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Why Should Companies Enshrine Corporate Social Responsibility?

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ABSTRACT: Corporate social responsibility (CSR) is a self-regulatory business model that allows a firm to be socially accountable to itself, its stakeholders, and the community at large. Companies can be aware of their impact on all parts of society, including social, economic, and the environment, by exercising corporate social responsibility, also known as corporate citizenship.

It is a company's decision to operate in ways that benefit the community and the environment rather than harming them in the usual course of business. Corporate responsibility programs are also an excellent method to boost employee morale. Starbucks is an example of a company that seeks to be a leader in CSR. Small and midsize firms also have social responsibility programs. However, they are rarely as famous as major corporations'. This literature review discusses CSR's importance, benefits, impacts, trends, and examples of organizations that practice CSR.

KEYWORDS: Corporate social responsibility, CSR, Self-regulatory business model, Socially accountable, Stakeholders, Community, Corporate citizenship, Employee morale, Leader in CSR, Small and midsize firms

I. INTRODUCTION

Corporate social responsibility (CSR) is a type of international private business (Latapí Agudelo, Jóhannsdóttir, & Davídsdóttir, 2019) self-regulation that involves participating in or promoting volunteerism or ethically-oriented actions in order to contribute to activist, philanthropic, or benevolent societal aims. While CSR was formerly thought of as an internal organizational policy or an ethical business strategy, it has evolved into required initiatives at local, national, and international levels.

Social responsibility activities must be logically aligned with and integrated into a business strategy to gain success. According to different companies, it takes activities that seem to serve some societal good, further than the firm's interests and what the law requires.

Organizations may also participate in CSR for ethical or strategic reasons. CSR can contribute to business profitability from a strategic standpoint, especially if brands willingly self-report their activities' favorable and unfavorable effects. These benefits accrue by (Awaysheh, Heron, Perry, & Wilson, 2020) assuming responsibility for company actions by creating good public relations and high ethical standards to reduce business and legal risk. CSR initiatives urge businesses to positively influence the earth and other stakeholders such as customers, workers, investors, society, etc. Some organizations will implement CSR policies and procedures due to their senior management's ethical beliefs: for example, the CEO of Patagonia, Inc, an outdoor-apparel company, feels that environmental destruction is ethically undesirable.

II. TYPES OF CSR

In awareness of how vital socially conscious initiatives (Zaman, Jain, Samara, & Jamali, 2022) are to their customers, workers, and stakeholders, many firms focus on four main CSR categories.

1. **Environmental efforts:** The environment is a significant emphasis of CSR. Regardless of size, businesses have giant carbon footprints. Any efforts that a corporation can take to lessen its environmental footprint benefit both the firm and society.
2. **Philanthropy:** Businesses can demonstrate their social responsibility by providing products, services, or money to charitable organizations and causes. Larger corporations often have more resources to donate to charities and local community activities, but it may make a difference if a small business takes action. Reach



out to the organization with a particular charity or initiative in mind. Inquire about their particular needs and determine will a monetary, time, or product donation from that business would be most beneficial.

3. **Ethical labor practices:** Businesses can demonstrate their commitment to CSR by treating their staff fairly and ethically. This is particularly true for enterprises that operate in countries where labor rules differ from those in the United States of America.
4. **Volunteering:** Engaging in local causes or offering business's time (and that of employees) at community events demonstrates a company's commitment. Also, exhibit concern (and support) for specific concerns and social causes (Aguinis, Villamor, & Gabriel, 2020) when the firm executes good deeds without asking for anything in return.

III. BENEFITS OF CSR

In this digital, fast-paced world, every company, large or small (He, & Harris, 2020), must have a CSR program in place. If CSR has not yet been a part of everyday corporate activity, immediate action is required. Otherwise, there's a good chance of losing the trust of the company's most significant stakeholders. Staff, customers, and the general public's expectations have shifted, believe it or not. Business is in charge, not the other way around. CSR can benefit in several ways, such as:

- **Satisfied Employees:** Workers want to appreciate the company for which they work. Employers who have a positive attitude toward the employee are more likely to have better employee retention and get more job applications (Maqbool, & Zameer, 2018) because people desire to work for them. A better workforce comes from having more options. Because of the enormous positive impact of CSR on employee well-being and motivation, HR plays a vital role in administering CSR projects.
- **Satisfied Customers:** Studies suggest that a strong CSR track record increases customers' perceptions of the brand. If a customer likes a firm, he will buy more products or services from them and be less likely to switch brands. For example:
 1. **IBM study 'Attaining Sustainable Growth through Corporate Social Responsibility':** Most corporate leaders feel that CSR efforts give their companies a competitive advantage, owing to positive consumer responses.
- **Positive PR:** CSR allows success stories to be shared online and in conventional media. Companies are no longer required to invest in costly advertising efforts. Instead, they benefit from free publicity and word-of-mouth marketing.
- **Costs Reductions:** A CSR program does not have to be expensive. CSR can help a firm save money if done correctly. Companies save money by:
 1. More streamlined hiring and retention of employees
 2. Putting in place energy-saving programs
 3. Improving the management of potential risks and liabilities
 4. Less money spent on traditional marketing
- **More Business Opportunities:** A CSR program necessitates an open, outward-facing strategy. Customers, suppliers, and other parties who impact the company must continually communicate with the company. The company will be the first to learn about new business prospects due to constant interaction with other parties.
- **Long-term Future for Business:** CSR is not a short-term strategy for a company's long-term success. It all comes down to delivering long-term success and maintaining business continuity.

A. CORPORATE SOCIAL INITIATIVES

Following are the six forms of corporate community programs included in corporate social responsibility (García-Sánchez, & García-Sánchez, 2020):

- **Corporate philanthropy:** company contributions to charity, involving cash, commodities, and services, sometimes through a business foundation
- **Community volunteering:** company-sponsored volunteering activities, occasionally while a worker is compensated for pro-bono labor on behalf of a non-profit organization
- **Socially-responsible business practices:** ethically made items that cater to a specific target group
- **Cause promotions and activism:** company-sponsored advocacy campaigns

- **Cause-related marketing:** entails making charity contributions related to productsales
- **Corporate social marketing:** company-sponsored behavioralchange
Corporate citizenship encompasses all six corporate efforts. However, some CSR efforts are causing marketing, in which a company's promotional campaign has the twin goal of enhancing revenue while improving society. Companies rarely have a monetary incentive for corporate philanthropy and community involvement.
The remaining corporate social efforts, on the other hand, are examples of cause marketing, in which there is a societal interest as well as a commercial objective.

III. IMPORTANCE OF CSR TOBUSINESS

There is a current requirement for businesses to increase their focus (Alabdullah, Ahmed, & Muneerali, 2019) on social responsibility. CSR is a means to thank society for its loyalty while also giving back to society. This can be in the form of movements, projects, or individual empowerment. These corporate projects are unquestionably beneficial to both the corporation and the community in whatever form they take. Some businesses are leading the way, launching humanitarian programs ranging from road construction to poverty alleviation.

Since corporate social responsibility is voluntary, many businesses may not see the need to participate. However, there are several reasons businesses should place importance on social responsibility.

- **Employee Attraction and Retention:** One of the main reasons people apply to different firms is their CSR strategy. A CSR plan demonstrates a firm cares and treats all people, including employees, with respect. A dedicated company to improve the world is more likely to appoint highly skilled personnel. This shows the seriousness of employees and their regard for a social duty. Employees benefit from CSR efforts since they help create a more productive and positive work environment. It encourages employees to volunteer andmake significantcontributions.
- **Improve Customers' Perception of The Brand:** In today's business world, competition is fierce, and it can be difficult for a company to stand out in the eyes of its customers. Businesses honestly committed toCSRcan win customers and deliver result-oriented marketing and gain a new targetaudience.

Social responsibility can help consumers regard a firm as a good neighbor. A team's projects can assist raise awareness for critical causes while also keeping the company in the public eye.

When it comes to branding, CSR is highly significant. Businesses must generate trust with their target audience to have a successful brand and keep customers, and having a CSR plan can help build a positive reputation — and, in turn, earn customers' trust and loyalty.

Consumer loyalty can go a long way toward keeping a company afloat. Customers to a business are essential to its success; it would simply not exist without them. Consumers expect brands and businesses to do more than make money in exchange for their loyalty for the purpose of giving back to society.

- **Accountability to Investors:** Socially responsible businesses may appear more appealing to investors. Investors in a business have the same goal: to make more money than they put in. Businesses that canmanage their money while also assisting their communities are held to a higher standard of accountability and transparency.
- **Saves Money:** A CSR strategy can help a company's bottom line because it usually necessitates project expenditure. However, as previously said, many customers are ready to pay a higher price for products from a socially responsible brand, and CSR can aid in the recruitment and retention ofstaff.
- **Improve Customer Engagement:** CSR can assist a company in improving customer engagement. Many CSR forms involve businesses directly dealing with members of the public, who may or may not be clients or potential consumers. They can provide clear feedback on what the firm is doing well and where it needs to improve. Customers that are a part of a company's CSR can share with other potential customers, and word-of- mouth advertising is an impactful form ofadvertisement.
- **Innovation:** This is perhaps one of CSR's most significant and obvious advantages. A company and community profit greatly from innovation. A corporation will establish strategies and do research in order to achieve some form of sustainability and, as a result, provide a product that has the potential to alter the world for the better. Unilever, for instance, could develop new goods such as a water-saving hair conditioner. Things like these might not have existed if not for the concepts of sustainability and corporate social responsibility.

