

Chapter 4

Corporate Social Responsibility: A Conscientious Take

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ABSTRACT

A sense of responsibility keeps human on the edge which continuously reminds one of where their pursuit lies. Of course, Responsibility keeps piling up as one grow. In a society where the globe is technologically upgrading every second, the businesses are assigned the challenge to keep the surroundings at balance; this is where the term corporate social responsibility gains momentum. In constantly growing economies, Corporate Social Responsibility (CSR) is the force which keeps organizations stay afloat and is the make or break point. Realising this, the economies of world are jointly or individually pursuing the corporate goals towards society in different areas. CSR is the vantage point which is titled to aid an organization's mission as well as a guide to what the company stands for its consumers. The aim of the chapter is to articulate how corporate social responsibility has become the most valuable touch point of the society to survive among different companies and highlight the various issues and challenges in CSR implementation and regulation.

INTRODUCTION

Today organizations are living in a world like never before, times have changed and of course the priorities that every organization have. Yes, corporate social responsibility (CSR) is the theme for all organizations of this generation. Most of the organizations are thinking beyond the primary interests of the firm that is benefiting the society. CSR is not only drawing the corporate magnates into its circumference, but is also luring educationists, social activists, reformists, from all over the world to delve deeper into this subject. Corporate social responsibility is a strategy, be it for enhancing corporate image or to be in competition. One cannot pick up a newspaper, magazine or journal without encountering some discussion of the issue, some recent or innovative example of what business is thinking or doing about CSR,

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or some new conference that is being held in Specific journals, news magazines, books, dictionaries, encyclopedias, and websites.

The acronym “CSR” (Corporate Social Responsibility) became popular in the 1960s and has remained a term used indiscriminately by many to cover legal and moral responsibility more narrowly construed. Earlier a few organizations focused on economic, responsibility, philanthropic, and legal responsibilities. But nowadays with the changing market situation this focus is shifting and including three other factors: environmental, educational and health responsibilities (Patro & Raghunath, 2016). Companies or organizations have started spending their social responsibility money for environmental benefits, public health care initiatives and for providing free education to the wads of employees and underprivileged (Carroll, 1991). Observers increasingly note that corporate social responsibility has become a mainstream business activity. Firms are investing ever more resources in public goods provision and many companies reduce negative externalities below levels required by law (Turban & Greening, 1997).

As the world is shrinking due to globalization the concept of Corporate Social Responsibility (CSR) has acquired an undeniably high degree of relevance and scope in a large number of sectors. The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time (Carroll, 1979). More than one third of large firms have voluntary external certifications for social and environmental standards, and nearly 11 per cent of professionally managed US investment was certified as socially responsible. It is estimated that US and European markets have over 2 trillion USD and 300 billion EURO in certifies socially responsible assets (Espenson, 2014). Firms such as IBM, General Motors or Microsoft even inform potential employees about their CSR efforts. The aim of the chapter is to articulate how corporate social responsibility has become the most valuable touch point of the society to survive among different companies and highlight the various theories and dimensions for emerging markets. This chapter also emphasizes on the contribution of CSR towards the economy and recent trends in CSR implementation and regulation.

BACKGROUND

During the last two decades, there has been a major change in the nature of the triangular relationship between the companies, the state and the society. The evolution of the relationship between companies and society has been one of slow transformation from a philanthropic coexistence to one where the mutual interest of all the stakeholders is gaining paramount importance. Companies are beginning to realize the fact that in order to gain strategic initiative and to ensure continued existence, business practices may have to be moulded from the normal practice of solely focusing on profits to factor in public goodwill and responsible business etiquettes (Raynard & Forstater, 2002). The current trend of globalization has brought a realization among the firms that in order to compete effectively in a competitive environment; they need clearly defined business practices with a sound focus on the public interest in the markets (Gray, 2001). It has been observed that consumers consider switching to another company’s products and services, speak out against the company to family/friends, refuse to invest in that company’s stock, refuse to work at the company and boycott the company’s products and services in case of negative corporate citizenship behaviors (Edenkamp, 2002). Warhust (2001) points out, the three major elements of CSR are product use which focuses on contribution of industrial products which help in well-being and quality of life of the society, business practice which focuses on good corporate governance and gives

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