CORPORATE SOCIAL RESPONSIBILITY: CONCEPTUALISATION AND POTENTIAL BENEFITS FOR FIRMS IMPLEMENTING

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Abstract:

Corporate Social Responsibility (CSR) is becoming an increasingly important topic to businesses nationally and internationally in these days. CSR is viewed, then, as a comprehensive set of policies, practices, and programs that are integrated into business operations, supply chains, and decision-making processes throughout the company and usually include issues related to business ethics, community investment, environmental concerns, governance, human rights, the marketplace as well as the workplace. Each company differs in how it implements corporate social responsibility, if at all. The differences depend on such factors as the specific company's size, the particular industry involved, the firm's business culture, stakeholder demands, and how historically progressive the company is in engaging CSR. Some companies focus on a single area, which is regarded as the most important for them or where they have the highest impact or vulnerability—human rights, for example, or the environment—while others aim to integrate CSR in all aspects of their operations. For successful implementation, it is crucial that the CSR principles are part of the corporations values and strategic planning, and that both management and employees are committed to them. Furthermore, it is important that the CSR strategy is aligned with the company's specific corporate objectives and core competencies. As discussed above CSR touch every aspect of a company/organization and a competitive edge. So the purpose of this study is to conceptualisation of CSR and analysis the initiatives undertaken by the Indian business organizations (Dabur India Limited, Hindustan Unilever Limited, Wipro, Bharat Petroleum Corporation Limited and Ashok Leyland) in the area of CSR. Moreover paper describes potential benefits for firms implementing CSR.

Key words: cost, benefits and CSR

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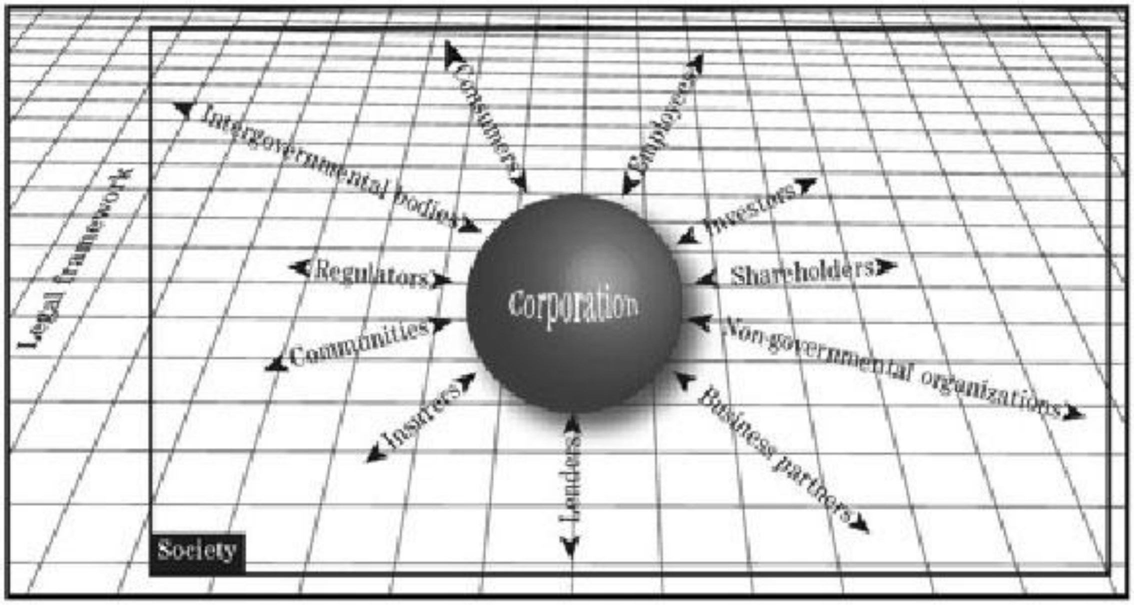
Introduction

