

## Corporate Social Responsibility- An Ethical Business Methodology for both Profit and Fame

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**Abstract:** The term corporate social responsibility (CSR) was not that effective in the early 90s, but for the time being in developing and developed countries, it is becoming one of the main concerns for most of the organizations. Developing countries like India, Pakistan, and Bangladesh are now working so hard on it so that the social, economical, environmental aspects can be improved like child labor, unpaid wages, lack of education, lack of food so many things are there to be concerned. In this paper how all these things will be improving the nation as well as how these factors will enhance the reputation and profit of an organization is thoroughly discussed. To portray all these things with the help of lots of example scenarios in different sectors the justifications are provided. Though there is a noble factor associated with CSR but being a corporate organization it should not become a project which gives a negative impact on the company so from the company's management point of view the main focus is kept on the improvement in reputation and further its profits from different marketing strategies just by using their CSR concept to grab the attention of the customers.

**Keywords:** Corporate Social Responsibility, Corporate governance, organization profit, organization reputation

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### I. INTRODUCTION:

Is it possible to get benefits from corporate social responsibility within their reputation and profitability? Based on this question lots of management studies are performed and that gives us different kinds of results. Though most of the researches are portraying a positive result, still, their intentions are different, like some of them are really thinking for the improvement on different social, environmental, economical factors; some of them are just focusing on the certification requirement, tax advantages, and many more things. But the actual scenario is to get the relationship between CSR and firm performance.

The concept of corporate social responsibility (CSR) is not coming from a long time in developing countries because the concept is basically a western culture for some betterment in the social, educational, economical, and environmental deficiencies. But now in most of the countries it is mandatory for corporate organizations to survive in the country's marketplace, therefore, each and individual company should have their CSR schemes throughout a financial year for some betterment. Considering countries like India, here all the renowned companies like TATA, Reliance, Sail, and IOCL are working on these factors along with their business professionalism. Undoubtedly it is beneficial for general people out of the company but is there any other intention or is it really helpful to get some advantages from the company's management point of view that is needed to be evaluated. Considering these two points the entire research process is carried out by portraying aims and objectives, literature review, data collection, data analysis, and conclusion.

### II. AIMS AND OBJECTIVES:

As it is a research paper therefore it is not necessary to portray the aims and objectives like a case study, but the aims and the corresponding objectives can portray the need of the study in a better way. Eventually, the background of the study will become clearer.

Aims of this study are,

1. Learning about the concept of corporate social responsibility (CSR).
2. Finding out the actual need for CSR within an organization.
3. Establishment of a relationship between reputation/ fame and CSR within an organization.
4. Establishment of a relationship between the profit factors and CSR within an organization.
5. Finally collecting relevant data and justifying the theory of the research with examples is the main motive.

To achieve all these things in a proper manner it is required to follow the corresponding objectives, therefore, the objectives might be,

The first and foremost objective is to be specifically concentrated on the research on the current topic for collecting the data from CSR as well as the relationships between the CSR and PF should be evaluated [5]. It is only possible if the example data will be in our hands. Based on these aims and the corresponding objective if the research methodology can be maintained then it is obvious that the paper will create a strong relationship between the CSR activities to the reputation and profit within an organization.

### **III. RESEARCH METHODOLOGY:**

It states the process is being followed from the first to the end of the paper presentation. As it is an article/ paper presentation therefore rather than doing field investigation the research approach through different research journals is taken as a first priority [5]. In this context gathering, research papers from different renowned journals is the first step followed using the keywords like CSR implementation, CSR on company reputation, CSR on company profitability, etc. In the second stage, the relationship between the CSR implementation and reputation of an organization in different fields are evaluated with research papers literature collection. In the third stage, the relationship between the CSR implementation and some of the profitability is evaluated [2].

In the final stage, the data analysis is also kept into consideration, because if one can compare the sales of a company and its CSR schemes relative to the previous days then the slope of the curve will give the actual outcome [6]. Therefore within a country considering two or three companies and their CSR schemes are evaluated with a secondary dataset from internet resources, to come up with a concrete conclusion.

### **IV. LITERATURE-BASED FRAMEWORK MODELING:**

The reputation-based model of implementation of CSR and the profit-based CSR approaches are evaluated from secondary research without gathering data from direct sources, that's the only reason why it is termed as literature-based framework modeling.

