

Value Creation Through Corporate Social Responsibility Activities

Prof. Vinod .V. Nandargi

M.Com.,. KSLET

Assistant Professor

Basaveshwar Commerce College,

P.G. Department of Commerce, Bagalkot

E-mail: vinnu.nandargi.696@gmail.com

Prof. Smt. G.M. Navadgi

M.Com.,. KSLET

Assistant Professor

Basaveshwar Commerce College,

P.G. Department of Commerce, Bagalkot

E-mail: srushtikaladagi1@gmail.com

Abstract:

The concept of Corporate Social Responsibility (CSR) is well known throughout the business world today. It not only speaks of contributions made towards the benefits of the less privileged, but also calls for making oneself accountable to society. Many think that CSR is new concept. However, in our country, kings have been practicing CSR for thousands of years. Even Kautilya's Arthashastra speaks about this; "He makes clear, that, while it is government's basic duty to maintain a society's well-being, even companies cannot stay away from this responsibility." Mahatma Gandhi said about CSR that; "Each capitalist and industrialist should consider himself to be a trustee of the wealth that he possesses. He should consider himself to be a custodian of industry resources, labour and wealth that he uses for his business purposes, that would transform the capitalist order of society into an egalitarian one, where the 'greatest good of all' could be achieved." The corporate should concrete on society, where it operates. The corporate is going to get natural, economic and human resource from the society. Every company or organization has to full fill the desires, need, and requirement of stakeholders to increase its value in the society. The company is to make profit by selling goods and services to customer (existing and potential). The customer is needed ethical goods along with social responsibility. The company what they get capital and human resources, they are from society

only. So corporate should formulate and implement appropriate strategies for CSR to boost value in the society. Finally the paper would like throw light on without CSR can't increase the value of your company in the society.

Key words: Market Share, Market Value, Stakeholders, Profit Maximization.

Introduction

There is growing recognition of the significant effect the activities of the private sector have on society - on employees, customers, communities, the environment, competitors, business partners, investors, shareholders, governments and others. It is also becoming increasingly clear that firms can contribute to their own wealth and to overall societal wealth by considering the effect they have on the world at large when making decisions.

Report on Business Magazine recently noted that "many business leaders now believe that doing well for others means doing well for shareholders as well."¹ Corporate social responsibility activities that integrate broader societal concerns into business strategy and performance are evidence of good management. In addition to building trust with the community and giving firms an edge in attracting good customers and employees, acting responsibly towards workers and others in society can be in the long-term interest of firms and their shareholders.

"There is no way to avoid paying serious attention to corporate citizenship: the costs of failing are simply too high. ... There are countless win-win opportunities waiting to be discovered: every activity in a firm's value chain overlaps in some way with social factors-- everything from how you buy or procure to how you do your research-- yet very few companies have thought about this. The goal is to leverage your company's unique capabilities in supporting social causes, and improve your competitive context at the same time. The job of today's leaders is to stop being defensive and start thinking systematically about corporate responsibility."

Michael Porter, Professor, Harvard Business School, at the April 2005 Business and Society Conference on Corporate Citizenship, sponsored by the University of Toronto's Rotman

School of Management Businesses are an integral part of the communities in which they operate. Their success is based on continued good relations with a wide range of individuals, groups and institutions.

As Michael Sabia, President and Chief Executive Officer of BCE Inc., has said, "Corporations are also social institutions. What they do and how they act and the role they play in the community they operate in is important. ... We can build better communities, stronger communities and, frankly, better places to operate business. The opportunity we have is compelling."²

Canadians have high expectations of the private sector for responsible behaviour. Consumers expect goods and services to reflect socially and environmentally responsible business behaviour at competitive prices. Shareholders also search for enhanced financial performance that integrates social and environmental considerations. For example, according to a 2003 Environics poll conducted for Environment Canada, 9 out of 10 Canadian shareholders wanted fund managers to take environmental and social performance into account when valuing companies. In a 2004 Globe Scan survey, while 17 percent of Canadian respondents indicated that they had read a corporate social or environmental report, 77 percent indicated an interest in learning more about corporate social responsibility. In addition, 71 percent noted their belief that consumers can make a difference in how responsibly a company behaves.³