The term "corporate social responsibility" came into common use in the late 1960s and early 1970s after many multinational corporations formed the term stakeholder, meaning those on whom an organization's activities have an impact. It was used to describe corporate owners beyond shareholders as a result of an influential book by R. Edward Freeman, Strategic management: a stakeholder approach in 1984. Proponents argue that corporations make more long term profits by operating with a perspective, while critics argue that CSR distracts from the economic role of businesses. Others argue CSR is merely window-dressing, or an attempt to pre-empt the role of governments as a watchdog over powerful multinational corporations. As globalisation accelerates and large corporations serve as global providers, these corporations have progressively recognised the benefits of providing CSR programs in their various locations. CSR activities are now being undertaken throughout the globe. More than half of the Fortune 1000 companies issue corporate social responsibility (CSR) reports. A larger number of companies than at any time previous are engaged in a serious effort to define and integrate CSR into all aspects of their businesses. An increasing number of shareholders, analysts, regulators, activists, labor unions, employees, community organizations, and news media are asking companies to be accountable for an ever-changing set of CSR issues. There is increasing demand for transparency and growing expectations that corporations measure, report, and continuously improve their social, environmental, and economic performance.

Corporate Responsibility (CR) has emerged as a significant theme in the global business community and is gradually becoming a mainstream activity. While there is no universally accepted definition of corporate social responsibility, it is usually described in terms of a company considering, managing and balancing the economic, social and environmental impacts of its activities (PJC 2006).

Corporate social responsibility (CSR, also called corporate conscience, corporate citizenship, social performance, or sustainable responsible business/ Responsible Business) is a form of corporate self-regulation integrated into a business model. CSR policy functions as a built-in, self-regulating mechanism whereby businesses monitors and ensures its active compliance with the spirit of the law, ethical standards, and international norms. The goal of CSR is to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere.

CSR is titled to aid an organization's mission as well as a guide to what the company stands for and will uphold to its consumers. Development business ethics is one of the forms of applied ethics that examines ethical principles and moral or ethical problems that can arise in a business environment. ISO 26000 is the recognized international standard for CSR. Public sector organizations (the United Nations for example) adhere to the triple bottom line (TBL). It is widely accepted that CSR adheres to similar principles but with no formal act of legislation. The UN has developed the Principles for Responsible Investment as guidelines for investing entities. CSR represents an interesting evolution and culmination of philanthropy and ethics. Specifically, corporate philanthropy has evolved from the donation of cash and products to charitable organizations because “it’s the right thing to do” to more strategic philanthropy where donations are focused on a theme that has some relationship to the company’s core business (Weeden, 1998). Similarly, ethics has evolved from the company’s obligations to society to abide by the law, pay taxes, and provide employment to a more proactive approach where the firm is expected to adhere to high international codes of conduct that exceed these traditional obligations (Nelson, 1996). A corporation’s stakeholders can include: shareholders, non-governmental organizations, business partners, lenders, insurers, communities, regulators, intergovernmental bodies, consumers, employees and investors. CSR can involve a wide range of stakeholders



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http://strategis.ic.gc.ca/epic/site/csr- rse.nsf/vwapj/stakeholder.txt/$FILE/stakeholder.txt

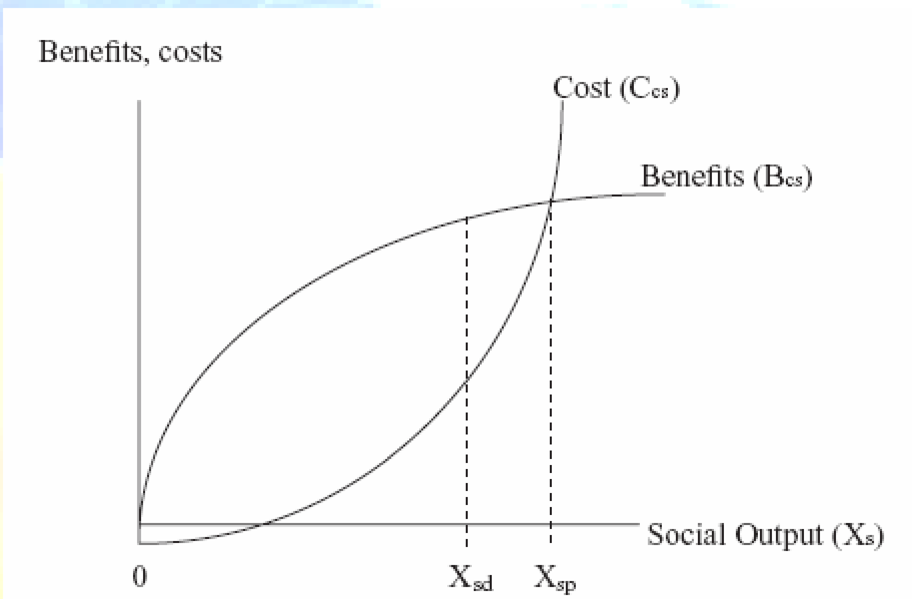
The World Business Council for Sustainable Development has described CSR as the business contribution to sustainable economic development. Building on a base of compliance with legislation and regulations, CSR typically includes “beyond law” commitments and activities pertaining to:

- Corporate governance and ethics;
- Community involvement, development and investment;
- Involvement and respect for diverse culture and disadvantaged peoples;
- Health and safety;
- Environmental stewardship;
- Human rights (including core labour rights);
- Sustainable development;
- Conditions of work (including safety and health, hours of work, wages);
- Industrial relations;
- Corporate philanthropy and employee volunteering;
- Customer satisfaction and adherence to principles of fair competition;
- Anti-bribery and anti-corruption measures;

- Accountability, transparency and performance reporting; and
- Supplier relations, for both domestic and international supply chains.

CSR: Helping Society or Oneself

When organizations partner with stakeholders, there is a convergence of the societal advantages and strategic advantages. Corporate Social responsibility is best defined by the World Business Council as "The continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large". Being socially responsible means not only fulfilling legal expectations, but also going beyond compliance and investing more into human capital, the environment and relations with stakeholders (Commission of European Communities, 2004). The World Business Council for Sustainable Development (WBCSD3) defines CSR as "the task of a business to contribute to sustainable economic development, working together with workers, their families, the local community and society in general to improve quality of life."For many years, Milton Friedman (1962) has served as the villain in much of the Business and society literature. His adage that the social responsibility of business is to maximize profits within the bounds of the law goes against the inspiration of most business and society work that examines the impact of business power on society (Davis, 1983). Thus CSR exhorts firms to diverge from their sole aim of maximizing profits and to lay more importance on improving the economic and social standards of the community in their countries of operation. CSR can be thus be simply defined as the additional commitment by businesses to improve the social and economic status of various stakeholders involved while complying with all legal and economic requirements. According to the European Commission CSR is "A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis."As 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 high impetus for the environmental well being and equity which tries for distribution of profits equitably across different societies especially the host community. CSR produces a range of benefits which companies get by producing some specific amount of social output (Bryan and Salazar, 2006). His arguments have proven unconvincing to many scholars in the field, given that they seek to limit the negative impacts of business on society, while optimizing its social performance (Wood, 1991). The online encyclopedia, Wikipedia (2007) has one of the best definitions of CSR. It states that it "is a concept that organization, especially (but not only) corporations, have an obligation to consider the interests of customers, employees, shareholders, communities, and ecological considerations in all aspects of their operations."Husted and Salazar (2006) have graphically proved how CSR would be beneficial to society as well as oneself. In this case an example of a firm is taken which faces both a social cost curve and a social benefit curve. The corporate social cost curve represents the total amount spent by the firm at each level of social output. The social cost curve indicates the cost to the firm of providing additional units of social output to society. The vertical axis represents the firm's social investment – the value of resources expended by the firm to produce social outputs. It should be noted that this 'social benefit' curve is not the social benefit of welfare economics, but is the private benefit to the firm for its production of social goods.



These benefits might include increased sales, the ability to extract a price premium, or reduced production costs, all of which are due to the firm's CSR projects. However, as the firm's social output increases, this output is less likely to produce the same kind of impact on its image, sales, etc. At some point, additional improvement in social output will provide no additional benefits for the firm. In fact, if the firm continues spending on the resolution of some social problem after that maximum potential output has been reached, it is likely to be viewed negatively and benefits for the firm will decrease. Given the high cost of reaching the maximum potential social output (Xsp), the optimal quantity of social output from the perspective of society is not necessarily that which eliminates all pollution, poverty, social instability, illiteracy, etc, but that which permits a society to maintain at least a minimal desirable state (Verma, S and Chauhan, R, 2007)

Rationale of the study

CSR has become increasingly important because today's heightened interest in the proper role of business in society has been promoted by increased sensitivity to and awareness of environmental and ethical issues. The extent to which company directors and managers should consider social and environmental factors in making decisions, rather than focusing exclusively on maximising short-term accounting profit, has been the subject of much discussion in recent years. Issues such as environmental damage, improper treatment of workers, and faulty production leading to customer inconvenience or danger. A number of significant changes are taking place in social, economic, political, and other areas. The role of business is being re-examined in the light of these changes. There is call for social consciousness on the part of business. It is heartening to note that some big business houses playing attention to the social cause. Business houses around the globe show their commitment to social responsibility. Investors and investment fund managers have began to take account of a firm's CSR policy in making investment decisions; some consumers have become increasingly sensitive to the CSR programmes of the firms from which they buy their goods and services. These trends have contributed to the pressure on companies to operate in an economically, socially and environmentally sustainable way. Now profit maximisation should not be the company's single objective.

