

Corporate Social Responsibility-A Conceptual Approach.

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Abstract - Business must balance the potentials and interest of various sections of society. Corporate Social Responsibility (CSR) is a very common term in the company and societal segments these days. CSR is too important that many organizations have sorted their fundamental ethics to include social responsibility. CSR enables a supportable development by bringing economic, social and environmental assistances for all investors. CSR enables to have a positive impact on business environment and interested parties including shareholders, employees, investors and others. It has important things on ecological issues, annihilation of poverty, employment creation and labour practices, environmental protection, education and human development. The present study is a conceptual study based on articles, books and websites and the paper discuss the concept of corporate social responsibility, importance, principles and barriers of corporate social responsibility.

Keywords: Barriers, Corporate social responsibility, Importance, Principles.

I. INTRODUCTION

The company should have responsibility not only towards its employees, customers and other stakeholders but also towards society and environment. A company and society are interrelated because corporates make use resources of the society. The company should discharge the duties and responsibilities in improving the welfare of the society. The company has to incur a given expenditure in social activities. Corporate should constitute a committee to ensure the working of welfare activities. The CSR committee shall indicate the activities to be undertaken by the committee. At least two percent of the net profit should be spending every year for the well-being of the society. The CSR expenditure can be for following activities like promoting education, eradicating poverty and malnutrition. The amount can also be used for promoting gender equality, empowering women, setting up of homes and hostels for women and orphans. The CSR fund can be contributed to protection of national heritage, art and culture, rural development projects and slum area development. The new CSR provisions have been implemented to set out clear frame work and processes to ensure strict compliance. The concept of corporate social responsibility is become very dominant in business reporting. The corporation has a policy regarding CSR that a report to be submitted annually detailing its activity. As the corporate is socially

responsible, it should cover the socially responsible activities. World Business council for Sustainable Development defines Customer Social Responsibility as “the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of work force and their families as well as of local community and society at large”¹.

II. REVIEW OF LITERATURE

Samuel O. Idowu (2007), by their study of twenty companies in U.K., advocated that the companies in U.K. have become principled in the content of social responsibility as corporates reveal its corporate social responsibility with a view of public assistances, government entreaty and issue evidence to participants because the corporations contemplate that investors of twenty first century are well educated than past.

Shah, Bhaskar (2010), has taken a case study of public sector undertaking i.e. Bharat Petroleum Corporation Ltd. in their research work. The study revealed that there is a comprehensive association between the organization and society. The existence of company mainly depends on the proper well-being of society. Organization make use of various resources of society. Moreover, the organization delivers services to the society. From the case study of the

BPCL, many CSR activities have been undertaken to serve the society.

Objectives of the study

- To study the importance of corporate social responsibility.
- To study the principles of corporate social responsibility.
- To study the barriers of corporate social responsibility.

III. RESEARCH METHODOLOGY

The present study is a conceptual study based on secondary data which has been taken from various articles, reports, websites and books.

IMPORTANCE OF CSR

The CSR activities of a business is to be increased for the sustenance of a concern in the society. Corporate social responsibility can be used as a strategy which enables strategic importance as well. A company can use CSR as a strategy to build brand image and increase its outline in the buyers' mind. Business environmental policies are also encompassed as part of the CSR activity as well. CSR helps to enhance good relationship with customers. CSR helps to bring numerous benefits to the organisation. The importance of CSR is mentioned below:

1) **Improves public image:** A company's public image can be improved by excellent corporate social responsibility programmes. CSR enables the company to have good relationship with customers. Companies can recover their public image by subsidiary non-profits through financial aids, in-kind assistances of goods and amenities, and strong business.

2) **Attracts and retains investors:** A company and society are interrelated so a company is totally responsible to the society. CSR helps the company to make attract the investors and do retain existing investors. Investors will have strong sense of corporate responsibility also.

3) **Positive workplace environment:** When companies show humanitarian behaviour, they are more prospective to deliver employees with an optimistic workplace. Subsequently, employees feel involved and industrious when they work interested in work each day. Corporations can create positive environment by taking care of the lives of people outside the walls of their businesses.

4) **Increases creativity:** Creativity of employees can be increased by corporate social responsibility. By integrating wide-ranging benevolent agendas, businesses can help employees become more industrious and artistic.

IV. PRINCIPLES OF CSR

The main aim of CSR is to maximise positive impact in the society. It helps to deliver public value outcomes towards the society. CSR helps the organisations to enhance relationships with the clients. CSR helps the employees in the enhancement of personal and professional growth. The following are the important principles:

1) **Sustainability:** Sustainability is one of the important principles of CSR. If the CSR has been done at present it will have a sustainable effect in future. It helps in the maximum utilisation of resources. It helps to divert investment for technological upgradation and exploitation of resources.

2) **Accountability:** Since the company is responsible to the society, moreover the company is accountable also to the society. Corporations are accountable to their external environment. Stakeholders are the interested parties to the organisation so corporations are responsible to external environment. It facilitates resource allocation for a business organisation.

3) **Transparency:** The activities to be done by the corporation must be transparent. Transparency facilitates the stakeholders to have a better understanding of the corporation. Transparency is of particular importance to stakeholders that they can get detailed knowledge and information about the organisation.

BARRIERS OF CRM

CSR helps the business to solve various problems and mitigate the same. The proper implementation of CSR provides solutions to the various business problems. Even then there are many barriers in the implementation of corporate social responsibility. The following are the important barriers of CRM

1) **Economic barrier:** The implementation of CSR is a complex and challenging process. The main barrier for the implementation of CSR is the economic barrier. It may be by shortcomings of fund and inadequate resources in the organisation. Another reason of economic barrier is the technological upgradation as it requires huge funds. High investment is required for the proper functioning of company.

2) **Social barrier:** This is one of the complex barriers because it causes greatest problems to the business situations. Business requires good cooperation with all stakeholders to the business viz both internal and external. Imperfectly nominated statement tools and improperly framed reporting can lead to a misinterpretation of the enterprise's effort. The company must convey all relevant aspects to the interested parties to the organisation.

4) **Environmental barriers:** In CSR the observations of environmental permanency are very important.

Corporations should give due consideration to the both internal and external environment. The environmental issues mainly affect the business activities. The resource constraints are one of the barriers related to environment issues. Environmental standards have to be maintained and it is also an important barrier related to environment issues.

V. CONCLUSION

Corporate social responsibility helps to improve the reputation of the corporates. CSR helps to improve the public image of the company. The conceptual study done here states the importance, principles and barriers of corporate social responsibility. CSR is very important to every organisation since it helps the corporates to convey their proficiencies to the society. CSR is based on certain principles which facilitates proper standards in the organisation. CSR will have certain barriers too for its functioning since it will affect its proper working in society. Corporates can overcome these by their well-planned CSR policies and procedures.

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