Review of literature

Consideration of the social, economic and political context demonstrates how CSR forms part of a wider strategic direction being taken internationally with regard to state/market relations and the pursuit of a range of objectives and goals. The context is in part provided by concerns about the numerous examples of irresponsible behaviour on the part of corporations, ranging from colluding with oppressive regimes and in the overthrowing of governments (Alston, 2005) to issues relating to working conditions and the impact of unethical marketing practices (Richter, 2001). Such examples have demonstrated the need for the worst excesses of business to be curbed. The globalized economy is understood to raise important issues for businesses and governments due to changes in patterns of production and consumption. In

particular it is noted that the manufacturing of goods is "highly mobile" (Cassell, 2001:263) and that supply chains are often dispersed transnationally, creating difficulties in terms of legislation and regulation. The relative power of large corporations compared to that of certain states is significant:

"In their negotiations with the governments of host countries their ability to pick up and leave provides them with a great deal of leverage over states dependent upon the jobs that they provide" (Wells & Elias in Alston, p144, 2005)

Economic globalization therefore presents challenges to the ability of states to protect people's rights (Cassell, 2001). The notion of corporate social responsibility is part of the 'third way' (Gond & Matten, 2007), where the role of the state is now to provide "steering for the promotion of social development and social justice" (Giddens, 2001: 6). There is increased involvement of the private sector in traditionally statutory provision through privatization and public/private partnerships (e.g. see Meehan, 2003). Economic policies have created a need for markets and business to self-regulate in order to continue to pursue an international free market economy, but also to ensure sustainability (of economic, human and other resources, and of the environment). CSR is seen as a solution to these problems of regulation.

The private sector is increasingly seen as a key player in the achievement of many national and international strategic objectives for governments, which is also enabled by CSR. For example, in the UK, CSR is understood: "to maximize the positive contribution that businesses can make to the UK's objectives on international sustainable development - including HR, trade and investment, poverty eradication, environmental protection and corruption - whilst at the same time effectively tackling adverse impacts" (Department for Trade and Industry, 2004: 2)

These objectives are related to a range of international agreements such as the Millennium Development Goals and targets agreed upon at the World Summit on Sustainable Development. The European Multi-stakeholder report identifies key texts to guide CSR development by business, including some key international texts and guidelines that were

developed with and for business in particular, such as the OECD Guidelines for Multinational Enterprises (MNEs) (1977, revised 2000), the UN Global Compact (2000) and the ILO Declaration of Principles concerning MNEs and social policy. The report also refers to a range of multilateral and regional agreements relating to human rights, environmental development, consumer protection and worker's rights, which are aimed at the state level, but which they envisage acting as an 'inspiration' to companies in developing CSR strategies. An overview of these various agreements and guidelines is provided below.

Within the UK, legislation has placed a duty on nearly all corporations to report on their treatment of issues included under the umbrella of CSR. The Corporate Responsibility Bill (2002) outlined this duty and penalties for non-compliance, which range from fines to the cessation of operations and imprisonment. Requirements to report the ways in which corporations give consideration to and deal with environmental, social and economic factors, are intended to promote transparency so that companies are able to be held accountable for their operating procedures by consumers and pressure groups. There are a number of incentives for CSR related activities, for example the Dow Jones Sustainability Index and FTSE4Good Index promote environmental reporting, and the Association of Chartered Certified Accountants (ACCA) gives awards for social and environmental reporting internationally (for example see the ACCA website). Reporting consequently has the capacity to add value to a particular brand or to contribute positively to corporate image. In particular, it is seen to enable investors and consumers to make informed choices. Evidence suggests that ethical consumerism is on the rise (Involve, 2005), with sales of ethically marketed goods rising significantly year on year (New Economics Foundation, 2005). In this sense, the power of the ethical consumer and/or investor to pressurize businesses into ethical behaviour through the exercise of choice replaces regulation and legislation as a force for change.

