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Sandra Collins

*Southern Illinois University Carbondale, skcollin@siu.edu*

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## **Corporate Social Responsibility and the Future Healthcare Manager**

Sandra K. Collins, MBA, PhD

Southern Illinois University Carbondale  
College of Applied Sciences and Arts  
School of Allied Health  
Healthcare Management Program  
1365 Douglas Drive  
Mailcode 6615  
Carbondale, Illinois 62901  
[skcollin@siu.edu](mailto:skcollin@siu.edu)  
618-453-8802

## **Abstract**

The decisions and actions of healthcare managers are often times heavily scrutinized by the public. Given the current economic climate, managers may feel intense pressure to produce higher results with fewer resources. This could inadvertently test their moral fortitude and their social consciousness. A study was conducted to determine what Corporate Social Responsibility (CSR) Orientation and Viewpoint future healthcare managers may hold. The results of the study indicate that future healthcare managers may hold patient care in high regard as opposed to profit maximization. However, the results of the study also show that future managers within the industry may continue to need rules, laws, regulations, and legal sanctions to guide their actions and behavior. Key Words: Corporate Social Responsibility, Ethics, Leadership.

## **Introduction**

The healthcare industry is in a unique position because it supplies both the entrepreneurial force and the ingenuity which are essential in stimulating economic progress. However, it can often be publically scorned if profit maximization is perceived to be the chief goal. When questionable situations occur in an organization, the moral predisposition of management can become the center of speculation. Concerns often arise questioning what might have motivated the decisions which were made. Were they motivated to augment proceeds rather than to produce for the well-being of the general public?

Public scrutiny of business activities has increased over the last few years causing more attention to be placed on social involvement, social responsibility, and the ethical behavior of managers and executives. Like most business, the healthcare industry is experiencing an increased focus on connecting business activities to public impact. This creates the need for healthcare managers to fully understand the concepts surrounding Corporate Social Responsibility (CSR). Potentially linking seminal theories of CSR Viewpoints with more current theories revolving around CSR Orientations could present an opportunity to unite and reinforce both concepts. This may help create an understanding of potential future trends for healthcare managers in terms of CSR propensity.<sup>(1,2)</sup>

## **Methodology**

Using a descriptive type of research, designed to explain and understand circumstances without manipulating variables,<sup>(3)</sup> this study examined the CSR Viewpoints and the CSR Orientations of undergraduate students enrolled in a healthcare management program at an accredited university. A survey was designed and administered to concurrently evaluate the CSR Viewpoints and the CSR Orientations as they existed within the group. This non-probability sample consisted of 76 students that all desired to be future healthcare managers. Due to the sample of convenience, the results of this study cannot necessarily be generalized to all undergraduate students or to all aspirant healthcare managers.

## **History of CSR: Viewpoints and Orientations**

CSR is a complex subject which consists of contrasting theories and individual interpretations. To complicate the issue further, these theories and interpretations often vary greatly from industry to industry. Even though CSR theories may be complex, the concern for how organizations and the managers within impact society continues to grow and warrants examination.<sup>(4)</sup>

Over the past few years, a number of scandals in the business sector have served as an impetus for closely examining the significance of the ethical and socially responsible behavior of businesses in general. The public has made it clear that they expect managers and executives who manipulate corporate results in order to receive personal economic advantages be held accountable if their actions caused damage to employees, investors, patrons, and constituents.<sup>(5)</sup>

Currently, the healthcare industry is profoundly regulated, but the ongoing demand for it to be socially responsible and ethically oriented is palpable. Many healthcare organizations have attempted to meet the pressures by introducing corporate compliance committees and ethics related initiatives. However, reimbursement issues, increased presence of managed care, and an aging population predetermined to need higher levels of health care than preceding generations complicate an already fiscally challenged situation.<sup>(6)</sup> This may create a chaotic atmosphere where even managers with the highest level of integrity may have their leadership decisions and actions morally challenged.<sup>(7)</sup> Complicating the issue is that the general public tends to believe most organizations have limitless resources, surplus profits, and unremittingly tyrannical leaders. This simply is not true for the majority of

healthcare organizations. Like most businesses, healthcare too is expected to produce higher profits while using fewer resources to do so.<sup>(8, 9)</sup>

