

Corporate benefits of implementing CSR practices in alignment with Corporate Strategy: Review of literature

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Abstract: The corporate social responsibility (CSR) movement is not new and has been gathering momentum for well over a decade. Corporate social responsibility (CSR) is a self-regulating business model that helps your company to be socially accountable to itself, its stakeholders, and the public through CSR programs, philanthropy, and volunteer efforts. Businesses can benefit society while boosting their own brands. In this research paper researcher reviewed available literature and tried to establish relation between CSR and business strategy.

Keywords: CSR, Business Strategy, CSR activities

Introduction:

Change doesn't come easily. It takes a lot of doing. Clean water flowing from taps, electrification of rural and remote areas, empowerment that makes a difference, all of this is possible by making CSR an integral part of an organization's business philosophy and strategic planning. Sessions like these provide a direction to an organization's CSR activities by helping them align with global perspectives in terms of development priorities.

- Anil S. Kumar Director - External Affairs, Bennet University

Corporate social responsibility (CSR) is how companies manage their business processes to produce an overall positive impact on society. CSR is an evolving business practice that incorporates sustainable development into a company's business model creating positive impact on social, economic and environmental factors.

CSR Strategy is defined as integrating long-term economic, environmental, and social aspects in their business strategies while maintaining global competitiveness and brand reputation.

CSR initiatives should connect to your core business purpose and strategy. Alignment with important metrics that have a bottom line impact, such as the reduction of food waste, enable CSR initiatives to fit within the organization's core business processes and enables success.

Example-A bottling company sponsors FIFA (football) and supports the Olympics to promote health and wellbeing; it supports India's equivalent of the Guinness Book of World Records; programmes in 250

schools; recharges groundwater through rainwater harvesting and improves environment through tree plantation. Under the Women Economic Empowerment initiative, some 5 million women will become small business women selling and distributing the company's beverages. To operate in areas where there is no electricity, they are given solar coolers chilling beverages. To market its popular mango drink, it encouraged farmers to adopt ultra-high density farming practices (more trees in less space) of a selected pulpy variety. Combined with drip irrigation, mango yields increased and farmers as well as the company benefitted. To earn credit for gender sensitivity, 15 to 20 per cent of the 50,000 farmers it plans to support will be women. Many of these well thought out CSR activities are indeed good business strategies.

Objective: Objective of this research paper is to review the available literature stating corporate benefits of implementing CSR practices in alignment with corporate strategy.

Review of Literature

The key issues company must address to become a socially responsible company are clear set of values and operating principles and commitment from top management of the company. In long run only way to survive is aligning your business practices with the corporate values in socially responsible ways. Once you are clear on your values, you then move into a more formal process of determining what structure, benchmarks and measurements are needed to evaluate your progress toward achieving a set of goals based on your values. What Matters most, how a small business is teaching a social responsibility lesson to big business and why big business is listening is explained by Jeffery Hollender (2004)

Michael E.Porter and Mark Kramer (Dec.2006) focuses on Strategic CSR and tried to find out the linkage between Competitive advantage and Corporate Social Responsibility.

According to researchers CSR is not just a cost, constraint, or charitable deed. But if approached strategically it generates opportunity, innovation and competitive advantage by solving pressing social problems.

Indian corporations need to develop a proper strategy to integrate CSR goals with stakeholders' goals. Top management should create a dedicated CSR team, which should identify the core areas of CSR and strengthen internal practices such as corporate governance, transparency and disclosure issues. (R.K. Mittal, Neena Sinha and Archana Singh) There is little evidence that companies with a code of ethics would generate significantly more economic value added (EVA) and market added value (MVA) than those without codes.

According to C.B.Bhattacharya,Sankar Sen and Daniel Korschun (2008) studying effectiveness of CSR as a lever for talent management because there is growing evidence that a company's CSR activities comprise a legitimate, compelling and increasingly important way to attract and retain good employees.CSR is especially complex strategic endeavor. It calls for considerably more attention and commitment from business leaders if it is to produce tangible results in terms of improved employee attraction, motivation and retention.

Simon Zadek (Dec.2004) tried to find out the answer to the question, how can any organization become good corporate citizen? She said by getting defensive or by merely complying with public demands for responsible practices won't protect your company's brand or solve social ills. Companies need to shift their mindset from safeguarding their reputations to reinventing their business in ways that make a real difference to society.