So from a political or governmental perspective, CSR can be seen as a duty (having intrinsic or normative value), but there are also material incentives for corporations to be socially responsible, relating to sustainability and apparent consumer preferences for ethical

business (CSR as having instrumental value). In the following section, I will focus more closely upon the debate concerning these two apparently distinct motivations for CSR.

Objectives of the study

1. To know how CSR activities create the value for the company.
2. To know how CSR activities create value for the share holders.
3. To know how CSR activities create value for the Creditors.
4. To know how CSR activities create value for the Customer.
5. To know how CSR activities create value for the employees.
6. To know how CSR activities benefits for country and government.
7. To know how CSR activities protect the environment.

Research Methodology:

This paper is based on secondary data, collected the information through research journals, web sites magazine, articles, news paper.



Fig 1. The stakeholders of the company are:

Why CSR Activities?

Corporate can't make more profit without CSR, corporate can't stay longer period in the market without CSR implementation. So every corporate or organization has to formulate CSR strategies along with the organizational strategy. Now a day's CSR is a tool, where every organization is formulating CSR strategy for its stakeholder. Take the example of several companies of India like Infosys, TATA Group, Reliance, Wipro etc are formulating several strategies towards Social Responsibility to survive in the market for longer period. They have their own foundation which attends to social causes like water supply and toilet facilities to schools, guest house to cancer patients and their accompanying person, supply of computers to schools and colleges, and they invest in foot ball academy, hockey academy, sponsor sports tournaments and give scholarship to meritorious students. The CSR is the backbone to boost the organization's economy as well as country's economy and it will leads to World's economy. Corporate formulate and implement CSR strategies along with the Organizational strategies, the corporate gets several benefits which will boost the economy of the country. The some benefits are-:

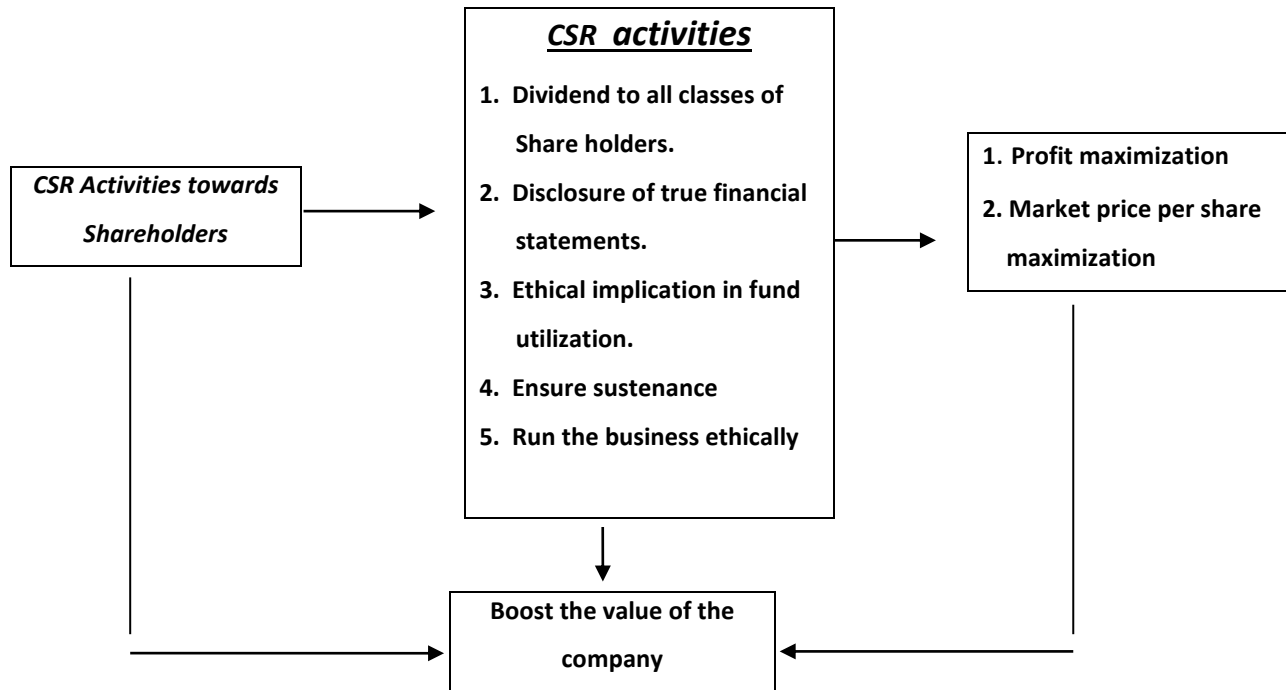
- The Owners of the company earn huge profit from a particular state/region or nation. It becomes their duty to do something beneficiary events for the society.
- The government alone unable to improve the standard of living of people of a country. if corporate also collaborate the living conditions of the people improves.
- The corporate image improves and it helps to sell their products more and more
- The corporate who undertake the CSR activities to the people and for that they honored by society and government.

