

Five driving forces of csr



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CSR is the positive steps an organization takes in the way it functions, to give benefits to the community, and ways in which it can return to the community from which it has taken so much to get itself established. CSR is now internationally used tool to measure and compare the firm's performances economically, socially and environmentally. The idea is to build a sustainable business that benefits the market and communities. It does this by maximising the benefits given to the local people like giving them work or employment and caring for their health etc especially for those who live near the factories. It cares for the community and the people. CSR does development work like building the infrastructure like the roads so that the people also benefit on daily basis.

The important drivers include-

- Enthusiastic self interest
- Investment in the society
- Honesty with public
- Increased public expectations of business by contributing to the economy

Through these drivers a close loop between society is achieved and there is a better understanding between the market and labor. By CSR organizations contribute to the physical infrastructure and social capital is seen as the primary interest. Companies keep themselves open to public; accountability to the public is reported, organizations regularly pay taxes to stabilize the society. It takes some burden away from the government by helping build the country. It serves the nation by developing its economy and infrastructure.

These drivers use strategy to give better services. They define the inventories/ business case by analyzing the programs they approve and then charter approval is based on the service portfolio and authorization.

Chartering includes the communication and the resource allocation. CSR is an important activity internationally because of the globalization.

Organizations who serve globally benefits from CSR.

The key driver is social investment, by engaging in public policy CSR drivers lead the companies to good leadership and ultimate good business. Through these programs there is better and closer relationship with the investors and the stakeholders.

The customers, benefits a lot and the communities grow by better and growing economy.

(Source: <http://positiveoutcomes.com.au>)

CSR gives real business strategy. The survey made in 2002 by Ernst and Young show that about 94% of companies believe in CSR. It influences about 70% of all consumers and their purchasing decisions. Ernst and Young (environmental and sustainable services principle state) Corporate Social Responsibility is now the basic factors that decide the consumership and their choice with the companies.

The core drivers of CSR are:

- Growth in stakeholder expectations.
- The responsibility for the supply chains.
- The decreasing role of the government.

- The pressure from the share holders.

Mr. Doug Miller 1999 conducted an experimental survey on CSR. Results indicated that consumers wanted higher social and environmental goal.

The dying role of the state is an another driver or CSR because of the diminishing participation of the state, the stakeholders are benefiting and their exceptions are rising. Some basic drivers of CSR include:

The standard employees; companies must keep standard employee and employ them on the basic of the quality of their work. With the competition in the market it is difficult for companies because employees opt for companies that here better visibility and are working for the sustaining communities. The IBR report (International Business Report in 2008 state that they were facing employee retention and this became the main driver for CSR.

According the Moller, Jam Heltand from Great Thornton, Denmark " business ethics is the key factor for recruitment and retention in Denmark is tight labour market, privately held business ignoring CSR issues are facing future skills shortages that will threaten their global competitiveness.

Managing Cost: To be sustainable it is recommended that every company should ensure that they keep their expenses as low as possible. By good operating procedures and keeping a check on the quality the costs of the companies is examined. E. g to manage the level of the toxic gases and the greenhouse gases like carbon dioxide is a challenge. It accounts to a large cost of the country. The countries responded very positively o this driver and

engaged in CSR activities. Many countries like Brazil rate this driver one of the most effective means to check the company's performance.

Brand building: Companies believe that if they involve themselves in CSR it will bring fame to their companies. They will get famous and will get promoting. By involving themselves in corporate social responsibilities companies get the positive wind from the consumers. This drives the companies to work for the welfare of the people. Engaging in social work rather than a public image becomes important as the company progresses and moves towards the global market.

Benefits by pay the tax, the company must pay the taxes and keep its system transparent so that it comes into the public listing most companies desire to be listed.

Case Studies: Different companies have different activities to keep their brand names up.

SAP: For public interest SAP focuses on education and to keep the community involved they educate people to spread awareness and keep the children away from youth suicide. The organization facilitates the communities by providing them with resources like school-based life skills to stop the people from committing suicide. To support these programs Australia supports these agencies by providing staff and volunteers.