Geoffrey B. Sprinkle, Lauren A. Maines (2010) studied the benefits and costs of corporate social responsibility. There is a high degree of significant positive relationship between Corporate Social Responsibility and Organizational Culture & Corporate Social Responsibility and Business Ethics after studying CSR spending of organizations on different economic, social and philanthropic activities.

According to Vandna Abuja (2013) CSR can be best implemented if it is stated in company mission, vision and objectives to make all shareholders familiar with it. CSR must be implemented at every stage of a company's operation such as; quality maintenance in supply chain, providing job opportunities to local people, producing environment friendly goods and analyzing its impact on the environment.

According to Vivek Paul (2014) if firms could create CSR strategies in synchronisation with their corporate character will benefit to company as well as society to a large extent.

Kasturi Rangan, Lisa Chase, and Sohel Karim (2015) found that the main goal of organization is to align company's social and environmental activities with its business purpose and values. There is an increasing pressure to dress up CSR as a business discipline and to demand that every initiative delivers business results, which distracts organizations from its main goal. This article explains why firms must refocus their CSR activities on their fundamental goals and provides a systematic process for bringing coherence and discipline to CSR strategies. CSR activities of many companies are disparate and uncoordinated.

Ali Farhoomand (2006) analysed CSR practices initiated by ITC through E-Choupal stores and its impact on Indian farmers. The CSR practices designed and executed at ITC not only proved beneficial to Indian farmers but also enable the company to earn more profit, goodwill as well as reputation.

Philip Mirvis (2012) explored three different approaches namely transactional, relational and developmental approaches in engaging their employees through CSR. Transactional approach where programs are undertaken to meet the needs and interest of those employees who want to take part in socially responsible work, a relational approach where organization and employees together make a commitment to social responsibility, a developmental approach where company aims to fully activate and develop its employees and the firm to produce greater value for business and society.

As per Harvard Business Review (January-February 2015) CSR presented as a comprehensive business strategy, arising mainly from performance considerations and stakeholder pressure. Companies considered their interaction with stakeholders and impact of its business on society as significant issues. CSR policies vary with turnover and profit. This study suggested that business and CSR strategy appear to be on a convergent path, towards business and CSR integration across the company. Every company defines CSR in

their own ways as per their needs. CSR is on an upward learning curve and is primarily driven by philanthropy.

According to Satish Y. Deodhar (working paper No.2015-05-01) it was felt that industry may view imposition of the provision as coercive, impinging on profitability and hence on stock prices. However, vent analysis conducted on big and small food companies shows that imposition of the CSR provisions has had no negative impact on stock prices.

While studying Trends in Corporate Social Responsibility in India Puneet Kaur Dhingra, Rameet Sawhney (2015) found that traditionally followed mindset capitalism focused only on profits and aimed at only profit maximization. However, in recent times, a new model has emerged – co-operational capitalism which pays emphasis on the profit maximization but also involves the spirit of accountability, Cooperation and morals in the social context. Thus, our new age band leaders focus more at profit Optimization than just profit maximization.

Findings

- In long run only way to survive is aligning your business practices with the corporate values in socially responsible ways
- CSR is not just a cost, constraint, or charitable deed. But if approached strategically it generates opportunity, innovation and competitive advantage by solving pressing social problems
- Top management should create a dedicated CSR team, which should identify the core areas of CSR and strengthen internal practices such as corporate governance, transparency and disclosure issues
- Company's CSR activities comprise a legitimate, compelling and increasingly important way to attract and retain good employees
- Companies need to shift their mindset from safeguarding their reputations to reinventing their business in ways that makes real difference to society
- CSR can be best implemented if it is stated in company mission, vision and objectives to make all shareholders familiar with it
- If Firms could create CSR strategies in synchronisation with their corporate character will benefit to company as well as society to a large extent.
- CSR policies vary with turnover and profit
- Our new age band leaders focus more at profit Optimization than just profit maximization

Conclusion:

CSR will benefit to both company as well as society, if approached strategically by designing CSR practices in alignment with corporate values instead of considering CSR merely a cost factor.

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