

CSR and Changing Business Needs

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Abstract

Corporate Social Responsibility is the responsibility of any business Organization for all its stakeholders and shareholders. CSR activities should concentrate on organization's core mission, values, and service or product. A properly implemented CSR concept can bring a variety of benefits such as increased sales and profits, operational cost savings, improved productivity and quality, efficient human resource base, enhanced customer loyalty, better decision making and risk management processes. The purpose of this paper is to study about corporate social responsibility and benefits of following it in changing business environment, finding out different factors or forces which are affecting any business and how CSR can provide help to business to cope up with these changes.

Keywords: Corporate Social Responsibility, Business, Stakeholders, Risks and benefits, changing Needs

Introduction-CSR

Social responsibility is the responsibility of an Organisation for the impacts of its decisions and activities on society and the environment, through transparent and ethical behavior that:

- Contributes to sustainable development, including health and the welfare of society
- Takes into account the expectations of stakeholders
- Is in compliance with applicable law and consistent with international norms of behaviour, and
- Is integrated throughout the organization and practiced in its relationships.

Corporate Social Responsibility or CSR has been debated since the early twentieth century, but there has been little agreement over its definition due to:

- Differences in national and cultural approaches to business
- Differences in motivation for CSR – doing it because it is morally correct or doing it because it makes good business sense
- Differences in disciplinary backgrounds, perspectives and methods of scholars engaged with CSR

It is a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders.

CSR is a concept with many definitions and practices. The way it is understood and implemented differs greatly for each company and country. Moreover, it is a very broad concept that addresses many and various topics such as human rights, corporate governance, health and safety, environmental effects, working conditions and contribution to economic development. Whatever the definition is, the purpose of CSR is to drive change towards sustainability.

Business leaders deal with CSR issues through specialist business organisations such as the **Global Reporting Initiative**, **The UN Global Compact** and **The World Business Council** for Sustainable Development. In contrast, scholarship related to CSR draws from many areas, including management, ethics, psychology, sociology, finance and accounting, sustainability, public affairs and communications.

CSR can also be viewed as a **global governance mechanism**. Understanding CSR from this perspective is useful for realizing why civil society and government are interested in CSR. The view of CSR as a global governance mechanism emerges from the global trans-national institutions that developed in the twentieth century, such as the United Nations, the International Labour Organisation, The World Bank and the Organisation for Economic Cooperation and Development (OECD), together with international treaties and agreements negotiated by governments and non-government organisations. These institutions and arrangements are designed to create international order around the pillars of democracy, respect for human rights, and economic development. In particular, the world's failures to redress poverty and abuses of human rights and the need to assure equitable benefits from trade liberalisation have driven the rise of the CSR concept among these organisations..

Today's consumers hold companies to a higher standard. They're looking for more than just material products or quality services when choosing a company to work with: Nine in 10 consumers expect companies to not only make a profit, but also operate responsibly to address social and environmental issues, according to a study by **Cone Communications**. Eighty-four percent of global consumers also said they seek out responsible products whenever possible.

Recognizing how important social responsibility is to their customers, many companies now focus on and practice a few broad categories of corporate social responsibility (CSR).

Different types of CSR

- **Environmental CSR**: focuses on eco-issues such as climate change.
- **Community based CSR**: businesses work with other organizations to improve the quality of life of the people in the local community.
- **HR based CSR**: projects that improve the wellbeing of the staff.
- **Philanthropy**: businesses donate money to a good cause, usually through a charity partner.

Importance of CSR

1. Positive Workplace Environment

When corporations exhibit philanthropic behavior, they are more likely to provide employees with a positive workplace. Consequently, employees feel engaged and productive when they walk into work each day. Instilling a strong culture of corporate social responsibility within every employee from the top down will help to create a positive and productive environment where employees can thrive. Corporations that care about the lives of people outside the walls of their businesses are more likely to create a positive environment.

2. Increase in Creativity

Employees who know that their employer is committed to bettering the local and global communities feel a stronger connection to the company. Because of this close relationship that employees share with their company, workers feel more inclined to be productive and creative. Employers have identified creativity as one of the most important leadership qualities that an employee can possess. Creative employees enjoy working for companies that they can believe in and stand behind. By incorporating comprehensive philanthropic programs, companies can help employees become more productive and creative.

3. Encourages Professional & Personal Growth

When companies have a culture of corporate social responsibility, they can easily promote volunteerism to their employees and encourage them to donate to nonprofits. When employees contribute their time and money to worthy causes, they develop professionally and personally. By helping those in need and volunteering as teams, employees learn to work better together on important projects. Employees also experience a sense of pride when they know that they work for a company that cares about the community and encourages them to be passionate about worthy cause.

4. Promotes Individual Philanthropy

When employees notice that the company they work for is involved in charitable endeavors, they play follow the leader and begin to engage in their own philanthropic activities. If a company encourages group volunteerism and matches donations to nonprofits with a matching gift program, an employee is more likely to take advantage of those programs and become more individually philanthropically minded. Without the strong sense of CSR that a company should adopt, employees are less likely to branch out themselves and serve the community with monetary donations and volunteer efforts.