CSR is thought of as an ongoing obligation requiring organizations to act ethically. Simultaneously, they are to contribute to the financial solidity of the organization, which in turn, should increase the quality of life of employees, their families, and the community.<sup>(10)</sup> One of the seminal theorists of the CSR topic, Archie Carroll, indicated that CSR is a progression that an organization follows and it attempts to meet its economic, legal, ethical, and discretionary responsibilities to society. The theories linked with CSR have been comprehensively studied for numerous decades causing a plethora of emphasis to be placed on corporate social consciousness.<sup>(11, 12)</sup>

### CSR Viewpoints

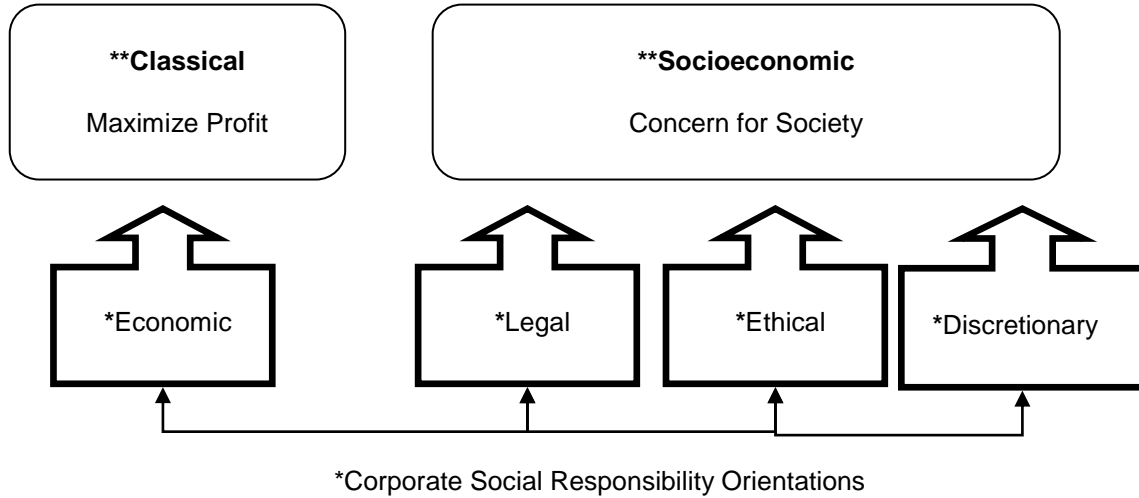
Within the CSR concept, there are two contrasting perspectives known as the Classical and the Socioeconomic Viewpoints. The Classical Viewpoint indicates that managers should focus only on those actions which increase the financial solidity of organizational stockholders.<sup>(13)</sup> This Viewpoint stipulates that CSR is merely used as a tool to influence business performance by amplifying the perceptions of customer attitudes and community allegiance. Therefore, the sole responsibility of a manager is to increase profits.<sup>(14)</sup>

The other perspective, known as the Socioeconomic Viewpoint, supposes that an organization should be selfless and have the best interest of society and all stakeholders (patients, employees, and community members) in mind.<sup>(13)</sup> The Socioeconomic Viewpoint is grounded in theories which indicate that organizational

decisions and actions impact more than just stockholders.<sup>(15, 16)</sup> This Viewpoint supposes that the responsibility of a manager goes beyond making money; it also includes defending the welfare of the environment, the community, and society as a whole in which the organization serves.<sup>(13)</sup>

### CSR Orientations

Going beyond the two CSR Viewpoints is Carroll's structure of CSR Orientations. This highly respected framework identifies CSR as a personality construct which houses several innate propensities, otherwise known as the CSR Orientations.<sup>(12)</sup> As illustrated in Figure 1, these Orientations include the Economic, Legal, Ethical, and Discretionary Orientations. These Orientations describe an individual's natural propensity to be socially responsible. The definitions of each CSR Orientation are outlined in Figure 2. These explain how individuals within each Orientation feel organizations should act or behave in terms of social responsibility.<sup>(17)</sup> Figure 2 also demonstrates how the CSR Orientations correlate with the CSR Viewpoints.<sup>(2,13,18)</sup>

Figure 1. Corporate Social Responsibility Viewpoints and Orientations.<sup>(2,13,19)</sup>Figure 2. Defining Corporate Social Responsibility Orientations.<sup>(2,19)</sup>

<b>Economic</b>	<b>Ethical</b>	<b>Legal</b>	<b>Discretionary</b>
An organization has an obligation to be both profitable and productive in order to meet the needs of society in terms of consumption.	An organization must follow unwritten codes and social norms which are commonly held in society and believed to be germane to the business industry.	An organization must act within the limits of the law. Attempts to meet the economic responsibilities must be legally acceptable.	The public expects organizations to volunteer and participate in both humanitarian and philanthropic activities.



