MBA

SSI

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Learning Outcomes

- What is Corporate Social Responsibility
- The Business-Case of CSR
- Models of CSR
- Types of CSR
- Need for CSR & Arguments For & Against CSR
- The Triple Bottom Line

Business and society

- Businesses are part of societies (locally, nationally, globally) therefore have a duty to act within their expectations and norms.

- By doing so they are able to operate successfully without harming the societies, communities and environments which they operate in
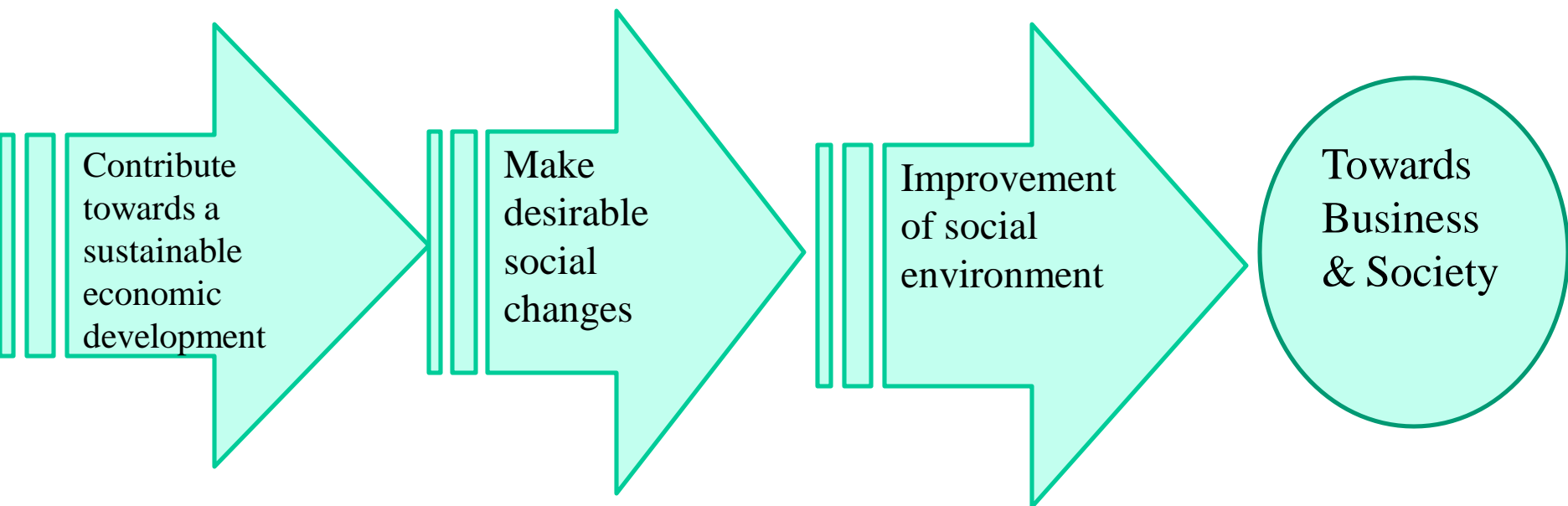
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Meaning of CSR

- Corporate social responsibility is a gesture of showing the company's concern & commitment towards society's sustainability & development.

- CSR is the ethical behaviour of a company towards society.

Defined

- *The continuing commitment by business to behave ethically and contribute to sustainable economic development while improving the quality of life of the workforce and their families as well as of the local community and society."*

  » *World Business Council for Sustainable Development*

Basic Constituents of CSR

Contribute towards a sustainable economic development

Make desirable social changes

Improvement of social environment

Towards Business & Society

The Purpose

- **CSR** is a thoughtful and practical way to give back to society. When businesses are conscious of their social and environmental impact on the world, they can benefit society by giving back and helping to find solutions to everyday issues

The Three Axes of Business ?

Profit Maximization

Customer
Satisfaction

Social
Welfare

Models of CSR

- There are many!
- Carroll (1979): pyramid of corporate social performance one of the most cited models
- Dahlsrud (2008): five dimensions of CSR

Carroll's pyramid

Carroll's pyramid

- Four areas:

    - Economic

    - Legal

    - Ethical

    - Philanthropic

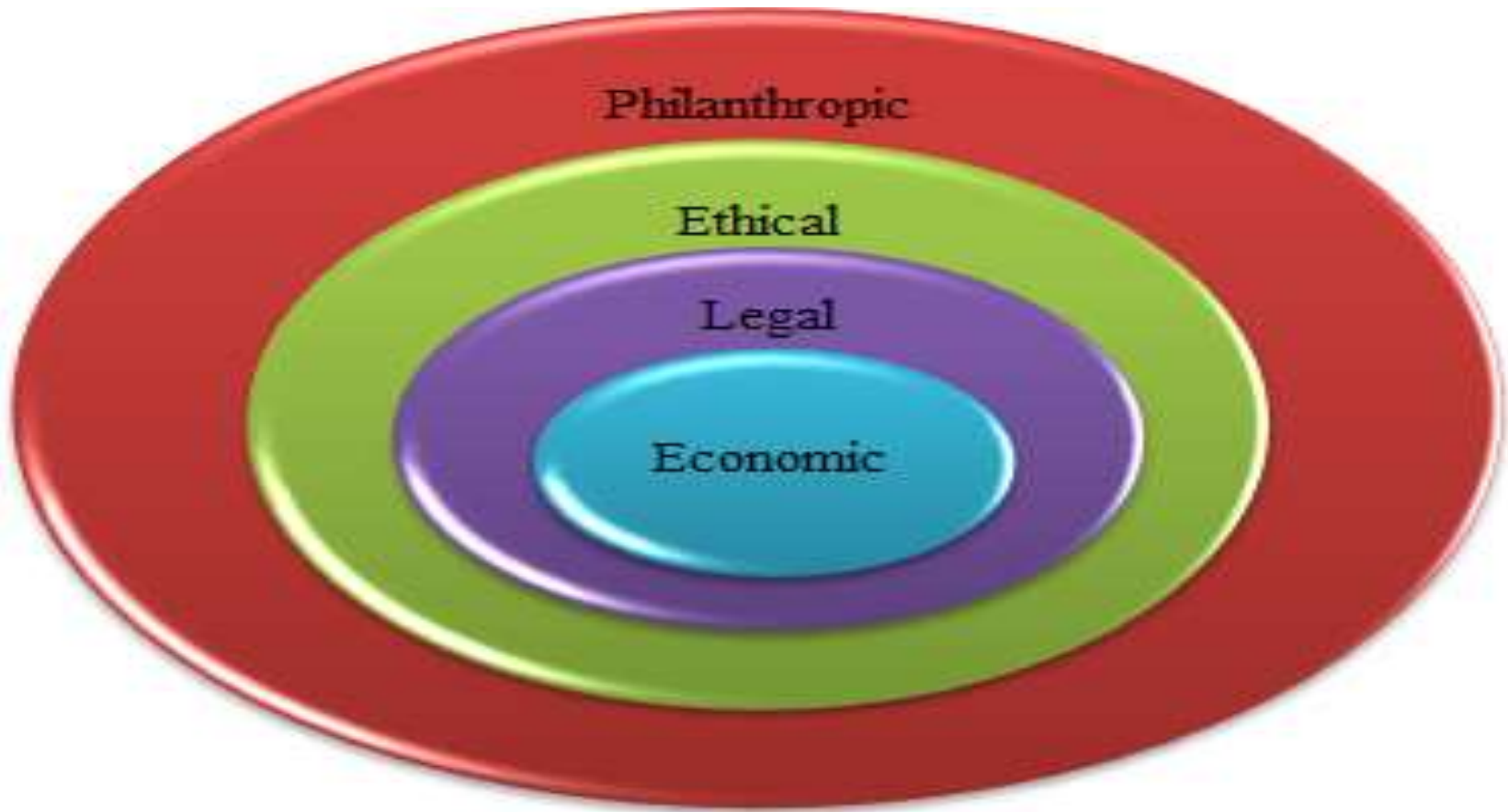**The Graduate School**

Dahlsrud's dimensions

Dahlsrud (2008) reviewed several definitions of CSR in order to identify the areas in which CSR reached, finding five dimensions:

- Environmental

- Social

- Economic

- Stakeholder

- Voluntariness

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Concentric Model of CSR

Parallel

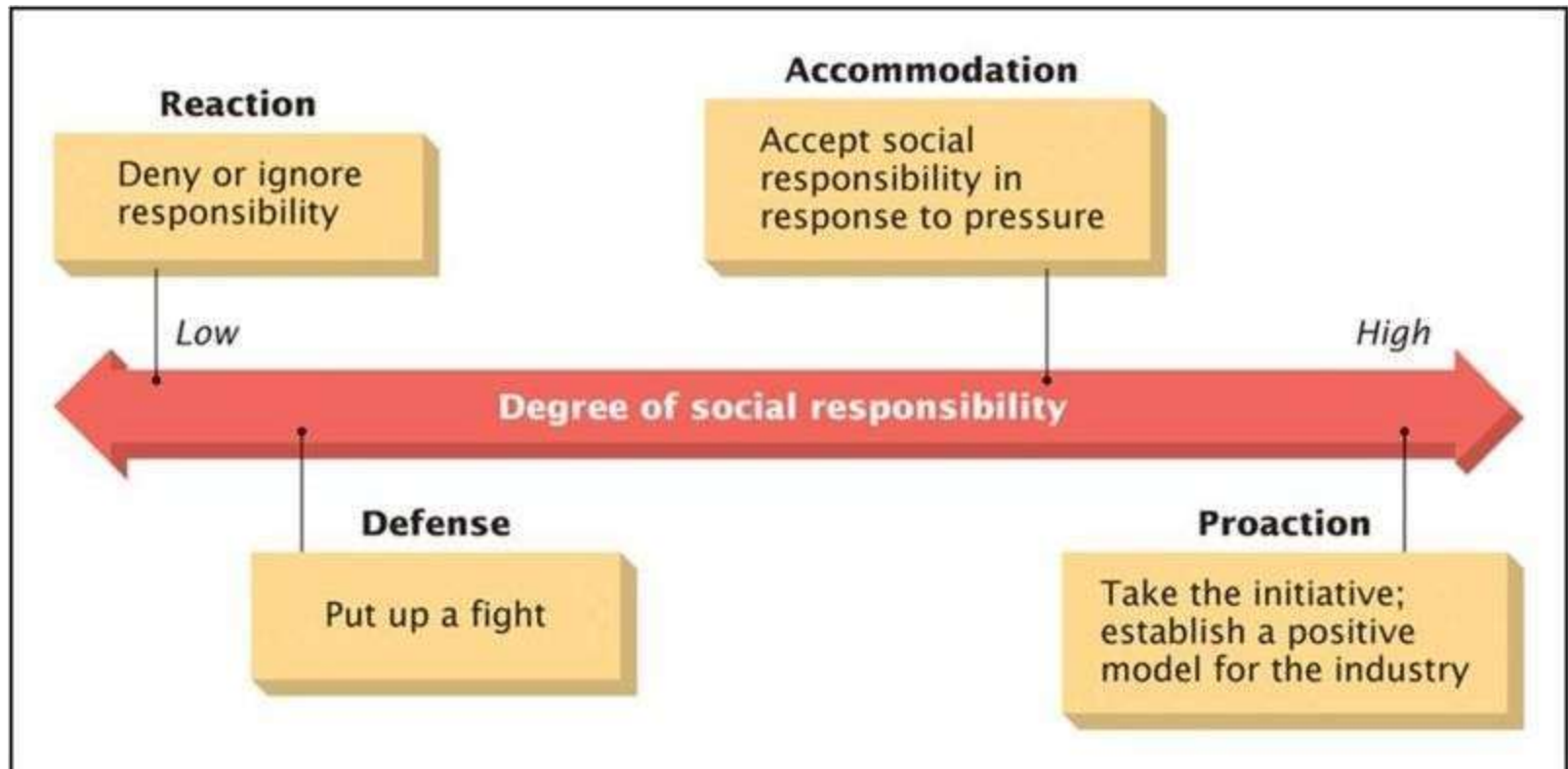Philanthropic

Ethical

Legal

Economic

CSR Principles & Strategies

- Respect for human rights
- Respect for the differences of views
- Diversity & non-discrimination should be the guiding principle
- Make some social contribution
- Enter into a dialogue
- Self-realization & creativity
- Fair dealings & collaboration
- Feedback from the community
- Positive value- added
- Long term economic & social development

Strategies/Approaches

Six Strategies in the adoption of CSR.

- Rejection strategy

- Adversary strategy

- Resistance strategy

- Compliance strategy

- Accommodation strategy

- Proactive strategy

Reaction
Deny or ignore responsibility

Accommodation
Accept social responsibility in response to pressure

Low

High

Degree of social responsibility

Defense
Put up a fight

Proaction
Take the initiative; establish a positive model for the industry

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Corporate Citizenship Model

- To be a corporate citizen, a corporate firm has to satisfy four conditions:

  - Consistently satisfactory
  - Sustainable economic performance
  - Ethical actions
  - Behaviour.

- A particular firm's commitment to corporate citizenship requires the fulfillment of certain social responsibilty.

Need for Corporate Social Responsibility

- To reduce the social cost.

- To enhance the performance of employees.

- It a type of investment.

- It leads to industrial peace.

- It improves the public image.

- Can generate more profit.

- To provide moral justification.

- It satisfies the stakeholders.

- Helps to avoid government regulations & control.

- Enhance the health by non polluting measures.

Arguments for CSR

- Corporate should have some moral & social obligations to undertake for the welfare of the society.

- Proper use of resources, capability & competence.

- The expenditure on CSR is a sort of investment.

- Company can avoid many legal complications.

- It create a better impression.

- Corporate should return a part of wealth.

Arguments against CSR

- Fundamental principles of business gets violated.

- It is very expensive for business houses.

- CSR projects will not be successful.

- They are not the special areas of any business.

- CSR is to induce them to steal away the shareholders money.

The Triple Bottom Line

- Elkington's The **Triple Bottom Line** is a concept that encourages the assessment of overall business performance based on three important areas: Profit, People and Planet

Is CSR an Integral Component of Brand Building Process?

- Discuss