Objectives of the study:

With a view to throw light on the subject from the corporate point of view this study is an attempt to conceptualization CSR and analysis the initiatives undertaken by the Indian business organizations (Dabur India Limited, Hindustan Unilever Limited, Wipro, Bharat Petroleum Corporation Limited and Ashok Leyland) in the area of CSR. Moreover the paper will discuss some benefits to business when institutionalising policies to underpin corporate social responsibility issues.

Sources of Data

Data and information for the research study is gathered from secondary published sources viz., e-books, periodicals, journals, web sites and research studies.

Data Analysis

A critical qualitative analysis of the data and information gathered from published sources is made keeping the objectives of the study in mind.

CSR Understanding in Indian organisations

CSR is not a new concept in India. It has been well established in India by the organizations having strong values for families. Historically also it CSR has been a strong influence on business, government and society (Sundar 2000).

In India, the initiatives of **Dabur India Limited,** for example, which commenced 'Sundesh' in 1993, a non-profit organization, with an aim to promote research and welfare activities in rural areas are appreciable. Sustainable Development Society (SUNDESH) is sworn to the mission of ensuring overall socio-economic development of the rural & urban poor on a sustainable basis, through different participatory and need-based initiatives. It aims to reach out to the weaker and more vulnerable sections -- such as women and children, illiterate and unemployed – of the society. Today, SUNDESH operates in Ghaziabad and Gautam Budha Nagar district of Uttar Pradesh, and has -- more recently – established presence in Rudrapur district of Uttrakhand. Over the years, it has contributed to many worthy causes, addressing children's literacy, improving healthcare services, skill development, and environment, to name a few.

Hindustan Unilever Limited (HUL), provided outplacement services to the employees of its foods division at Bangalore when they were unable to move to Mumbai in 2006. Over 60 firms and 25 placement agencies were contacted by the company to arrange for multiple job interviews for a number of employees (http://timesofindia.indiatimes.com/articleshow). HUL is committed to extending its efforts on water management to the larger community, and has engaged in community projects in water adjacent to manufacturing sites. HUL's Water Conservation and

Harvesting project has two major objectives: to reduce water consumption in its own operations and regenerate sub-soil water tables at its own sites through the principles of 5R - Reduce, Reuse, Recycle, Recover and Renew and help adjacent villages to implement appropriate models of watershed development. Hindustan Unilever's Project Shaktiis a rural initiative that targets small villages populated by less than 2000 individuals. Project Shakti impacts society in two ways the Shakti Entrepreneur program creates livelihood opportunities for underprivileged rural women and the Shakti Vani program improves quality of life by spreading health and hygiene awareness . Lifebuoy Swasthya Chetna (L B S C) is a rural health and hygiene initiative which was started in 2002. HUL also provides free mobile medical facilities under Sanjivani as free van and services and Mobile medical vans camp for six hours in a village everyday and treat nearly 100 patients. Sanjivani also undertakes activities like: - Awareness campaigns on hygiene; Child immunization camps; Iron supplement therapy; Free eye check ups ;Family planning awareness camps; Anti-tobacco education; and Anti-alcoholism camps(http://www.scribd.com/doc/51814131/corporate-social-responsibility-in-hindustan-unilever-limited)

Wipro inculcates CSR values amongst its workforce right at the beginning during the induction process (http://www.developednation.org/interviews). Corporate presentations, keeping employees updated through mails, regular newsletters are the instruments used to keep employees energized about the organization’s socially responsible initiatives. Wipro applying thought in schools Through the "Applying Thought in Schools" initiative they have engaged with more than 1000 schools, 10,000 educators and 30 social organizations across 17 states in the country to bring about educational reform and introduced MISSION 10X for enhancing employability of their engineering graduates by empowering faculty members. Having thus far trained over 10,000 faculty members across 20 states, the initiative intends to now reach out to over 25,000 additional engineering faculty in the near future.To strike a balance with environment, Wipro formed Eco Eye a few years ago to bring all our green initiatives under one banner, and to incorporate better ecological balance in every project they execute(http://m.wipro.com/About-us/Corporate-Social-Responsibility.aspx).

