

Corporate Social Responsibility

Introduction

Corporate Social Responsibility (CSR) is a form of corporate self-regulation integrated into a business model. In other words, CSR is about how companies manage the business processes to produce an overall positive impact on society. It is becoming an increasingly important activity to businesses, nationally and internationally. As globalization accelerates and large corporations serve as global providers, these corporations have progressively recognized the benefits of providing CSR programmes in their various locations. CSR activities are now being undertaken throughout the globe. CSR policy functions as a built-in, self-regulating mechanism whereby business monitors and ensures its active compliance with the spirit of the law, ethical standards and international norms. The goal of CSR is to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members in the public sphere. CSR aids an organization's mission as well as is a guide to what the company stands for, besides supporting its consumers. Companies need to answer to two aspects of their operations.

- The quality of their management - both in terms of people and processes (the inner circle).
- The nature of and quantity of their impact on society in the various areas.

Unique identification

In today's world, companies strive for unique selling distribution, plans, schemes, offers etc that would separate them from others and also from the competition that is in the minds of the consumers. CSR plays a very significant role in building customer loyalty with distinctive ethical values with its consumers. Business service organizations can benefit, too, from building a reputation for integrity and best practices.

Benefits of Corporate Social Responsibility

CSR behaviour can benefit the firm in several ways:

- It aids the attraction and retention of staff.
- It attracts principled investment.
- It attracts ethically-conscious customers.
- It can lead to a reduction in costs through re-cycling.
- Proposition
- It differentiates the firm from its competitors and can be a source of competitive-advantage.
- It can lead to increased profitability in the long run.
- It protects tangibles and intangibles. A company's brands, intellectual property and goodwill may represent a significant amount of its present and future economic value.
- Reduced energy use, employees travel/commutation, supplier packaging, paper-procurement policies and recycling, may reduce operating expenses in a readily-measurable way, with a clear positive impact.
- CSR can make you more competitive and reduce the risk of sudden damage to your reputation (and sales). Investors recognize this and are more willing to finance you.
- Understanding the wider impact of your business can help you develop new products and services.
- Activities, such as involvement with the local community, are ideal opportunities to generate positive press coverage.

- CSR helps ensure you comply with regulatory requirements.
- Stronger financial performance and profitability through operational efficiency gains
- Improved relations with the investment community and better access to capital
- Enhanced employee relations that yield better results in recruitment, motivation, retention, learning and innovation, and productivity
- Stronger relationships with communities and enhanced licence to operate
- Improved reputation and branding

Global markets and critical views of Corporate Social Responsibility

When companies expand their business from the national to the global level, they face new challenges from global competitors. But some impositions limit growth and potential profits i.e. government regulations, tariffs, environmental restrictions and varying standards of what constitutes "labour exploitation" which are problems that can cost an organisation millions of rupees/dollars. Some view principled issues as a financial liability, while other companies use CSR methodologies as a strategic tactic to gain public support for their presence in global markets, giving them a competitive advantage by using their social contributions to provide a subconscious level of advertising.

Critics, concerned with corporate duplicity and insincerity, generally suggest that better governmental and international regulation and enforcement, rather than voluntary measures, are necessary to ensure that companies behave in a socially-responsible manner. There also exist several concerns relating to the nature and implementation motives of CSR

- **Nature of Business:** The main motive of any business is to maximize the profits of their share-holders. Thus, corporations consider themselves responsible to their share-holders and not to the entire society. Hence, the notion of CSR is considered a hindrance to free trade. Several proponents argue that CSR is not a factor responsible for the economic welfare of society.
- **Motives:** Critics also believe that CSR is a medium adopted by many large organizations to distract and mislead the common masses so that society will not question the ethical feasibility of their core operations. Also, under the cover of CSR, these multinational corporations also advertise their products to maximize their profits. Hence, the CSR initiatives are not generally motivated in the interests of society.
- **Ethical Consumerism:** As a result of globalization and industrialization, consumers, in general, are more aware of various environmental, social and ethical implications of their decisions. Hence CSR became a popular medium globally to support the rise of ethical consumerism
- **Laws and regulations:** Another reason for the rise of CSR are the various laws and regulatory bodies in place which prevent companies from harming society and the environment. Even though governmental regulations have curtailed the unethical implications to a certain extent, they are unable to cover the entire aspect of company operations. This leaves certain loopholes in the regulations which are exploited by the companies under the mask of CSR.

Conclusion

Successful programmers on social responsibility rely heavily on enlightened people-management practices. In this context, the HR department is assumed to be the coordinator of CSR activities in getting the employment relationship right, which is a precondition for establishing effective relationships with external stakeholders and thus can orient the employees and the organization towards a socially-responsible character. There is also an increasing trend in the corporate sector which has started persuading employees and their management to pledge their commitment to CSR.

Armed with a strong and committed organizational culture, reinforced by responsible Human Resource Management practices, the organisations can achieve heights of success through improved profitability, employee morale, customer satisfaction, legal compliance and societal approval of its existence. It is high time for all other organisations, which have been paying only lip service to CSR, to capitalize upon the existing Human Resource Department in framing such practices, procedures and policies that ensure the internalization of quality, ethics and excellence in the whole system. By doing this, they can sensitize the employees and the whole organization to CSR, without adding any additional cost.