



CSR Pays : Do Good by Being Good

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Abstract:

Corporate Social Responsibility gives good returns to company and share holder value, customer attraction and employee retention. I have always wanted to work for Corporate Social Responsibility sections of Corporations that I have worked for. However can't say I have got a chance. Though I have made up for that loss by getting involved in NGO Sector.

Gandhi - the 1983 movie - won 8 Oscars. Mahatma Gandhi is considered to be the greatest Indian that ever lived, in the same league as Buddha.

Mahatma Gandhi said "Be the change you want to see in the World"

Mahatma Gandhi is called a saint among politicians and a politician among saints.

No one can understand a saint in religion or a saint in social work but is there a place for saints in the ruthless world of politics or a place for a saint in the ruthless world of business.

Does Corporate Social Responsibility help Company or harm company.

Isn't a company only responsible to its shareholders or is it responsible for society as well? Are shareholders also part of society? But on the other hand, isn't corporate social responsibility a drag on profits and hence detrimental to shareholder interests?

Even in a dirty world of politics, a saint such as Mahatma Gandhi does far well. So in business, a good business could be argued that should do better in long run.

It is argued that CSR - Corporate Social Responsibility will help the company in

- Attracting Employees
- Attracting Customers
- Attracting Share Holders

So "Do Good by Being Good" does have a logic.

In an article in MIT Sloan Review, Bhattacharya, Sen and Korschun point out that CSR - Corporate Social Responsibility helps a company win war for talent. A company is only as good as its employees. Hence it follows that if a company has a good CSR department, then it will attract good employees and hence excel. A paper by Gurlek, Duzgun and Ugyer, in Social Responsibility Journal, found that Corporate Social Responsibility has some effect on customer loyalty in Turkish Hotels. Hence even though there is a cost to Corporate Social Responsibility it could be argued that the costs are offset by customer loyalty. In a research paper by Yungchih Wang, titled "Corporate Social Responsibility - Evidence from Taiwan", finds that Corporate Social Responsibility is positively correlated to stock performance.

Thus the above three pieces of literature do provide adequate evidence of Corporate Social Responsibility having a positive impact on customer loyalty, employee retention, and shareholder satisfaction.

In an article by Laura Colombo, "Corporate Social Responsibility - Is not only ethical but modern business tool" Forbes magazine concludes that CSR is not a cost centre but a revenue centre. Companies that pursue CSR are perceived as reliable, appealing and hence more successful. An article by Geneva Murphy in Forbes magazine - "Why CSR is good for the heart of business", points out that the extra degree of CSR will help a company succeed.

Another article in Forbes Magazine by Chastity Heyward, titled "The growing importance of social responsibility in business" points out that companies cannot operate with the sole aim of making profits and have to give back to society, economy, consumers and employees. It is safe to conclude that in short run Corporate Social Responsibility may not matter much, but in long run Corporate Social Responsibility does matter a lot. Expenses in CSR are not a cost without return, but an investment with returns.

Now corporate and businesses must take their CSR as seriously as their media relations and advertisements. After all, Media Relations and Advertisements are important for a company's image. So is Corporate Social Responsibility. CSR helps improve the image of the company and thus helps attract and retain employees get customer loyalty and ensure shareholder satisfaction. CSR thus is not a 'nice-to-have' but a 'must-have'