On the same track to fulfill its urge to do something for community, **Bharat Petroleum Corporation Limited** has adopted 37 villages as their responsibility to develop in all walks of life. It has made efforts to make them self-reliant, provided them fresh drinking water, sanitation facilities, medical facilities, vocational training and literacy camps. (http://www.karmayog.org/csr500companies). Around its industrial facilities, Tata Group has created towns and cities like Jamshedpur, Mithapur, Babrala for the benefit of its employees. Cadbury India, Glaxo and Richardson Hindustan are some of the companies which are helping farmers to grow crops which in turn shall serve as raw materials for them (Tripathi & Reddy, 2006).

Ashok Leyland, the second largest manufacturer of commercial vehicles in India, has shown its commitment to a better environment by undertaking numerous eco-initiatives. The flagship company of the Hinduja group was recently awarded the Golden Peacock Environment Management award by the World Environment Forum. Its major achievement is developing India's first hybrid electric vehicle for urban transport. Such vehicles are non-polluting and therefore eco-friendly. For this it also gets A Green Badge

Ashok Leyland has commissioned the Driver Training Institute (DTI), Burari, operating on a 'no profit, no loss' basis, the Institute is run under an apex governing body called FAITH (Foundation to Assist Inculcating Traffic Habits), constituted by the Government of Delhi. The major objective of this first ever such public private partnership in North India is "to ready a commercial vehicle driver for life on the road - and off the road". In addition to this Yoga and AIDS awareness are also part of the exhaustive curriculum so that drivers which are mostly illiterate and enjoy a stressful life can be aware about the danger of untreatable diseases. Trained instructors imparts theoretical and practical training to the drivers. In line with the driving environment and current needs of drivers, practical training and tips on fuel efficiency and handling of hazardous goods are provided. It assures to add more courses in the future.

As a practice, rainwater-harvesting projects have been implemented extensively to improve the ground water table in Bhandara and the saved water is used during summer to prevent depletion of ground water. Over the years, two artificial ponds with 40,000 KL and 10,000 KL capacities and a check dam of 30,000 KL capacity have been created at the Bhandara (Maharashtra) unit and perform many other social activities to safety and health of employees(Ashok Leyland Report on Corporate Social responsibility) .

Economic benefits, trends and drivers for corporate social responsibility

Drawing on the experiences of those companies that have adopted corporate social responsibility, commentators have identified several ways in which this approach to business decision-making may lead to improved financial performance. The following ‘economic drivers’ have been identified by the World Economic Forum and Business in the Community as explaining the voluntary adoption of corporate social responsibility by companies across the world (ADL 2003). It is suggested that these drivers do not operate in isolation, and that different companies may have different drivers. Various drivers may also be stronger in different sectors and for different companies. A move to adopt corporate social responsibility may arise from a combination of drivers.

Employee recruitment, motivation and retention

Companies perceived to have a strong CSR commitment often have an increased ability to attract and to retain employees (Turban & Greening 1997), which leads to reduced turnover, recruitment, and training costs. Employees, too, often evaluate their companies CSR performance to determine if their personal values conflict with those of the businesses at which they work. There are many known cases in which employees were asked, under pressure of their supervisors, to overlook written or moral laws in order to achieve higher profits. These practices create a culture of fear in the workplace and harm the employees’ trust, loyalty, and commitment to the company. Companies that improve working conditions and labor practices also experience increased productivity and reduced error rates. Regular controls in the production facilities throughout the world ensure that all the employees work under good conditions and earn living wages. These practices are costly, but the increased productivity of the workers and improved quality of the products generate positive cash flows that cover the associated costs. Thus, firms may actually benefit from socially responsible actions in terms of employee morale and productivity (Moskowitz, 1972). Recent surveys indicate that corporate social responsibility is increasingly an important factor in attracting and retaining a talented and diverse workforce (Globescan Inc 2005). Companies that account for the interests of their employees by offering good working conditions will achieve better performance in terms of quality and delivery, and, therefore, experience higher levels of productivity.

