

# Corporate Social Responsibility and Current Market Competitiveness: A Study

Dr. Dilip Kumar Jha

*Department of Economics,*

*Guru Ghasidas Vishwavidyalaya, Bilaspur, Chhattisgarh*

*E-mail- [jhadilip.ggv@gmail.com](mailto:jhadilip.ggv@gmail.com)*

**Abstract-** Corporate Social Responsibility (CSR) is a concept which tells about the integration of social and environmental concerns in their business operations and their interaction with stakeholders on a voluntary basis". It's a continuing commitment by business to act ethically and contribute to economic development in order to improve the quality of life of the workforce and their families as well as of the local community and society at large".

At last, it can be concluded that, it is very important for a firm to think CSR and manage CSR activities. A favourable corporate reputation can enhance a company's competitive standing and financial performance. Now, it has been established that the Socially Potential Investment (SPI) market has expanded well within these 20 years. And it is one of the factors which encourage a firm to do CSR activities. It stimulates also the other firms to improve their action and could produce good social outcome as a whole.

**Keywords:** CSR; SPI; CSR Policy

## 1. INTRODUCTION

Corporate Social Responsibility (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". It's a 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". CSR falls in middle between business and society and tells how business should behave towards their key stakeholders such as employees, customers, investors, suppliers, communities, and special interest groups. Now a day's most of the governments have urged large companies should conduct business in ways that make significant contributions to national and regional social and economic development. Non-governmental organizations (NGOs) and other civil society groups have demanded that companies adhere to very high standards that protect the environment and human rights as well as provide resources to local communities. While a few corporations are responding successfully to these diverse stakeholder expectations, the majority of global companies continue to struggle with these issues. The problem is, in most companies, there is a serious misalignment between the business and CSR strategies and functions. This misalignment often results in the improper allocation of scarce company resources to CSR programs that provide minimal benefit to the beneficiaries and the business even sometimes such decisions may

damage the company's reputation. In this context, CSR is regarded as social issue in management. An act of a firm should be not only reactive, but also anticipatory and pro-active. CSR that we handle is concerned about not only social contribution but solving social problems positively like environmental issues.

There are two primary reasons why traditional CSR programs have yielded only minimal benefits. First, CSR managers are usually given a fixed budget and encouraged to allocate the funds to a wide range of community-based charities, which allows the corporate contributions pie to be cut into more pieces and the goodwill spread among many beneficiaries. Unfortunately, any real impact is diluted. Second, corporate cash resources are allocated to social projects without taking advantage of the company's nonfinancial assets or thinking about how the social projects could directly support business objectives. When corporate resources are allocated in this fashion, strengths that make a company competitive in its businesses are not leveraged in ways to benefit society or the company. Companies that follow this approach do not reap the full benefits of their CSR initiatives.

## 2. OBJECTIVE OF THE STUDY

The purpose of this paper is to examine how the CSR activities are linked with competitive advantage of a company and what is the way to implement CSR policy successfully.

### **3. SOCIALLY POTENTIAL INVESTMENT (SPI)**

Nowadays, the argument concerned about the triple bottom line is very hot in the studies of Corporate Social responsibility (CSR) and socially potential investment (SPI). It is assumed that TBL legitimates CSR activities and SPI. CSR intend to do social and environmental activities and SPI finances CSR activities. In these arguments, the perspective of CSR seems to be a lack of economical perspective and thought that, but actually the economical perspective is set up as a basic line in CSR. SPI utilizes the mechanism of a market. And the potential investment for society of a company is evaluated. Self-initiative and morality of company and law are not entrusted. An individual and an institutional investor will give the sanction of plus or minus to the company information which the evaluation organization which is performing the social screen. There are three forms in SPI:

#### **3.1. Social mapping**

Social mapping is determining appropriate level of investment by a company for society or environment around it. There are positive mapping and negative mapping in social mapping. Positive mapping is for those industries which are having much social praise for making an investment. For example, social contribution, environmental protection activities, such an activity is evaluated as good. Negative mapping is for those industries with much social criticism for making an investment. For example industries of tobacco and alcohol.

#### **3.2. Shareholder participation**

It is positively concerned with a firm from a stockholder's position. And it affects Management and a plan. It aims at the improvement issue through a dialog with a firm. And it is the purpose to boost going concern value.

#### **3.3 Social investment**

(1) Community development investment: This is investment performed for the purpose of economical development support of the declined area.

(2) Socially development investment: This is the loan and investment to the entity which undertakes social works, such as natural energy.

(3) Socially responsible government expenditure: This is considering the influence which it has on the public investment, as the case the governments.