5. Funding Via Matching Gift Programs

Corporations that offer matching gift programs essentially double the donations that their employees are giving to eligible nonprofits. What more could an organization want? Truthfully, matching gifts are a bit more complicated than that. Each company has a different set of guidelines, deadlines, and requirements that must be met before they'll match an employee's contribution to a nonprofit. However, the opportunity to receive twice as many donations still hangs in the air for organizations looking to benefit from corporate social responsibility programs.

6. More Volunteer Participation

Corporations that offer volunteer grants are outsourcing helping hands to eligible nonprofit organizations. A corporation with this kind of program might offer (for example) \$250 to a nonprofit once an employee has volunteered at least 10 hours with the organization. There are also pay-per-hour grants that many corporations offer that pay a certain amount per hour volunteered. This kind of socially responsible program is a win-win for every party involved. Employees of corporations are seen volunteering and donating their time to important causes in the community, and nonprofits are receiving free time and volunteer work, which are essential for the success of so many nonprofits.

7. Forging Corporate Partnerships

Yet another positive impact corporate social responsibility has on nonprofit organizations is the possibility of corporate partnerships. These partnerships are vital to the work a corporation can do in the local community and important to a nonprofit that may not have the resources for major marketing campaigns. For a nonprofit organization, a partnership with a local or national corporation puts its name on tons of marketing materials that otherwise could not have been afforded on tight budgets. A key benefit is that the partnership brings additional awareness to the nonprofit's cause.

8. Varied Sources Of Revenue

Nonprofits cannot solely rely on individual donations for support. Granted, individuals make up roughly three-fourths of an organization's total monetary contributions, but this doesn't mean that nonprofits should discount corporations and businesses as viable sources of revenue. In fact, companies with strong corporate social responsibility programs are looking for nonprofits to be the recipient of grants, matching gift programs, and volunteer grant programs. CSR initiatives can help nonprofits make up that left over 25% after they've looked to individual donors.

Changing Business Environment

A recent survey conducted has highlighted that the change in the business environment can be summarized with following:

- Globalization and opening up of markets has not only increased competition but also has allowed companies to operate in markets previously considered forbidden.
- Inclusion of information technology as integral part of business environment has ensured that companies are able to process, store and retrieve the huge amount of data at ever dwindling costs.
- Globalization has encouraged free movement of capital, goods and services across countries.

Characteristics of Business Environment

To understand business environment and drivers of change, it is first important to study its characteristics. They are as follows.

- Business environments are **complex** in nature as well as **dynamic** because they are dependent upon factors like political, economic, legal, technological, social, etc. for sustenance.
- Business environment affects companies in different industries in its own **unique way**. For example, importers may favor lower exchange rate while exporters may favor higher exchange rate.
- With change in the business environment, some fundamental effects are **short term** in nature while some are felt over a period of time.

Emerging Trends

The recent explosion of information technology has seen few but significant emerging trends, for example, mobile platform for doing business, cloud computing, technology to handle a large volume of data, etc. These fresh technologies and platforms are offering numerous opportunities for companies to drive strategic business advantage and stay ahead of the competition. Companies need to work on new plans as to maintain flexibility and deliver customer satisfying products and services.

The business environment in which firms operate lies outside themselves. It is their external environment, which is always changing. Some changes are so dramatic that everybody notices them, but others may creep up on an industry over the years and be largely ignored for too long.

In a business environment changes can happen all the time for various reasons and mostly for positive outcomes. Not many of us like change. We do not wish to get out of that comfort zone, adapt to changes and go through all the sometimes traumatizing effects change may create, but one needs to stop worrying and panicking about change, take it as a positive factor, and work towards accepting and adapting it.

Besides these there are some other factors which affect the environment of business. These factors include increased globalization, ageing population, Fiscal consolidation, growth of intangibles & services, importance of finance and infrastructural needs as shown in the given figure.