Learning and innovation

Learning and innovation are critical to the long-term survival of any business. One of the top, if not the top, factor driving CSR take-up is the need for businesses to attract and retain high quality staff to meet current and future demands, identified by 65% of respondents in a global study of privately held businesses conducted by Grant hornton (Grant Thornton, 2008A, p. 4). A strong employer brand aligned with employee values and concerns is becoming recognized as one of the best ways of retaining talent with employees proud to work for a business that is highly regarded. Further, staff attrition is disruptive, putting pressure on the remaining employees and absorbing management time. Staff turnover can result in increased operating costs; loss of business to competitors and reduced customer service standards (Grant Thornton, 2008B, p. 12) A well-developed performance and talent management strategy with embedded CSR components can reduce the likelihood and impact of losing employees. Generally, there is a growing desire among employees to derive a sense of greater purpose from their work; happier employees with increased job satisfaction can unleash innovation in a firm. The following list provides an overview of the key business benefits and economic value from employee CSR engagement. (Drawn from "The Business Case for Sustainability" at: http://corostrandberg.com/publications_Tools.html#25h) Corporate social responsibility can be a vehicle for business to respond to environmental and societal risks and turn these into business opportunities.

Reputation management

Projects following traditional CSR approaches usually target beneficiaries in a very general way. Charitable organizations implementing the company-funded projects target their traditional constituents who may or may not be key stakeholders for the company. Socially Anchored Competencies (SAC) model of CSR identifies and specifically targets stakeholders who are important to the success of the company's businesses. These might be employees, suppliers, communities, civil society groups, special interest organizations, or other beneficiaries who are directly and strategically linked to the company's business goals. Enron has spent close to one million dollars on community projects near its power plant in Dahabol, India. Yet, many project beneficiaries are not directly linked to Enron's business strategy for India. Companies operate in a market of opinion. How companies are judged by customers, suppliers and the broader community will have an impact on their profitability and success. Corporate social responsibility offers a means by which companies can manage and influence the attitudes and perceptions of their stakeholders, building their trust and enabling the benefits of positive relationships to deliver business advantage.

Risk profile and risk management

Corporate social responsibility offers more effective management of risk, helping companies to reduce avoidable losses, identify new emerging issues and use positions of leadership as a means to gain competitive advantage. Effectively managing governance, legal, social, environmental, economic and other risks in an increasingly complex market environment, with greater oversight and stakeholder scrutiny of corporate activities, can improve the security of supply and overall market stability. Considering the interests of parties concerned about a firm's impact is one way of better anticipating and managing risk.

Operational efficiency and market positioning

There are also other cases in which doing what is good and responsible converges with doing the best for the particular business. Some CSR initiatives can dramatically reduce operating costs. For example, reducing packaging material or planning the optimum route for delivery trucks not only reduces the environmental impact of a company's operation, but it also reduces the cost. The process of adopting the CSR principles motivates executives to reconsider their business practices and to seek more efficient ways of operating. Corporate social responsibility can offer opportunities to reduce present and future costs to the business thereby increasing operational efficiency. Corporate social responsibility branding can draw consumers away from competitors and thereby improve profitability. The survey concluded that CEOs are failing to recognise the benefits of implementing Corporate Social Responsibility strategies, despite increased pressure to include ethical, social and environmental issues into their decision-making processes. According to the results of a global survey in 2002 by Ernst & Young, 94 per cent of companies believe the development of a Corporate Social Responsibility (CSR) strategy can deliver real business benefits, however only 11 per cent have made significant progress in implementing the strategy in their organisation. Research found that company CSR programs influence 70 per cent of all consumer purchasing decisions, with many investors and employees also being swayed in their choice of companies. "While companies recognise the value of an integrated CSR strategy, the majority are failing to maximise the associated business opportunities," said Andrew Grant, Ernst & Young Environment and Sustainability Services Principal. "Corporate Social Responsibility is now a determining factor in consumer and client choice which companies cannot afford to ignore. Companies who fail to maximise their adoption of a CSR strategy will be left behind. ("http://www.ey.com/Global/content.nsf/Australia/News_)

Investor relations and access to capital

A company regarded as socially responsible can also benefit from its reputation within the business community by having increased ability to attract capital and trading partners. Reputation is hard to quantify and measure; it is even harder to measure how much it increases a company's value. But since companies have developed methods to measure the benefits of their advertisement campaigns, similar methods can and should be able to be applied in the case of corporate reputation. The investment community is increasingly viewing corporate social responsibility as akin to long-term risk management and good governance practices. Recent surveys indicate that analysts place as much importance on corporate reputation as they do on financial performance (Hill & Knowltown 2006). According to Margolis and Walsh (2002), one hundred twenty-two published studies between 1971 and 2001 empirically examined the relationship between corporate social responsibility and financial performance. Posnikoff (1997) and Graves (1997) found significant positive relationships between an index of CSP and performance measures, such as ROA.