CSR activities towards Stakeholders:

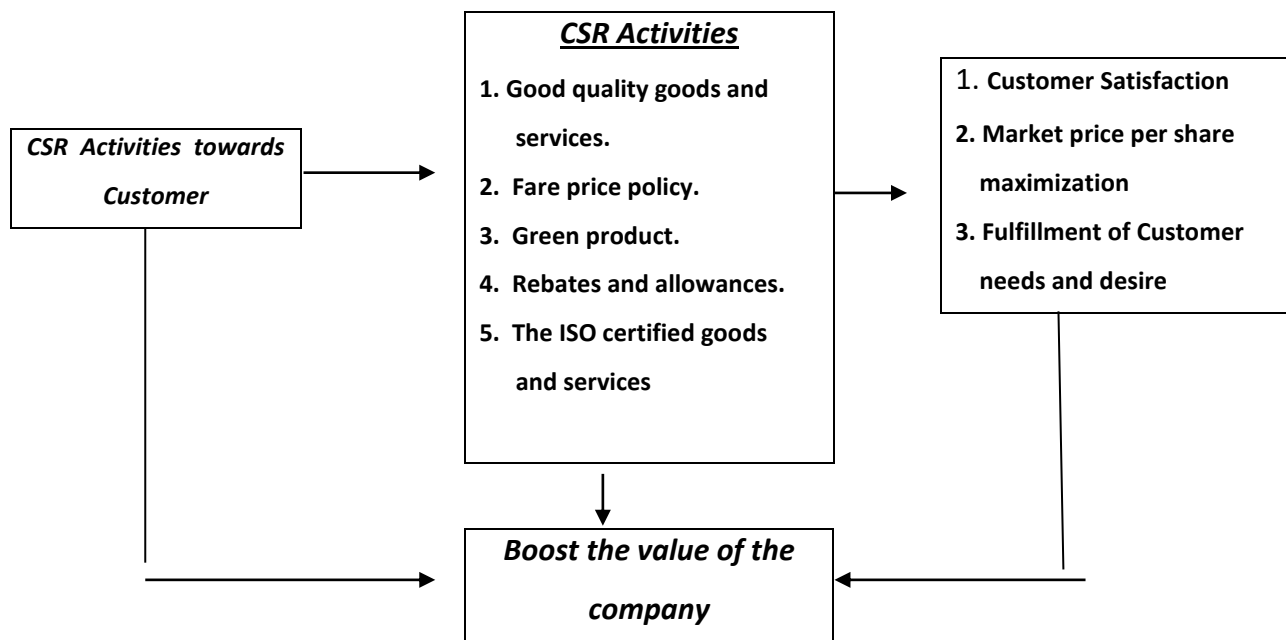
1. CSR activities towards shareholders
2. CSR activities towards customers
3. CSR activities towards dealers
4. CSR activities towards government and society