As Figure 2 demonstrates, the Economic Orientation indicates that organizations have a duty to be profitable and productive in order to meet the requirements of society in terms of resource utilization and consumption. Activities which result in unproductive business functions, such as improper distribution of resources or unjustifiable risk taking, would be considered socially negligent.

The Ethical Orientation of the CSR theory specifies that the obligation of an organization orbits around a collection of commonly understood unwritten codes and societal norms. These codes and norms are thought to be vital to the enduring success and socially responsible conduct of organizations. Organizations which operate chiefly from the realms of the Ethical Orientation of CSR theory will not require formal laws to lead them toward socially conscious behavior.

The Legal Orientation states that each organization must operate legally. Any efforts to meet the financial responsibilities of an organization should be lawfully acceptable. There is much debate in terms of this Orientation because many experts believe that the underlying reason organizations behave socially responsible or act ethically is to avoid unsavory legal consequences. Cynics argue that acting ethically to avoid unfavorable legal ramifications is not the same as altruistically behaving ethically.

The Discretionary Orientation involves the philanthropic activities of an organization.<sup>(11)</sup> Determining these activities can be problematic for managers and executives due to the fact that philanthropic activities are difficult to clearly define. The most effective way to explain the Discretionary Orientation probably is best stated as society's expectation for organizations to express their humanitarian philosophy with donations and volunteer-related actions.<sup>(2,19)</sup>

## **Linkages Between CSR Viewpoints and Orientation**

As previously demonstrated in Figure 1, a connection exists between an individual's CSR Orientation and their CSR Viewpoint. Once an individual's CSR Orientation has been determined, their correlating CSR Viewpoint can be identified.<sup>(19,</sup>

<sup>13)</sup> Individuals falling into the Economic CSR Orientation will be instinctively motivated to increase earnings for the organizational stockholders. Individuals falling into the Legal, Ethical, or Discretionary Orientations will be instinctively motivated by their affection for society and organizational stakeholders such as patients, employees, and community members.<sup>(2,12,13,19)</sup>

## **Findings and Discussion**

In the field of healthcare, ethical and socially conscious behavior is both the public and professions expectation. The current debate surrounding healthcare reform combined with recent business scandals have intensified the concern of how organizational actions impact society as a whole.<sup>(5)</sup> Studying the trends in terms of the CSR Orientation of future healthcare managers offers information which might be useful in cultivating a more socially responsible healthcare organization.<sup>(2)</sup>

The following information pertains to the demographics of the study participants and the specific findings. The percentages related to the participant demographics can be viewed in Table 1. Of the total 76 participants, females were much higher in number than males within the convenience sample.<sup>(2)</sup>

**Table 1. Participant Demographics (N = 76)**

	<b>Management</b>		<b>Male</b>		<b>Female</b>	
	N	%	n	%	n	%
				21%		79%
<b>Economic</b>	10	13.1	4	25	6	10
<b>Legal</b>	32	42.1	4	25	28	46.7
<b>Ethical</b>	25	33	4	25	21	35
<b>Discretionary</b>	9	11.8	4	25	5	8.3
<b>Total</b>	76	100	16	100	60	100

Descriptive statistics were calculated to analyze the patterns associated with the CSR Orientations. An assessment of the overall CSR Orientation for all participants indicated a normal distribution existed within the study group. However, the largest percentage of individuals fell within the Legal category and a lower representation in the Economic and Discretionary areas. Table 3 provides a graphical representation of the patterns associated with the CSR Orientations of these participants.<sup>(2)</sup>

**Table 3. Distribution of CSR Orientations (N=76)**

	Economic		Legal		Ethical		Discretionary		Total	
	n	%	n	%	n	%	n	%	N	%
<b>Management</b>	10	13.2%	32	42.1%	25	32.9%	9	11.8%	76	100.0%
<b>Male</b>	4	25.0%	4	25.0%	4	25.0%	4	25.0%	16	21.0%
<b>Female</b>	6	10.0%	28	46.7%	21	35.0%	5	8.3%	60	79.0%
<b>Total</b>	10	35.0%	32	71.7%	25	60.0%	9	33.3%	76	100.0%