IV. TRENDS IN CSR

In today's dynamic environment, entrepreneurs are looking for new ways to make a difference in their communities. More corporate social responsibility trends are emerging (Abbas, 2020) as our society pivots from the full lockdown impacts of COVID-19.

- **Continuing Virtual Community Engagement:** COVID-19 has perpetually changed the way businesses connect with their stakeholders, employees, and society. We've witnessed firsthand how effective these communication tools, such as webinars and virtual team meetings, are and will continue to be for the future of corporate social responsibility during the last two years.

Virtual community engagement has various advantages, including accommodating workers worldwide and assuring employees' safety in a pandemic. Companies' operating costs and carbon footprint are reduced due to these virtual meetings. Since the pandemic of 2020, the following trends have emerged:

1. **Technology** has increased volunteerism (social media and online searches have greatly helped raise this trend)
 2. **Hybrid volunteer engagement** will provide communities with additional virtual and in-person participation opportunities.
 3. **A generational shift in volunteerism**, with Millennials and Gen Zs leading the way in terms of volunteerism.
- **Evaluating CSR Impact:** In the future years, there will be a greater emphasis on monitoring the impact of CSR projects. Employee engagement, customer growth, customer retention, and social return on investment are indicators used to assess a company's impact. Consistently monitoring these variables will aid in CSR success.
 - **Participation of Corporations in Current Events:** Companies partaking in initiatives that positively impact their communities is also becoming more common. More people choose to buy from companies involved in important global concerns.

Companies should more vocally express pressing issues such as COVID-19, environmental issues, and racism and discrimination to better prepare society to make these important, long-term reforms.

- **The Importance of Diversity and Equity:** In 2022, we will witness key CSR trends such as equal chances, customized support, and the inclusion of people from all backgrounds. As more companies offer training that focuses on these challenges and a solution to establish and sustain trust, dedication, and a safe work environment for their employees, equity and diversity in the workplace are taking the lead.

More corporations are expected to make equity, diversity, and inclusion a priority in the communities they serve in the coming years. As generations like Millennials and Gen Z continue to fight for a professional transformation, they will stay on top.

V. BRANDS INDULGED IN CSR

Corporate Social Responsibility (CSR) enables both large and small enterprises (Tamvada, 2020) to make a beneficial impact. It occurs when businesses decide to do the right thing for their profit line and create customer trust.

Consumers believe that by purchasing a product or service from a socially responsible firm, they are helping make the world a better place. The more socially responsible a firm is, the more its community and customers support it.

- **Starbucks**

Starbucks is committed to sustainable development and community welfare and has an effective corporate social responsibility program.

Starbucks claims to have accomplished many CSR milestones since its inception, including ethical coffee sourcing, establishing a global network of farmers and giving them 100 million trees by 2025, introducing green buildings across its stores, donating millions of hours to community service, and launching an innovative college program for its employees.

Starbucks' objectives for 2021 and beyond are as follows:

1. Hiring 10,000 refugees and 5,000 veterans
2. Lessening the impact of its cups on the environment
3. Encouraging employees to take environmental leadership roles.

- **Innovation: Johnson & Johnson**

For the past three decades, Johnson & Johnson, a huge pharma pioneer, has worked on lowering its environmental impact. Their projects span from harnessing the power of the wind to delivering clean water to people worldwide. With the purchase of a privately-owned energy supplier in the Texas Panhandle, the company reduced pollution while providing a

renewable and cost-effective option for electricity. The corporation is looking for renewable energy possibilities to meet 100 percent of its energy needs by 2025.

- **Google**

Sundar Pichai, Google's outspoken CEO, is trusted for his environmentally friendly projects and his outspokenness. He is a vocal opponent of social issues, like President Donald Trump's anti-Muslim remarks. Google also received the highest CSR 2018 score from the Reputation Institute, thanks in part to its data centers using 50% less energy than companies around the world. They've also pledged over \$1 billion to renewable energy projects and use services like Gmail to help other businesses decrease their environmental effect.

VI. CONCLUSION

Corporate social responsibility is international private business self-regulation to contribute to activist, philanthropic, or benevolent societal aims via volunteerism or ethically-oriented actions. These ethical actions are taken at regional, national, and international levels.

CSR has four types: environmental efforts, philanthropy, ethical labor practices, and volunteering. An organization benefits from it in the form of satisfied employees, satisfied customers, optimistic PR, costs reductions, more business opportunities, and a long-term future. Starbucks, Google, and Johnson and Johnson are some notable brands that practice CSR.

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