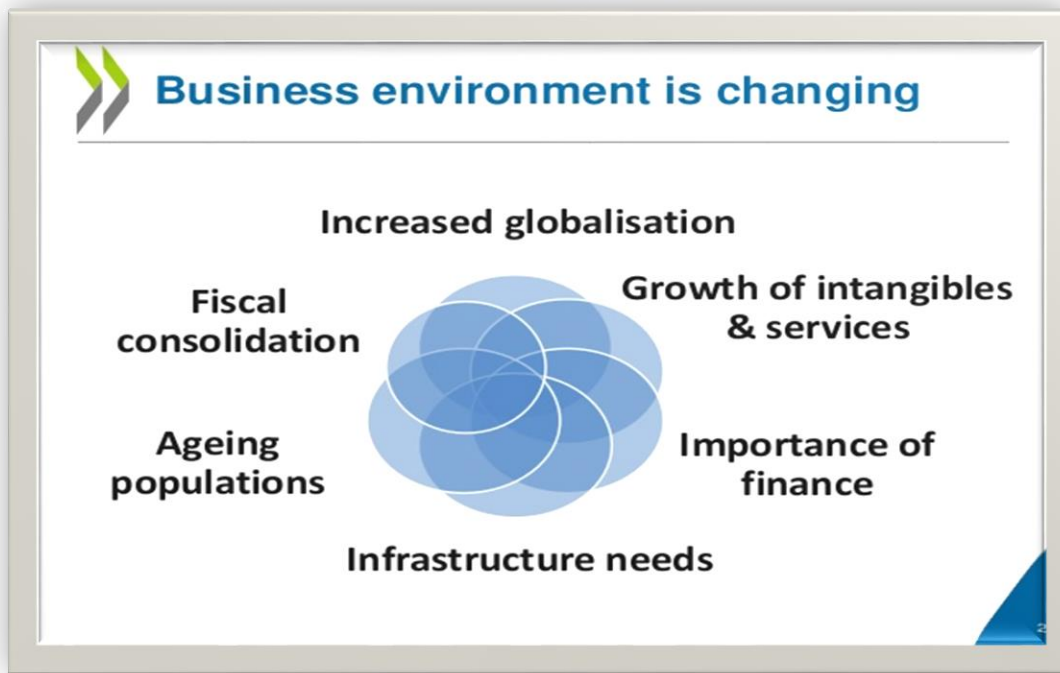


Figure1: Factors of Changing Business Environment

Benefits of CSR in Changing Business Environment

Following are the benefits of CSR in changing business environment.

1. Responsible business reputation

Building a reputation as a responsible business can lead to **competitive advantage**. Companies often favour suppliers who have responsible policies, since this can reflect on how their customers see them. Some customers don't just prefer to deal with responsible companies - they insist on it.

2. Costs savings

By reducing resource use, waste and emissions, you can help the environment and save money too. With a few simple steps, you may be able to lower your utility bills and achieve savings for your business. See how to reduce your business waste to save money.

3. Finding and keeping talented staff

Being a responsible, sustainable business may make it easier to recruit new employees or retain existing ones. Employees may be motivated to stay longer, thus reducing the costs and disruption of recruitment and retraining.

Other important benefits of CSR to your business

By acting in a sustainable, responsible way, you may also find it easier to:

- **access finance** - investors are more likely to back a reputable business
- **attract positive media attention** - e.g. when taking part in community activities
- **reduce regulatory burden** - good relationships with local authorities can often make doing business easier
- **identify new business opportunities** - e.g. for development of new products or services

Besides above benefits there are some more benefits of CSR in business. These are as follows:

1.Satisfied employees.

Employees want to feel proud of the organization they work for. An employee with a positive attitude towards the company, is less likely to look for a job elsewhere. It is also likely that you will receive more job applications because people want to work for you. More choice means a better workforce. Because of the high positive impact of CSR on employee wellbeing and motivation, the role of HR in managing CSR projects is significant.

2. Satisfied customers

Research shows that a strong record of CSR improves customers' attitude towards the company. If a customer likes the company, he or she will buy more products or services and will be less willing to change to another brand.

Relevant research:

- IBM study 'Attaining Sustainable Growth through Corporate Social Responsibility': The majority of business executives believes that CSR activities are giving their firms competitive advantage, primarily due to favorable responses from consumers.
- Better Business Journey, UK Small Business Consortium: "88% of consumers said they were more likely to buy from a company that supports and engages in activities to improve society."

3. Positive PR

CSR provides the opportunity to share positive stories online and through traditional media. Companies no longer have to waste money on expensive advertising campaigns. Instead they generate free publicity and benefit from word of mouth marketing.

4. Costs reductions

Yes, this is the major benefit. A CSR program doesn't have to cost money. On the contrary. If conducted properly a company can reduce costs through CSR.

Companies reduce costs by:

- More efficient staff hire and retention
- Implementing energy savings programs
- Managing potential risks and liabilities more effectively
- Less investment in traditional advertising

5. More business opportunities

A CSR program requires an open, outside oriented approach. The business must be in a constant dialogue with customers, suppliers and other parties that affect the organization. Because of continuous interaction with other parties, your business will be the first to know about new business opportunities.

6. Long term future for your business

CSR is not something for the short term. It's all about achieving long term results and business continuity. Large businesses refer to: "shaping a more sustainable society".

"Deliver a sustainable society in which business and its stakeholders can prosper in the long term"

- **Assisting in efforts to recruit and retain talented employees for your company** – Are you discussing your social responsibility campaigns in your advertisements for new hires? If not, you may be missing an exceptional opportunity to recruit people who believe strongly in giving back to the environment or certain charitable organizations.
- **Improving the quality of life in communities where you do business** – The stronger you can help your community become, the more revenue your business will see. It's the reason that so many local stores add

a budget line for sponsorships and charitable donations. They know that when their neighbors are doing better and feeling better, they'll be more open to make purchases.

Conclusion

The main purpose of this paper is to study about corporate social responsibility and benefits of using it in changing business environment. Various types of external and internal factors affect the business from time to time. CSR helps to cope with these changes and to get the support from all the stakeholders. Besides this, CSR provides many more benefits like cost saving and reduction in the cost, positive PR, satisfied employees and satisfied customers.

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