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## Corporate Social Responsibility: The Need of the Hour

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### ABSTRACT

*In the contemporary world, Corporate Social Responsibility (CSR) is much more than acting socially responsible. Times have changed. We're now witnessing an era where businesses and organizations are rapidly growing in the competitive environment. CSR is a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders. The transition from millennium development goals to sustainable development goals requires companies to contribute significantly. The best way companies can take up CSR seriously is by integrating it into their business culture. In other words, gaining a unified vision and working on strategies to grow, sustain and develop. As rightly told by Henry David Thoreau, "Goodness is the only investment that never fails." CSR is one such good initiative which is worth your valuable investment. CSR strategies take time to come to fruition which makes proper planning even more essential at every possible step. Truth to be told, in the next decade, the most successful companies will be those that integrate sustainability into their core businesses. Therefore, the paper deals with the study of need and importance of CSR and the objective is to focus on why companies require a CSR strategy and how to build it effectively to serve the need of the hour. The data is collected using secondary sources. By considering the increasing importance of it in the organizational success, it concludes providing various suggestions for credible performance and growth in the ever – expanding business world.*

**Key Words:** Sustainability, Corporate Social Responsibility, Business Ethics, Strategy and Business Environment.

### INTRODUCTION:

Social responsibility is an idea that has been of concern to mankind for many years. Over the last two decades, however, it has become an increasing concern to the business world. This has resulted in growing interaction between governments, businesses and society as a whole. In the past, businesses primarily concerned themselves with the economic results of their decisions. "Today, however, businesses must also reflect on the legal, ethical, moral and social consequences of their decisions". Corporate social responsibility is no longer defined by how much money a company contributes to charity, but by its overall involvement in activities that improve the quality of people's lives. And what company does in this process for society is called as CSR. In technical terms CSR is "Corporate Social Responsibility (CSR) is a self-regulatory mechanism incorporated by corporations in their business model". The concept of CSR has been acknowledged by companies around the world and it is considered to an essential part of the operations of the companies. And in this paper we will discuss the importance and need of CSR in today's world. CSR is important for companies, nonprofits, and employees alike. Corporate social responsibility is not a mandated practice; instead, it is something extra that companies do to improve their local and global communities.

### Objectives:

1. To understand the need for CSR.
2. To know the impact of CSR in today's business environment.
3. To comprehend the importance of CSR.

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4. To help in making an effective CSR Strategy.

#### **NEED OF CSR:**

CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives while at the same time addressing the expectations of shareholders and stakeholders. We need CSR because business need to understand its social responsibility, that the main task and objective for a business is not to generate extra income and to become rich and transfer the money abroad, but to look and evaluate what a businessman has done for the country, for the people, on whose account he or she has become so rich. Below are few points which tell us the need of CSR in business. We need CSR to Bridges the company with its consumer and investor. There is growing expectation from the organizations to behave responsibly & CSR works as a Ethics Certificate for the same. There is a Shifting paradigm of Consumer awareness. The Shift from corporate consumerism towards 'Green' and 'Ethical' consumerism has made the corporate to be green and ethical for consumer acceptance. It helps in proper following of Legislation, CSR covers Health & Safety , Environmental Protections , Sustainability surety and helps visibility of Codes of Practice. As Globalization is increasing in today's world, adoption of 'Best Practice', Consumer & Legal Acceptance makes a easy way through the global market and helps reorganization.

#### **IMPORTANCE OF CSR:**

1. Advanced Public Image:

Companies which are perceived as less self-regarding are actually favored by customers. It may be psychological but somehow people find companies with social responsibilities as more approachable. Sending out messages about your corporation's philanthropic attitude will do good to design the public image as it reflects an empathetic side of the company. Corporations can do that by supporting nonprofit organizations or through donations.

2. Boosts Government Relations:

To be in the good books of politicians and government regulators, companies must present a positive public perception on its seriousness about social responsibility. This is not only the best way to make easier contacts with government officials but also to avoid various investigations and probes or even public campaigns.

3. Customer & Employee Engagement:

It becomes easier to talk to customers or pursue them when you have a rather good message to share. When customers get interested eventually in your cause, they're slowly going to believe the ambitions of your company. Obviously this is no maneuvering but with a little effort on social responsibilities, a company reaches more public in new ways than it might do without CSR. Likewise, today's generation is ambitious and they're in the constant lookout for being associated with companies that have a good public image and is always in the media for its positive decisions.

4. Brand Distinction:

This is one of the reasons why companies from past incorporated CSR in the first place. But since it is a common phenomenon now, corporations are trying out new ways to build up their goodwill by experimenting on their social responsibilities. They're not only taking it seriously but bringing in a lot of creativity so that they serve their visionary purpose along with creating a distinct image for themselves in the market.

5. Positive Workplace Environment:

Corporations that care about the lives outside the barriers of their business kind of inspire and motivate employees to walk into work each day eagerly. This enhances the relationship between the highest management to the lowest paid workers as they go on to believe that a united approach could do wonders.