5. CSR activities towards employees
6. CSR activities towards environmental factors

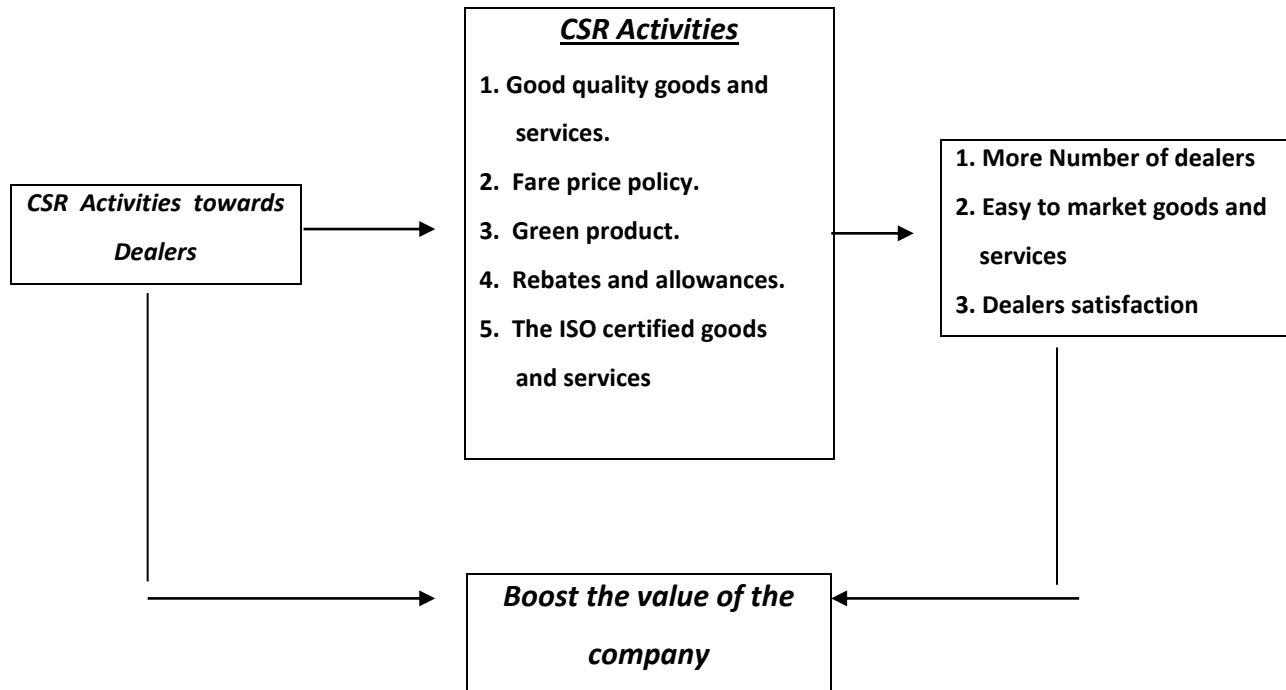
CSR activities towards Share holders



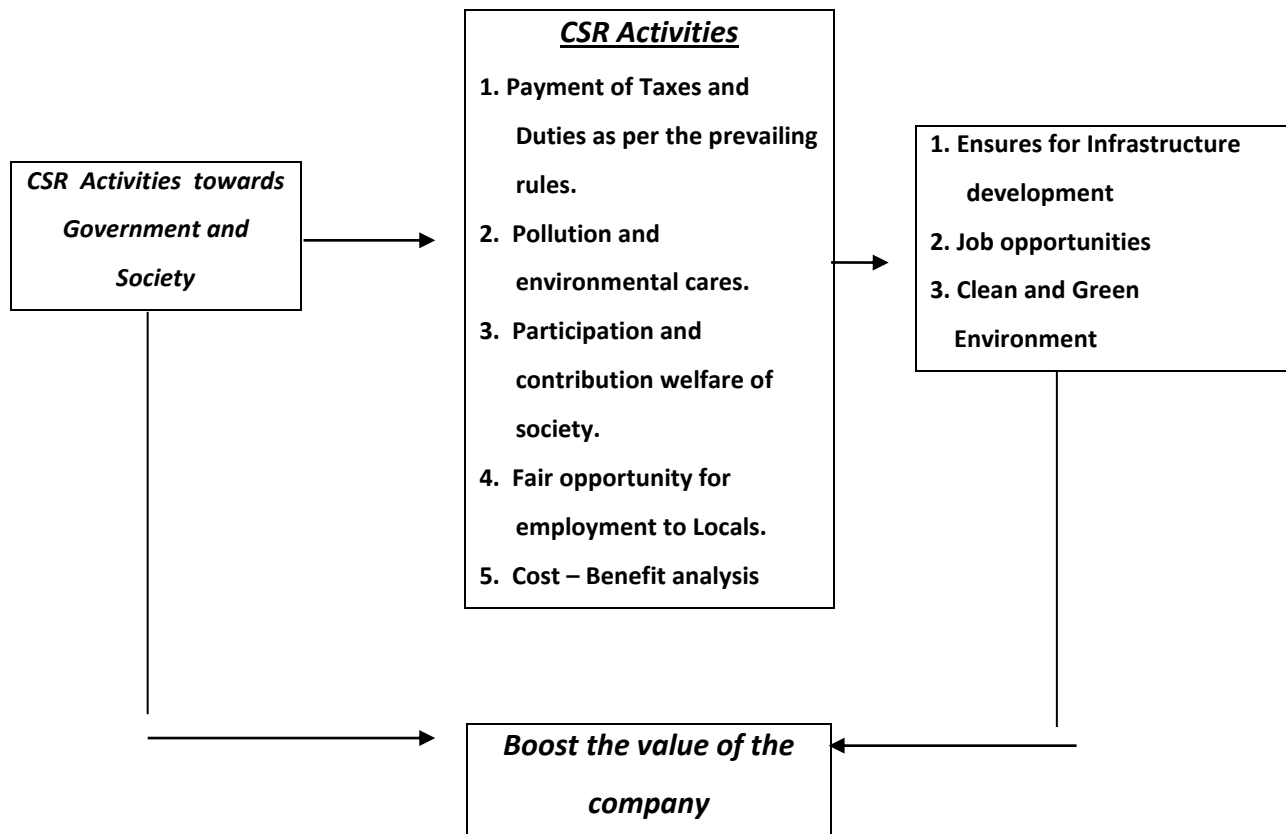
CSR Activities towards Customers