Since these participants more commonly fell into the Legal Orientation it is believed that they will act within the limits of the law and tend to think organizations must function in legally acceptable ways. When social norms, laws, and sanctioned guidelines exist, these individuals will be prone to meet the economic responsibilities of both the organization and society. These individuals seemingly need these social norms, laws, and guidelines which discourage them from acting unethically and socially irresponsible. However, acting legally is not the same thing as acting socially responsible. Ethics scholars indicate that acting socially responsible in order to avoid unfavorable legal ramifications or intense public scrutiny is different from altruistically acting for the good of society.<sup>(2,17)</sup>

Healthcare is heavily regulated which causes much aggravation and financial strain. Although participants in this study have been identified to be chiefly concerned with social good, this may not mean they are socially conscious individuals. Therefore, this group may be more predisposed to socially irresponsible behavior which acts against the good of society if the previously mentioned social norms, laws, and sanctioned guidelines are removed. It appears, therefore, that the expenses and strain

of the regulatory guidelines may be somewhat effective in terms moderating organization activities and may actually guide the actions of individuals as intended.

In relation to the CSR Viewpoint, this group of individuals fell into the Socioeconomic Viewpoint. As illustrated in Figure 1, the Legal Orientation correlates with the Socioeconomic Viewpoint.<sup>(2,13,19)</sup> Therefore, these participants are expected to be chiefly concerned with the good of society and the well-being of others. As previously indicated, this is the opposite of the Classical Viewpoint which is predominantly motivated to maximize profits.<sup>(11,13,20)</sup> Therefore, this group of individuals will be predominantly focused on what is in the best interest of their patients and community. This may be somewhat comforting since the public seems to believe this is a basic prerequisite for being a healthcare professional.

Although this group may be largely focused on the well being of others, they may inadvertently ignore the importance of financial gain. It is difficult to acknowledge that healthcare organizations need to be profitable, but the industry is like most other industries in that there must be financial gain if operational needs are to be met. Patient care will ultimately suffer if a healthcare organization is not financially prosperous. This is something those in the Socioeconomic Viewpoint may unconsciously overlook. For example, if an organization lacks sufficient financial capital it may have a difficult time hiring and retaining top-quality physicians and other healthcare professionals. Furthermore, obtaining state-of-the-art technology may be difficult, if not impossible. Although the results of being financially barren exceeds these simplistic examples, the message should effectively resonate around the fact that organizations need ample funding to thrive and to provide patients with the highest level of care.<sup>(2)</sup>

## Conclusion

It has become increasingly apparent that the actions of individuals within the healthcare industry impact more than just the stockholders of the organization. In healthcare organizations, errors in management strategies and poor leadership decisions can impact all stakeholders and shareholders alike. This is mainly due to the fact that unlike most other industries, those in the healthcare industry understand that their actions could potentially create life-threatening consequences.<sup>(21, 22)</sup> Although not every individual in a healthcare organization provides patient care, they all make decisions which impact both stakeholders and shareholders. Healthcare managers, in essence, create the framework and administrative support which makes the day-to-day activities of healthcare achievable. Furthermore, all individuals within the healthcare industry are responsible for effectively managing the financial resources that come from federal and state monies distributed from Medicare and Medicaid payments.<sup>(2,22)</sup>

To meet this responsibility, individuals within the healthcare industry must have an extensive knowledge of a number of business principles and the ethical and socially conscious climate in which they operate. The healthcare industry is evolving from the one focused on caring for people to the one that must also function as an effective and efficient business. The need for healthcare managers to recognize their dual role of helping the sick and making a profit is a critical managerial competency.<sup>(22)</sup>

Understanding how organizations impact society can benefit stakeholders and shareholders alike. This offers a way to clearly recognize the relationship between organizational actions and resultant societal impact.<sup>(23)</sup> Since an individual with a high level of CSR is thought to be one that will attempt to make a profit, will observe the law,

and will behave as a good corporate citizen, it is imperative that current healthcare managers understand the varying CSR Orientations and Viewpoints.<sup>(19)</sup> Reflecting upon the CSR Orientations and CSR Viewpoints of future healthcare managers provides an avenue by which to examine areas which may need addressed in terms of cultivating a more socially conscious healthcare organization.<sup>(2,12,23)</sup> This knowledge may provide a starting point where an exploration of the CSR requirements, strengths, and weaknesses of future healthcare managers can begin. Furthermore, the information obtained from this study may prove helpful in identifying and predicting the innate tendencies in terms of CSR and how future healthcare managers may use those tendencies to interrelate business initiatives with stakeholder needs.<sup>(2,12)</sup>

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