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6. Conversion of Resistances Into Resources:

If the innovative ability of business is turned to social problems, many resistances can be transformed into resources and the functional capacity of resources can be increased many times.

7. Long Term Business Interest:

A better society would produce a better environment in which the business may gain long term maximization of profit. A firm which is sensitive to community needs would in its own self interest like to have a better community to conduct its business. To achieve this it would implement social programmes for social welfare.

**Examples of Successful companies having CSR models:**

**GOOGLE:**

Sometimes donating money, old clothes, or toys to devastated countries isn't enough—especially when it comes to natural disasters, which destroy buildings and displace people. When an 8.0 earthquake struck Sichuan province in China in 2008, Google and its employees raised \$2.6 million and donated \$1.02 million worth of free advertising to earthquake relief organizations, as well as developed a search platform for families looking for lost relatives. The corporation also provided China's State Bureau of Surveying and Mapping with satellite images of quake-affected regions to better aid and direct rescue efforts. And despite its ongoing censorship spat, Google continued its CSR efforts with its China Social Innovation Cup. Whether or not Google re-enters the search market in China, it's done a lot to bolster its reputation as a CSR leader.

**NIKE:**

As an organization whose mission is to “drive product innovation for athletes everywhere,” Nike participates in team-building activities such as a game modeled after The Amazing Race. When the teams stop at checkpoints along the way, they prepare pack-outs for rescue shelters or food banks on top of all that fun reality-TV stuff—bonding with the team and leveraging a spirit of friendly competition.

**DISNEY:**

In order to build a sense of community among its employees, Disney also uses team-building services such as Wise Guys Events. Recently, it launched a Superhero Academy program where players play games in a park while preparing video care packages and other gifts to deliver to Children's Hospital Los Angeles, UCSF Benioff Children's Hospital Oakland, or the charity of their choice.

**SALESFORCE:**

Salesforce donates and discounts software licenses to nonprofits, and it uses founding stock to offer grants for nonprofits focused on technology innovation. Salesforce and other enterprise companies stand to benefit from technological advancements made by other, smaller companies. So by supporting innovation at nonprofits, it aids in its own long-term growth. This model has become so well-known that companies are catching on and adopting it.

**TARGET:**

Established as the second-largest discount retailer in the U.S., Target also has big goals to make a major CSR impact in areas such as wellness, sustainability, responsible sourcing, and education. Target says its team members give hundreds of thousands of hours volunteering in their community every year. Among the many ways the company is making an impact, it exceeded its goal in reducing water use by 10 percent. In addition, Target expanded its irrigation technology to an additional 601 locations and is trying to add 75 percent native and sustainable plantings in all of its new stores.

**WHY COMPANIES NEED AN EFFCETIVE CSR STRATEGY IN TODAY'S WORLD?**

There are six reason why companies need an effective CSR strategy in today's world according to us:

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) Innovation:

In CSR, innovation is a huge benefit to a company and society. For example, I recently watched a video of a brief talk by Geoff McDonald who is the Unilever Global VP for HR, Marketing, Communications and Sustainability. Using the “lens of sustainability” as McDonald described it, Unilever was able to innovate new products such as a hair conditioner that uses less water. Without sustainability, the company’s research and development efforts possibly wouldn’t have led to such a product.

) Cost savings :

One of the easiest places for a company to start engaging in sustainability is to use it as a way to cut costs. Whether it’s using less packaging or less energy, these savings add up quickly. For example, General Mills is on a path to reduce its energy savings by 20% by 2015. According to its 2011 CSR report, after installing energy monitoring meters on several pieces of equipment at its Covington, Ga. plant, the company saved \$600,000.

) Brand differentiation:

In the past, brand differentiation was one of the primary reasons companies embraced CSR. Companies such as Timberland were able to find their voice and incorporate the company’s values into their business model. However, as CSR has become more commonplace, using it to differentiate your brand is getting harder to do. For example, the “Cola Wars” is one of the longest running rivalries in business. Coke and Pepsi are constantly looking to grab as much market share as they can from each other. Yet they are both adopting similar, although slightly different, approaches to CSR. Both Pepsi and Coke are pursuing strategies of zero net water usage. Both companies offer water bottles made from sustainable packaging as well. In the end, although neither company is necessarily going to see strong differentiation benefits, I see the diminishing returns on brand differentiation as a sign that CSR is taking hold and is not just a fad.

) Long-term thinking :

Indeed, CSR is an effort to look at the company’s long-term interest and ensuring that the company’s future is well sustainable. Hence, that’s why I prefer the term sustainability to CSR. It is a shift from worrying about the next fiscal quarter’s financial results to the impact business decisions today have on financial (and social) results ten years from now.