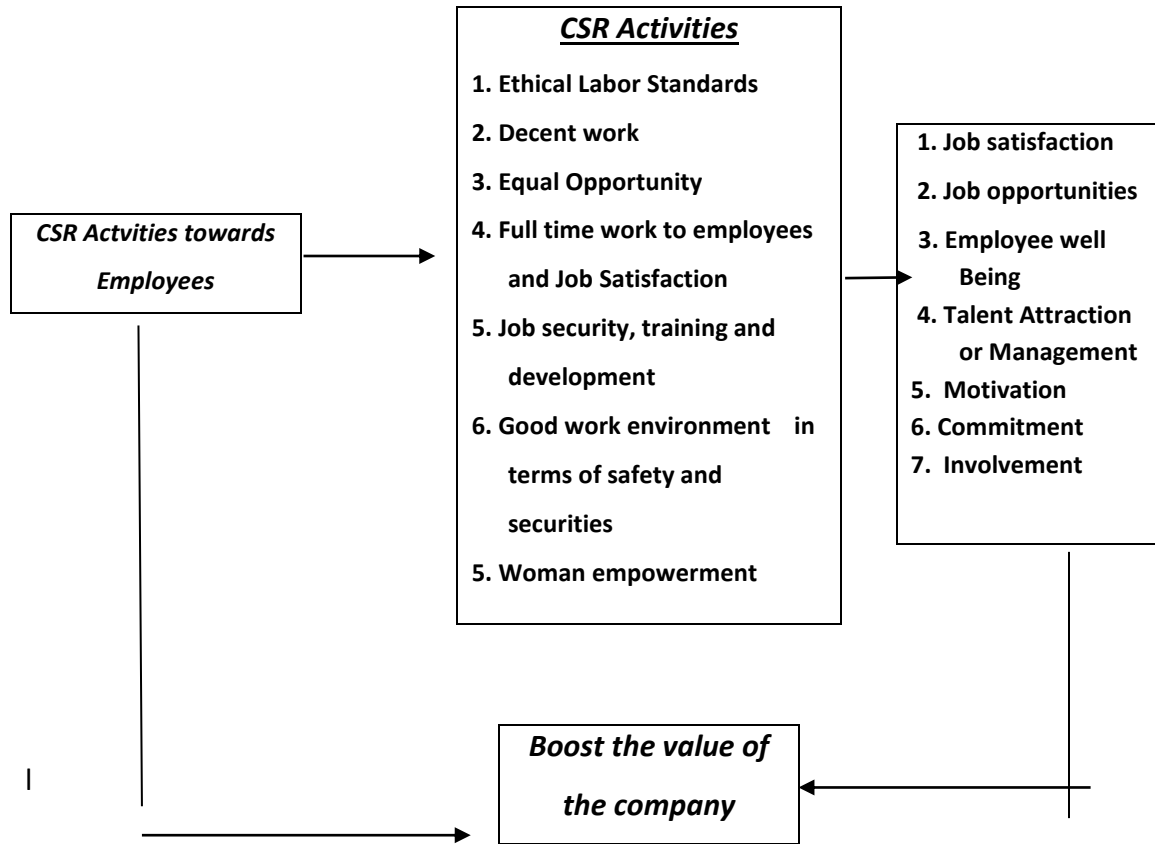
CSR Activities towards Dealers



CSR strategy towards Government and Society

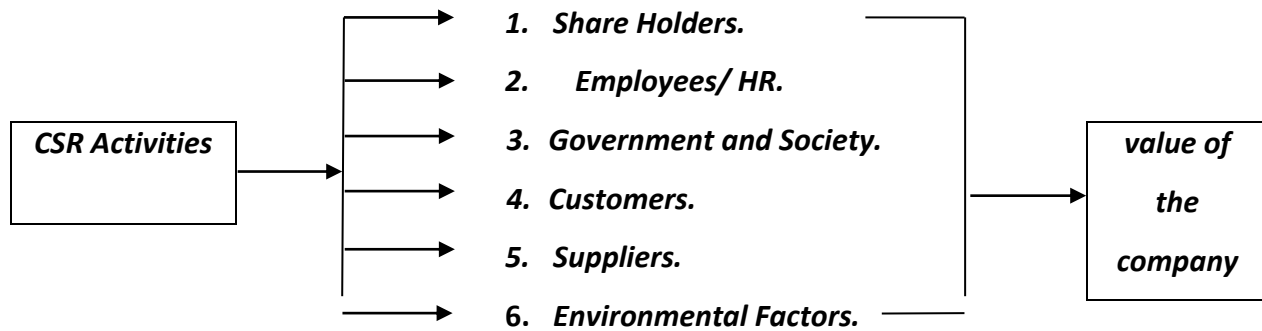


CSR STRATEGY TOWARDS EMPLOYEES



As shown in the above diagram, the CSR plays a vital role in the development of the Organization as well as Economy of the Country. Every organization has to formulate valuable CSR strategies to survive in the market and which leads to maximization of value of the company.