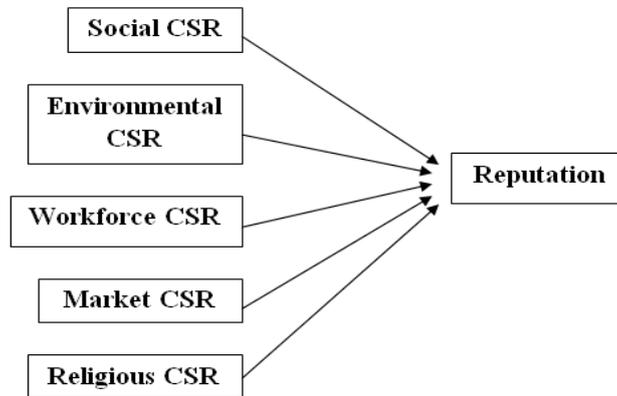
#### **4.1 Organization reputation modeling for CSR implementation:**

Corporate social responsibilities are broadly classified into different segments like social CSR, environmental CSR, workforce CSR, market CSR, Religious CSR, etc. But in the context of a company's reputation how this can be helping out an organization is illustrated. The CSR schemes are taken as independent variables and reputation is a dependant variable because it solely depends on the CSR schemes of that particular company [1]. Reputation is one of the most important things that has to be created by individual companies to their consumers so that that can help them to grab some attention, therefore, social, environmental, economical works within the society are necessities for most of the corporate companies [3].

- **Social activities and reputation:** Some of the social activities like reducing child labor, educating illiterate peoples, making water supply projects are examples of social activities that are often followed by different companies. There might be a business point of view by doing thins but alongside undoubtedly it is a good approach and that helps a lot to hike the company's reputation in the general community and they will get more people with them on these noble works. Therefore the social CSR for reputation buildup is justified [4].
- **Environmental activities and reputation:** The environmental activities from different corporate organizations in their CSR schemes are very common but their effort can create a sound in the general community. Some of the activities like tree plantation, regular drainage cleaning, garbage cleaning setup are very common and it is the fact that the companies are getting a lot more exposure on it [3]. As an example, we can see the company called Mamaearth making their cosmetic products and for each order, they are planting one tree for the product because of the herbal care through their cosmetics. Definitely, it is a great approach and their advertisement using these taglines through different mediums are making them one of the reputed company in a very short time, because being a customer we are thinking that, one order from our end can do some favor for our environment.
- **Market activities and reputation:** As stated in the previous point using a tagline on the advertisements that are related to any CSR scheme can enhance the reputation of a company. Some of the marketing strategies and activities like the 10% profit from sales of each pack will be contributed to the education of children who cannot afford is the approach that has been taken by different organizations on their CSR [5]. It is really helpful for the company to build their reputation not only in the local market even it can make a mark on the global market too.
- **Workforce and religious activities and reputation:** The working culture within a company can make its warm reputation in the marketplace. If the working culture is good enough as well as the health and safety measures are precisely maintained within a company then it is obvious that job seekers will fall down towards the organization to make their career with that company and it is nothing but a good reputation. Along with that, in different religious events like Christmas, Durgapuja, Diwali, Eid some of the renowned corporate

organizations are working on their CSR schemes to give some happiness to poor people by giving them clothes, sweets it can slightly make them feel happy in the festive season [6].

Considering all these points it is now very clear that, the companies are really very successful to create their fame/ reputation in society by CSR activities. It has two plus points one is the reputation buildup and eventually another one is the fulfillment of the noble approach related to education, lack of food, clothes, and so many things.