License to operate

Companies that fail to manage their responsibilities to society as a whole risk losing their license to operate — a concept whereby a company's stakeholders grant the company an unwritten authority to do business. This may be evidenced by favouring competitors, boycotts or calls for deregistration.

Company's competitive standing

There have been a number of studies that seek to test the extent to which the economic drivers for corporate social responsibility deliver improved financial performance. The studies adopt different methodologies for measuring corporate social responsibility and financial performance, and not unexpectedly present quite different results. A favourable corporate reputation can enhance a company's competitive standing and financial performance. However, the misalignment between business and CSR strategies can result in decisions that harm its hard-earned reputation. While CSR managers are usually concerned about their company's relations with its stakeholders and how its public perceives it, business managers concentrate more on financial performance and make decisions with economics in mind. Problems occur when business managers make decisions that conflict with or do not take into consideration CSR issues. A notable source is a meta analysis undertaken by Orlitzky et al. (2003), who integrated 30 years of research from 52 previous studies and used meta analytical techniques to support the proposition that corporate social performance and corporate financial performance are positively correlated and statistically significant. Interestingly, the meta analysis found a higher correlation between financial performance and a company's management of its social impact than between financial performance and a company's management of its environmental performance. Studies by investment analysts and funds managers on the performance of socially responsible investment fund products and sustainability indices are also regularly reported in order to attract investors and encourage participation. For example, in 2005 AMP Capital Investors published an analysis of the corporate social responsibility rating technique it uses to manage its Sustainable Future Australian Share Fund. By applying its rating technique to the approximately 300 listed Australian companies and analysing their financial performance from a 10 year period, it determined that companies with a higher corporate social responsibility rating outperformed companies with a lower corporate social responsibility rating by more than 3.0 per cent per annum over a 4 and 10 year period (Rey and Nguyen 2005).

Improved ability to attract and build effective and efficient supply chain relationships.

A firm is liable to the weakest link in its supply chain. Long term business relations can be possible and risk of poor chain of supply can be reduced by improving standards of CSR. Larger firms can stimulate smaller firms with whom they do business to implement a CSR approach.

CSR and Scams

Socially responsible companies also have less risk of negative rare events. Overlooking negative social and environmental externalities when valuing a company might be equal to ignoring significant tail risk. The risks related to CSR could be grouped into three categories: corporate governance, environmental aspects, and social aspects. Companies that adopt the CSR principles are more transparent and have less risk of bribery and corruption. In addition, they may implement stricter and, thus, more costly quality and environmental controls, but they run less risk of having to recall defective product lines and pay heavy fines for excessive polluting. They also have less risk of negative social events which damage their reputation and cost millions of dollars in information and advertising campaigns. The scandals about child–labor and sweatshops that affect the clothing industry are two fine examples. Thus, socially responsible businesses should have more stable earnings growth and less downside volatility. Since companies that adopt the CSR principles carry less risk, when valuing those companies, a lower discount rate should be used. In the company valuation this lower tail risk should be taken into account.

Conclusion

CSR centers on the relationship between business and society and how businesses behave towards their key stakeholders such as employees, customers, investors, suppliers, communities, and special interest groups. There is an extensive debate concerning the legitimacy and value of being a socially responsible business. There are different views of the role of a firm in society and disagreement as to whether wealth maximization should be the sole goal of a corporation. Most people identify certain benefits for a business being socially responsible, but most of these benefits are still hard to quantify and measure but one thing is clear in the present dynamic and competitive business environment the growth and survival of the corporate depends upon the loyalty of stakeholders. This study has revealed that corporate social responsibility is regarded as an important business issue among the business community, irrespective of the nature, type, size, age, sector, primary purpose or location of the enterprise. It has clearly revealed from the study that institutionalizing the CSR in business strategy has multiple long term benefits.So to retain itself into the market every corporation should fulfill its responsibilities with honesty towards various sections of society and stakeholders.

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