SPI affects business management through the power of investment as mentioned above. It evaluates positively for the firm which is socially responsible, and does not evaluate the firm which

has not done responsibility. If the investors who support this system increase in number, the new market by which the firm which does social potential investment is evaluated positively will be formed. The low firm of social and environmental achievements is no longer evaluated from a market. Because it is shown that a potential risk is high. It will become impossible for such a firm to continue in competition.

### **4. CSR POLICY**

From the above discussion, it is evident that the concept of SPI is gaining importance day by day in the market. Now the CSR is asked in product development, production, marketing, human resource, investor relations, and all the management process of philanthropy. In countries like Japan firms are strengthened the measure for CSR activity in response to the trend of a European and American firm. Now days, the firms which make an environmental report, a social report and the form of a CSR report are increased in number. However, there are few firms which are performing CSR effectively as corporate strategy. Practice of desirable CSR is raising competitiveness and firm value continuously, when a firm does social investment. In order to realize this, it is necessary to discuss about a suitable CSR policy what serves as the fountainhead of competitiveness. Here it is imperative to consider the fundamental framework of a suitable CSR policy at some length:

#### **4.1. Adoption of CSR vision**

It is necessary to decide upon the CSR vision based on the uniqueness and environment of a firm. That is because a concrete measure is not clearly performed even if it builds the structure of CSR. Moreover, it responds to the enterprise characteristic which the firm is developing, or the business environment placed. It becomes the process which finds out the original theme which complements a weak point by it taking advantage of a strong point.

#### **4.2. Establishing two way communication with shareholder**

In order to build a CSR strategy based on change of a stakeholders' action, it is necessary to grasp periodically the consciousness of a stockholder, a customer, an employee, and a customer, and change of a sense of values. For that purpose, a dialog with a stakeholder is an effective means. This is it not only hearing the opinion of a stakeholder, but making use of it. Therefore, it is raising reliance through communication with a customer, a stockholder, an employee, and a community.

#### **4.3. Framing Action Plan management**

In order to connect CSR to continuous development, it is necessary to take in an element to business at CSR. It cannot demonstrate an effect, if it cannot be reflected in management even if it recognizes the vision of CSR, and a demand of a stakeholder. It is required for practice of CSR to build the structure of PDCA. Moreover, after the administrator of each section decides the plan of activity, it develops it in the form of all the members' participation.

#### **4.4. Establishment of CSR department**

CSR department should be developed within internal atmosphere of a business firm. Where CSR committees would be build which perform functions in this regard and there would be a post for its officer at the top. There are also many places which take charge of CSR as extension of activity of an environmental department or a philanthropy department at present. CSR should be positioned as corporate strategy.

#### **4.5. Reporting system**

CSR management starts in the vision and organization design which tackle CSR. It builds organization based on this direction, and develops activity. By building the organization of CSR, leading to improvement in performance is important. It sets up the target of the performance as an organization. And it carries out the monitoring of whether it is performed. It uses this as an index of monitoring. It is necessary to report as an index which shows the result of activity to a stakeholder. It is important to perform corporate activity which is responsible to society, and to achieve accountability to a shareholder.

#### **5. CONCLUSION**

Overall it can be concluded that, it is very important for a firm to think CSR and manage CSR activities. 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. But it is not easy to carry out because of a lack of financial resource, human resources in terms of qualification about environmental studies, or other resource. A big firm can afford to pay these cost but other firms sometimes cannot carry out, but they have to do it because it is requirement of their shareholders. Now, it has been established that the SPI market has expanded well within these 20 years. And it is one of the factors which encourage a firm to do CSR activities. It stimulates also the other firms to improve their action and could produce good social outcome as a whole.

#### **REFERENCES**

- [1] Freeman, R.E. (1991): Corporate Social Responsibility: A Critical Approach, *Business Horizons*, 34 (1-4), pp.23-27.
- [2] Harrison, J.S.; Freeman, R.E. (1999): Stakeholders, Social Responsibility & Performance: Empirical Evidence and Theoretical Perspectives, *Academy of Management Journal*, 42(1-5), pp. 33-37.
- [3] Mitchell, R.K.; Wood, D. J; (1997): Toward a Theory of Stakeholder Identification and Saliency: Defining the Principle of Who and What Really Counts, *Academy of Management Review*, 22 (1-4), pp.107-112.
- [4] Schaefer, H.; (2005): International Corporate Social Responsibility Rating Systems, *Journal of Corporate Citizenship*, 33 (1-9), pp.63-67.
- [5] Schepers, D. H.; Sethi, P. (2003): Do Socially Responsible Funds Actually Deliver What They Promise? *Business and Society Review*, 108 (1-6), pp.133-139.