**Figure 1.** CSR activities and reputation relationships

#### **4.2 Organization profit modeling for CSR implementation:**

In the context of profit-making policies from different types of corporate social responsibility, most of the companies are getting advantages in terms of their sales. Hence the improvements in the sales are making improvement in the final profit of that organization. From different researches it is obtained, the corporate social responsibility schemes and their implementation in an effective way along with their advertisement are working like an attention seeker for the customers. Also, it has to be noted, a customer is too a responsible citizen therefore if someone feels to do something good for society they are using related products to help the nation in an indirect way. The factors in the improvement for profitability within an organization might be,

- The increment in sales is the initial factor that is directly related to the CSR approach of an organization. Helping out the nation in an indirect way is the easiest option, therefore, people are going forward to use the products of those companies doing something sustainable for society. In different researches, it is obtained some of the companies have increased their sales up to 20% just by implementing effective CSR schemes.
- A good CSR scheme implementation does not mean to be the betterment of the external society; it includes the internal features of the company. Therefore a good work culture, safety for the employees, job security are the factors that work so well within a company. As a result of efficient workers, a company can never face a loss in the current marketplace.
- As the company reputation is also related to the CSR within a company, therefore, new generations will also get attracted by their company profile. Sometimes, job seekers may look for some career option within the company it can also create an improvement in the productivity of the company. On the other hand, a reputation enhancement in the current market will grab the attention of the customers.
- A well-furnished sustainable development in terms of corporate social responsibility can also create some attention to the government bodies. Therefore, in such types of situations is those companies will be promoted by the government itself there will be more chances of getting invest in their share in the stock market from different foreign investors. So, undoubtedly CSR can work for the increment at the stock price in an indirect way.

All these above-stated four points are mostly related to the profitability of a company. So, if one can research carefully through similar researches or field data one can easily find out the relationship between corporate social responsibility and corresponding profit-making policies within an organization [7]. To become more precise in the concept a real example scenario is portrayed in the discussion part of the paper.

### **V. DISCUSSION:**

As per the study is proceeded till now it is showing a good relationship between the profit-making factors and reputation of a company due to their CSR projects. But to justify these theories a secondary data collection is performed from one of the largest companies in India, none but only the Tata group of companies. As per the compatibility, Tata steel is taken into consideration. Being one of the largest steel manufacturing

companies in India, Tata steel took lots of initiatives in their CSR schemes for Education, healthcare, environment protection, livelihood, drinking water, and many more things.

The below given data are taken from secondary research materials for the CSR analysis of Tata steel limited.

**Table 1.** CSR contribution and variance analysis from TATA steel annual financial report

Year	CSR contribution			Variance analysis		
	Budget	Actual	Recovery	CSR cost variance	Budget variance	Volume variance
2012-13	124.05	170.76	101.26	69.50	46.71	22.79
2013-14	124.16	212.00	128.24	83.76	87.84	04.08
2014-15	121.14	171.46	128.78	42.68	50.32	07.64

Now based on the annual financial data of the corresponding CSR budget, returns, and profit-making policies it can be shown by Karl Pearson's test of hypothesis for finding out the correlation between the parameter. A strong correlation will definitely suggest an improvement in the profit of that particular company [8].

**Table 2.** Karl Pearson's test of hypothesis for correlation

Variables	CSR actual	CSR budget	CSR recovery
Altman, Z score	-0.493	-0.452	-0.442
Earnings per share	0.918	0.817	0.913
Book value per share	0.356	0.674	0.237
Return on equity	0.753	0.458	0.823
Operating profit	0.976	0.820	0.962

From this correlation test data, it is now much better to understand how much the recovery factors are worked when Tata steel effectively implemented their CSR schemes. The recovery correlation indices are strong and that is justifying the strong relationship between CSR and profit within a company. As it is really very successful for profit-making similarly the reputation buildup is directly related to the CSR activities that are discussed earlier in this paper.

## VI. Conclusion:

As per the research and its presentation through the concept of corporate social responsibility is a very smooth operation but its implementation is very complex. The reason behind it is, there is not a readymade solution of CSR on reputation and profitability. It is a lengthy process and that has to be precisely incorporated by considering all the budget issues and recovery indices from by business management team. The reputation or the fame of a company can be easily established through lots of advertisements on the digital platform these days, but the profit-making policies are not easily obtainable. Still, it is not like a company will get some losses after their CSR implementation, it has never been reported till now. In the discussion as the annual financial report is used to portray the scenario of profit-making through CSR, it shows a strong relation between CSR and profit with more than 90% confidence level. Therefore finally it can be concluded, just like a perfect execution of a project can give success in a similar way the correct implementation of CSR activities from a corporate organization will definitely enhance their reputation and overall profit.

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