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CORPORATE SOCIAL RESPONSIBILITY:A STRATEGIC PROMOTIONAL TOOL FOR BUSINESS OPTIMIZATION, PROFIT MAXIMIZATION

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ABSTRACT

In a global economy, each organization has the responsibility to facilitate, demonstrate and promote corporate social responsibility (CSR) for its own Long term sustainability. This is a demand for the organization, where organization has to rethink the business goals and objectives by solely focusing on making a profit to corporate citizenship. Today, the impact of CSR is beginning to be seen in communities throughout the world –from human rights and labor practice to health care and environment. CSR is now a far more holistic phenomenon in a company's obligation to be accountable of its stakeholders in all its activities and achieve sustainable development: economically, socially and environmentally. Worldwide companies and their HR leadership are coming to grip with what exactly CSR means to their organizations and how to strategically include CSR within business goals and objectives. Here the authors have taken the secondary data and make the analysis with the findings of the impact of Corporate social responsibility upon the profit of the organization with the role of a mechanism as the strategic promotional policy.

KEYWORDS: Corporate Social Responsibility, Profit Maximization, Strategic Promotional Tool, Globalised arena, LPG

INTRODUCTION

Liberalization, privatization & Globalization have highlighted the strategic concern of stakeholder relationship, brand rapport and other such issues which have become crucial for conducting the businesses ethically and morally led to a more structured, integrated and interdependent paradigm in globalize trade, which is expected to contribute towards the civil society, moving from traditional philanthropy to obligations of business towards the society, is otherwise called as Corporate Social Responsibility. Enormous propagation of CSR thought and its uses have been promoting the firms to adopt a code of conduct of social responsibility, is the common goal of the domestic and international business community seems to be bringing forth wealth in a socially and environmentally responsible way.”¹ The world business council for sustainable development defines CSR as the business commitment and contribution to the quality of life of employees, their families and the local community and society overall to support sustainable economic development.² There are many references to corporate social responsibility, sometimes referred to as corporate citizenship, in our workplaces, in media, in the government, in our communities. According to Neo-classical view the “firm advocate that the social responsibility of business end with the provision of employment and payment of taxes and extend no further.”³ Before 1990, it was philanthropy only to avoid the government rules regulations, legal provision and entry barriers.

In the late 1990s, CSR began to gain momentum as pressure from consumers, the media, activists and various public organizations which demanded that companies should contribute to society and it becomes a key way to achieve organization success which provides safety to the employees and communities with sound working practices, safe and affordable products to the consumers and becomes itself ethical and responsible, is epitomized as the voluntary ethical behavior of a company towards society including share holders and stakeholders holding human and employee rights environmental protection community involvement and supplier relations as core values, because Corporate are social entities who have to look up to the society for fulfillment of their needs and objectives, hence like any other social entity they also have certain responsibilities towards society whereas the scope of business involvement with the society has been a debatable issue, may be as follows-

- Should it pursue a single objective of minimizing profit or have multiplicity of purpose like

economic, social and environmental to concentration on?

- Can the profits be sustained without sustainable development?
- Does corporate citizenship get rewarded by superior corporate performance?

LITERATURE REVIEW

A number of scholars have done their research in this field of corporate social responsibility which here is taken for the discussion and enrichment of the result there with.

Davis, K. (1975)⁴ in their study report emphasized upon the external factors for the growth of corporate social responsibility and its influence upon the outcomes of any organization due to the Perception of people with CSR & the organization with the opinion that, If the people's image about any organization is negative, then all strategies of that organization won't work with less loyalty towards the consumption of products and services of that organization

Ackerman, R. W. (1976)⁵ observed that corporate social endeavor must be responsive and proposed three phases of management through which firms generally move to respond to social issues.

Milton Friedman (1980)⁶ wrote in New-work times that the social responsibility of business is to increase profit and any diversification of the company resources to social program and charity represents a tax viewed as deriving from its use corporate resources further some social good are doing, so only to promote their self image.”

A. Shleifer, R. Vishny (2000)⁷ argued that social responsibility of the business encompasses the economic, legal, ethical and discretionary expectations of the society at a given point in time. This pole of discussion is also considered self regulation of the business, where it is decided that up to what extent companies can engage themselves in CSR issues, is essentially and ethically concept revolving around the government as well as private organization.

McWilliams & Siegel (2001)⁸ argued that CSR can be a way to create positive reputation and to keep the public image positive for the companies, initiates many effective practices.