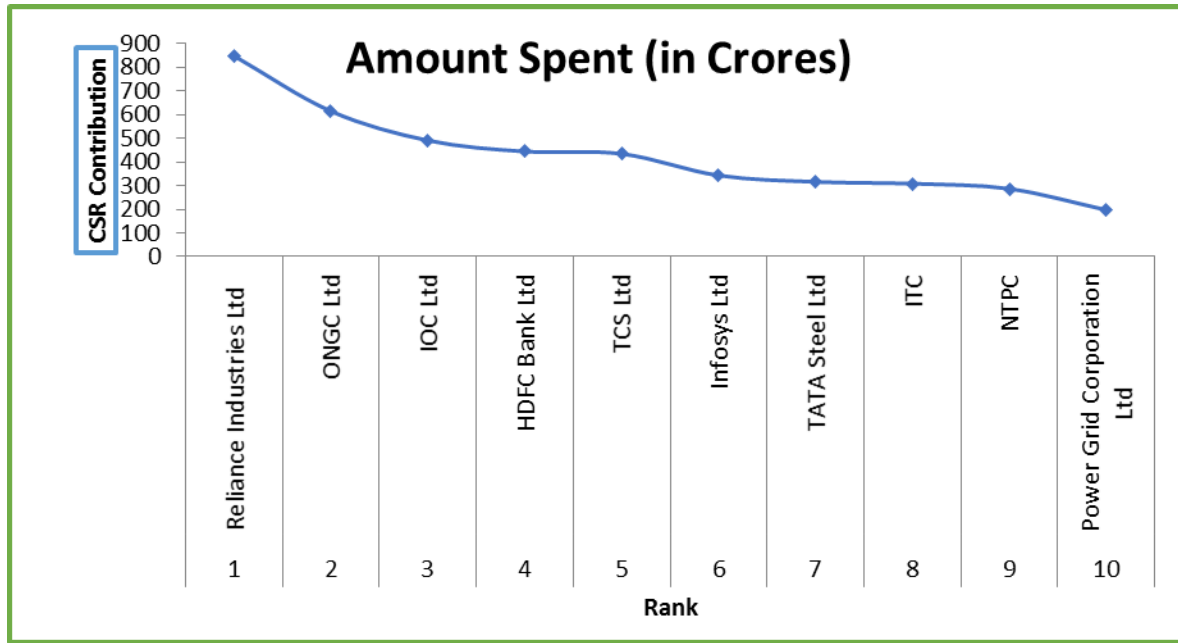
The below diagram indicates formulation of CSR strategies towards stakeholders.



Top 10 highest spending businesses on CSR in FY 2018-19:

Rank	Company	Amount Spent (in Crores)
1	Reliance Industries Ltd	849.30
2	ONGC Ltd	614.60
3	IOC Ltd	490.61
4	HDFC Bank Ltd	443.80
5	TCS Ltd	434.00
6	Infosys Ltd	342.00
7	TATA Steel Ltd	314.90
8	ITC	307.00
9	NTPC	285.46
10	Power Grid Corporation Ltd	195.50

Source: <https://www.mapsofindia.com/my-india/business/top-10-indian-businesses-with-the-highest-spending-on-csr-in-2019>



Conclusion

In the present era, Corporate Social Responsibility is playing a vital role in growth of Country's as well as World's Economy. The CSR is a tool to get the maximum competitive advantage as well as to increase the market share of an organization. Every organization has to formulate the CSR strategies to cope with the changing business environment. If, organization wants to survive in the market for longer period, it has to formulate Social Responsibility strategy for its stakeholders where it operates its activities. The Government of a Country also initiates for development of CSR strategies but it cannot implement it because of wide area and huge population, with the help of corporate the government implements several CSR activities to its citizen and their standard of living. The corporate also get name and goodwill by formulating and implementing Social responsibilities strategies. Finally the paper concludes the without CSR can't boost the value of the company

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