) Customer engagement:

What’s the point of doing CSR if no one knows about it? For the past few years, Walmart has established itself as a leader on environmental efforts. Yes, you read that correctly, Walmart is a leader in environmentalism. In 2008, Walmart ran an ad campaign designed to raise awareness about the environment and the product choices consumers could make. Using CSR can help you engage with your customers in new ways. Since the message is about something “good,” it can often be an easier way to talk to your customers. This is an underused tool for business-to-business company communication.

) Employee engagement:

Along similar lines, if your own employees don’t know what’s going on within your organization, you’re missing an opportunity. Companies like Sara Lee created a cross-functional, global Sustainability Working Team to help create a strategy for sustainability. At a more grass roots level, the Solo Cup Company created the Sustainability Action Network to activate employees in community service focused on the company’s CSR priorities.

### **HOW TO BUILD AN EFFECTIVE CSR STRATEGY:**

Usually, when you launch a business, you funnel your resources and energy into your company – not into helping others. Yet we live in a time when many customers judge companies by their demonstration of

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compassion and integrity. This has become such a fundamental aspect of the business landscape that there's even a name for such initiatives: Corporate Social Responsibility (CSR).

) Define your messaging:

Don't strike blindly at different goals, such as preserving rainforests one quarter and then investing in a community project the next. Come up with causes that resonate with your business culture, research the kind of support they need, then pick one and stick with it. One is enough for a small business – and don't feel pressured to donate more funding or assistance than you can afford.

) Involve your customers:

If you haven't picked a cause yet, come up with a list of alternatives and ask your web site visitors and Facebook fans to vote on which one they would like to see you support. Or actively seek their assistance, such as bringing old but usable technology into your store so that you can donate them to students in underfunded schools. Make sure you offer a potential reward, such as holding a raffle for all participants.

) Create a scorecard:

Make sure it features achievable and measureable goals and keep it visible on your site, tracking your progress. Be honest about any setbacks – you want the tone to be authentic, not promotional.

) Use social media:

Don't just tell your customers what you're doing; solicit their ideas, experiences and concerns to get them invested in your projects. Make sure you use multiple digital platforms – such as blogs, Facebook, Twitter, and a YouTube channel – to reach people with different media preferences.

) Partner with a third party:

Forming an alliance with a non-profit will not only lend credibility to your efforts, but let you benefit from the non-profit's greater experience in fundraising and philanthropy. The alliance will also offer an opportunity to blend customers and networks.

) Seek publicity:

If you've never sought media coverage for your business before, this might be the time to start. Send out a press release about any contests, events or fundraising drives – and reach out to media outlets that present on green topics as they'll be apt to give you positive coverage.

) Repurpose your CSR reports:

Using charts, stories, and photos in your annual reports and newsletters will appeal to stakeholders and shareholders alike.

## **SUGGESTIONS:**

Most corporate social responsibility projects won't deliver an immediate boost in your company's financial performance. But implemented sincerely and leveraged cleverly, they can bring positive publicity, enhance your corporate reputation, and deepen customer engagement. In addition to giving you the satisfaction of knowing you've truly assisted someone in need. It's vital to remember that a mandate to be a responsible corporate citizen comes from the top. As the leader of your company and all of its business practices, it's up to you to lead the charge and make social responsibility a core component of every layer of your operations. By actively encouraging the development of socially responsible programs, and soliciting ideas and participation from your employees and making sure that your company "puts its money where its mouth is" when it comes to social responsibility, you can ensure that your business has a positive impact on the world. Improving your corporate social responsibility is just one way to improve your company's performance.

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## CONCLUSION:

CSR have no boundaries and are not constrained by race, color, or religion. Sadly, concern for the community is often mistaken for socialism. On the contrary, every citizen is an asset in economic activity and has opportunities to succeed. CSR is a culture and unwritten contract with the community. This invisible culture can shape brighter future for nations. If employees don't see the point of CSR initiatives, or understand the message, initiatives are unlikely to be effective. Organizations must realize that government alone will not be able to get success in its endeavor to uplift the down trodden of society. The present societal marketing concept of companies is constantly evolving and has given rise to a new concept- CSR. Many of the leading corporations across the world had realized the importance of being associated with socially relevant causes as a means of promoting their brands. It stems from the desire to do well and get self-satisfaction in return as well as societal obligation of business. Companies have already started using the CSR as a strategy, which aims at mutual development of company and the community simultaneously. Companies should value social responsibility and ethics in marketing and it is an viable option for companies to become social entrepreneurs in the future because majority of the corporate population believes that Corporate social responsibility is a reality ,which is voluntary and which helps in enhancing the reputation and brand name of the corporations, increases its sales and consumer loyalty, attracts and retains the equality employees and also builds political capital too. Thus the charity given by the corporations definitely changes the way its business is done. but at the same time there is minority population which thinks that corporate social responsibility is forcedly placed upon the corporations and it's just mere "website" declaration on each company's website and thus it does not seem to be a globally practices work ethic.

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