According to Barua K, S (2002)⁹,” CSR is the way business engage /involve their shareholders, employs, customers, suppliers, government, nongovernmental organizations, international organizations and other stakeholder & is the point of convergence of various initiatives aimed at ensuring socio economic development of the community which would be livelihood oriented as a whole in a credible and suitable manner’s is often understood as involving the private sector commitments and

activities that extend beyond the foundation of compliance with.”

Porter and Kramer (2006)¹⁰ has emphasized upon the importance of CSR and said that ,”many companies are being ranked on the basis of performance of their corporate social responsibility (CSR) and these ranking attracted the public response and with a result , CSR has become important for business leaders in almost all countries.”

Chemmanur, T. J. and P. Fulghieri (2006)¹¹,”CSR is generally understood to be the way a company achieves a balance or integration of economic, environmental and social imperatives.

Bhattacharya, C. B. (2006)¹² in their views, ” It is the contribution to sustainable development that meets the needs of the present without compromising the abilities of future generations to meet their own needs and is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce. The issue of corporate social responsibility is very dominant theme in the national as well as global corporate practices. Troubled and costly experiences have convinced the giants of industrial world like Nike, union carbide, Coca-Cola , Pepsi co. to invest heavily in improving their own ethical profile and reputation. Many other organizations have been doing their part for the society through donations and charity events.”

OBJECTIVE OF THE STUDY

- To find out CSRs impact upon the business with the achievement of organization’s profit &enhancement of promotion.

Methodology of the study: Secondary sources of information have been used for the discussions& study.

DISCUSSIONS

After going through number of literature review here the authors have taken certain findings for their discussion and interpretation and result there with. In recent years, intangible assets--company values, human and intellectual capital, reputation and brand equity--have become increasingly important to organizations. Companies that exhibit good corporate citizenship are likely to gain a competitive edge. After globalization, every organization has to accept corporate social responsibility as the vital tool for their growth due to certain reasons which are as follows-

GROWTH OF THE CORPORATE REPUTATION AND ENHANCEMENT OF BRAND IMAGE

The positive benefit of corporate social responsibility is higher customer satisfaction,

stronger employee commitment, reduced regulatory and legal interventions increased productivity, quality and profitability. Empirical research has shown that public felt greater trust towards organizations associated with social causes. Consumers trust is important for commercial organizations because among other things, it goes hand in hand with brand loyalty which is another sought after corporate goal. Corporate social responsibility enhances the reputation as an ethical organization.

Good corporate social performance enhances the quality and safety of the product which creates brand image for the company. Consumers always demand product from their favorite brand, employees chooses to work shareholders incline to involve investing business with outstanding corporate reputation. Reputation is critical to the corporate success. An analysis of “America’s most admired companies found that a good reputation increases the length of time the firm has earning below the average financial returns. Reputation of the company helps organization to find out the effective and efficient employees from the tight labor market.

REDUCTION OF MANAGERIAL AND BUSINESS RISK

This mechanism clears the paths to avoid the intervention of courts and the imposition of government regulations which is an added benefit to the costs of doing business. Establishment and improvement of the relationship with investors, bond agencies and banks helps the managers to generate finance for the project society. Companies engage in CSR practices can develop better relatives with regulatory agencies which can mean less red tape and scrutiny and help them to obtain the required permission for their operation.CSR is such a helping hand through which trust for the company is built and helps managers to resolve the disputes and issues among the stakeholders.

ASSESSMENT TOWARDS MARKET /CUSTOMERS

CSR has evolved to develop its own forms and types, prominent amongst them are causes related to marketing and sponsorship .The benefits are diverse and encompass the relationship of the company with its various public consumers’ employees’ potential employees and governmental corporate philanthropy is known to reduce research and development cost and foster symmetry among business units.

STIMULATION AND INNOVATION OF GENERAL IDEAS AND PROFITABILITY

The CSR is a life long learning process through which the organization can build more

qualified, motivated and adoptable workforce. Socially perceived responsible organization is like encounter less resistance in case of introduction of new product and technology which helps to acquire market share easily and make more profits also.

CORPORATE VALUES: THE RIGHT THINGS TO-DO

CSR helps to create corporate values by doing the right things, creates an identity in the market for the organization which adds hallmark toward company's brand image.

CONCLUSION

Corporate social responsibility understood to be that the company achieves a balance or integration of economic, environmental and social imperatives are the essential tool to overcome competition, promote the product, retain the employees, formation of trustworthiness among stakeholders, attract the financial agency and create a brand image for the company. Undoubtedly and without debate, CSR is the most vital & valuable strategic tool to begin, sustain and growth of the organization in this fast changing globalized scenario with the maintenance of its profit maximization.

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