willing to pay price premium for socially responsible and environmentally friendly products. However, when consumers purchase product related to social identity such as wrist watches, they consider self-interest, and pay little attention to CSR information (Kim et al. 2014). At the same time corporations' social behaviour influenced consuming decisions. Additionally, empirical studies noted that people would like corporations to contribute to organizational values as a socially responsible person (Turker 2009). A limited number of econometric studies find that companies that produce final consumer goods are substantially more likely to adopt voluntary programs (Kitzmueller and Shimshack 2010). Economists note that even if the consumers imperfectly observe and indicate CSR messages result in information asymmetry, CSR influences consumers' demand by giving a signal of product attributes (Kitzmueller and Shimshack 2010). As described above, it is important but difficult to demonstrate whether firms can increase profits or sales volume in the social interest.

In theoretical literature focusing on CSR's role in sustainable development, neoclassical school of thought appears to be emerging. None of the economists address the issue more than Friedman. More recently, Milton Friedman (2002) well-known neoclassical economist, CSR is a fundamentally known doctrine in a free society and "In a free economy there is one and only one social responsibility 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." In Friedman's view, the social reasonability of business begins and ends with increasing profits (Hopkins 2007). Simply say that development is none of its business. Consequently, CSR is a way of benefiting the company's profitability. In his view, the only responsibility of firms is profit maximization in a free market, so that any socially responsible voluntarily action cannot be expected. In short, he noted that socially responsible firm contributes in production, employment and innovation (Friedman 2002). Therefore, neoclassical theory cannot ignore any factor if it directly affects aggregate demand and profit maximization. Beyond this, investing in the socially responsible projects gives competitive advantage to a company when it is in the firm's interest (Moon 2007).

In his earlier article, entitled "The Social Responsibility of Business is to Increase Its Profits" he summarized his view that the debate of social responsibility is directed at corporation but that does not mean business has responsibilities cause only people have responsibilities (Friedman 1970). This point of view has been critiqued by Paul Samuelson, another distinguished economist, stating that " a large corporation these days not only may engage in social responsibility, it had damn well better try to do so" (Samuelson 1971).

The neoclassical school of thought ignores the role of market incentives in promoting corporate responsibility, and consumer demand caused by CSR (Michael 2003). Conversely, corporate resources to projects can be regarded irrational because of conflict of interests. For instance The World Bank advocates the neoclassical policies and emphasize that CSR is rational behaviour which may lead to accelerate aggregate demand. In fact, a firm should identify its consumers' demands and expectations to increase market share. However, empirical evidence on this debate is inconclusive.

There are also other plausible explanations of CSR. Classical school of thought claims that profit maximization should be the main concern of business. Classical school of economics asserts the "self-interest" approach focuses on the individual economic agent itself. In this point of view, socially responsible activities increase cost of the firm, hence decrease profit level, and therefore worsen total welfare (Acar Erdura and Kara 2014). Conversely, other theories argue that firms have some obligations and responsibilities towards economic development.

Indeed, both classical school of thought and socialist theory indicate the need for firms to take social objectives into account. From a business perspective, high financial performer companies would be expected to engage in socially responsible activities. These activities among corporations, in a global context include; managing risks, reputation, improving efficient resource allocation, encouraging innovation and knowledge, and building good stake-holder relationship with economic agents and society (Herrmann 2004). The financial approach suggests that a key motive for the adoption of CSR is tax deduction (Jamali and Mirshak 2007). All of these lead to long-term success for the corporation. Although from an economic perspective, economic performance, "profit maximizing" determines the amount of CSR action (Morrison-Paul and Siegel 2006). In this view, economic performance is basically based on efficiency, technical capacity and productivity contributed overall productivity growth of a firm. Therefore, economic theory does not support that the CSR is an answer of what businessman owed to society as advocated by Davis (1967). For the limited number of economist, corporations that don't practice social responsibility would be made known by an invisible hand of market mechanism. Even the economic agents most loudly advocating the concept of CSR. Yet, as the above analysis indicates that the concept of CSR though an economic lens and the rules of the game remain vague.

13.6 Conclusion

Researchers indicate that corporate social responsibility has become a mainstream business activity in both broad disciplines. Socially responsible projects by corporations have a long history in developed countries. Over the last few decades, considerable attention has been given to the potential impacts of socially responsible business activities on development due to pressing global problems such as global warming, human rights violation, poverty and hunger. The perception of sustainable development remains fundamentally an environmental issue.

There are limited number of empirical economic literature related to CSR explores the interaction between corporate social performance and development concept. Indeed, the international organisations also play a key role in promoting CSR activities in recent years. As argued in the study, the adoption of CSR by corporations, offer different ways of achieving sustainable development. As pointed out above, it is more useful to consider the specific channels in which the CSR activities can affect sustainable development.

In economic theory, mainly neoclassical school of thought emphasizes the role of CSR. A key point within science economics is that CSR is not necessarily activity for the firms and should not be expected beyond market forces. In sum, a positive correlation emerges between CSR and financial performance of the corporation. It is clear that the corporate motivation is necessary to invest into voluntarily social objectives. Many factors combine together to affect the corporations who make decisions about engaging in CSR.

Today many firms have viewed great emphasis on sustainability as an opportunity. Several major initiatives have formed over the past two decades to expand the scale of their involvement in sustainable development. Only internationally competitive corporations are better able to make a long-term contribution towards sustainable development by generating society's' needs.

The conclusion considers possible contribution of CSR as a vehicle for sustainable development. Indeed, CSR has a strong tradition in Europe than in other parts of the world. Culture of CSR. Corporations have always been the engines for sustainable development with corporate social responsibility. Yet the goal of sustainable development goal is widely accepted, but the world still needs more awareness and broader involvement.

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