

CSR and its impact on Business Profitability

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To write 400 words on this topic I have read about 4 ebooks on this topic, where I realised that there are positive and negative benefits regardless to CSR activities and there are no direct profits to any corporation because of the CSR activities.

Certainly, adopting the CSR principles involves costs. These costs might be short term in nature or continuous outflows. These costs might involve the purchase of new environmentally friendly equipment or distributing the food for needy. The shareholders invest their money in a corporation, expecting the highest possible risk adjusted return. A corporation could not continue a policy that constantly generates negative cash flows. Therefore, being socially responsible should have bottom-line benefits in order to be sustainable.

Most executives believe that CSR can improve profits and how?.

Like I said before there are no direct profits, so corporation understand that CSR can promote respect for their company in the marketplace which can result in higher sales, enhance employee loyalty and attract better personnel/clients to the firm. Also, CSR activities focusing on sustainability issues may lower costs and improve efficiencies as well. An added advantage for public companies is that aggressive CSR activities may help them gain a possible listing in the indices. This may enhance the company's or making executives' stock and stock options more profitable and shareholders happier.

Socially responsible corporate performance can be associated with a series of bottom-line benefits. Survey says that consumers are often drawn to brands and companies with good reputations in CSR related issues. Reputation is hard to quantify and measure; it is even harder to measure how much it increases a company's value. 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. Since companies are spending currency on advertisements campaigns they can also spend currency on CSR activity which will also advertise in increasing image and reputation of the company.

Corporate social responsibility is intimately related with the globalization of the business environment. Companies have also been encouraged to adopt or expand CSR efforts as a result of pressure from customers, suppliers, employees, communities, investors, social activists and other stakeholders.

CSR has been systematically growing in companies of all sizes and across all sectors. Those companies have developed innovative strategies within their programs in areas such as:

- Workplace
- Environment
- Responsible Marketing
- Community Involvement

In my experience and people I met who participated in CSR activities says "I have learned something better in my life today and very happy to be part of this activity". This is what every company wants to have in their employees "Employee Satisfaction and Happiness". Even I took part of visiting Blind Home, Tree Plantation activity and I really felt happy and satisfied in deep down in my heart to be a part of such activity.