Sun Microsystems: A leading sponsor of Musica Viva's first and only prime sponsor. Through making links with an IT industry it benefits Musica Viva by benefiting it through giving it the opportunity of networking within the

corporate sector resulting in opening it to the sponsors. Musica viva get promoted as customers gain increasing awareness of its activities and performances. Musica viva achieves its objectives of taking beauty and music into the lives of ordinary Australians and bringing arts and the corporate world together. It is like a mutual benefiter. Sun gives technical knowledge and help the market to reach the musica viva and music viva provides it the chance to give the community their culture back through giving them music.

IBM: To promote web based society, IBM makes and provides the training material for education of web to the senior citizens. Other citizens that have knowledge of web pass with computer knowledge.

HP: HP received a gold award from community chest of Singapore for raising millions of dollars for charity in 2003. This fund raising increased the employee participation to 50%. They met their challenge by wearing gladiator costumes they set their goal of competing with other IT industry leaders to raise charity. HP won it.

Microsoft: Working with the world food programs, save the children and mercy corps it provides technical development assistance through the humanitarian empowerment and response through technology. Throughout the world the organization are using technology to spread humanitarian efforts.

Investor Relations: For ethical practice in CSR business the organizations good investor relations and consider it an important factor of. Among other countries Vietnam is the leading country keep that maintains good relations

with its investors. It gives a lot of importance to its investors. countries like india , turkey etc are emerging and consider it a driving factor of success. they believe that the investors make it possible for the company to meet the varying need of the customers. some countries do not think that good investment is a main driver because some established companies can finance their own efforts. such countries include developed countries like the Usa, Singapore japan and the european countries. the countries do not really agree investor relation to be the major driver of CSR. The tactics used by the leading companies to engage the public is that they do welfare programs. The use low cost programs to deliver the public goods and accumulating the needs of the public and then meeting them in the market demand. They work by reducing the cost as compared to the other companies and meeting the quality due to the competition with other companies. Economies of scope:

Mostly the corporate companies try to give better products to the producer. mainly these corporate firms have an established setup of the manufacturing industry. they can supply the latest technology. this really assists them to have the economies of sale and makes their chance better of selling their product at a competitive price. Due to industry and experience they have edge over other companies. this also benefits the consumers because they don't have to try another product and risk with it.

External pressure from the investors and the consumers: Companies offer portfolios that shelter the social considerations. They use social and environmental policies and use it as a marketing tool. The companies study and take benefit from the market survey. Benefits come to the investors

when its capital increases and they are attracting more stakeholders and not taking anything from the government by releasing its burden by contributing positively to the country and making its economy healthier. The investors do not pressurise the companies to practise CSR. They have to be convinced that CSR is a powerful tool to build a healthy economy for a country and make it rich. Social funds are minute and have to have had much impact on the corporations. They can not exert pressure on the share prices and influence the organization's attitude. Social funds can then also claim that the investors have not really given them the considerations. There are no clear evidences that can claim that there are differences between the two. It is a question whether or not social funds can produce CSR outcomes. Social fund managers compete with each other to find the investors and compete to keep investment criteria thus acting like fund managers. Due to social pressure investment firms then comes with the outcomes in the industrial sector. The social fund managers also focus on demands like the ones that carry sustainability and recycling. This is termed as eco consumerism. This helps them to capture the investors. This puts the pressure on the investors and they have to act ethical and respond to the ecological demands and act as socially responsible. Consumers also help promote CSR by making the appropriate decisions by buying the product produced by the company that used the CSR practice. If the consumers pay some insurance money regularly to the CSR brands the organizations will get an incentive to work for the environment. The benefit the companies gain by CSR compels the non users to also indulge in CSR practice.

Government pressure: With increasing awareness about industrial carbon footprint, all corporations and entrepreneurs of all scale are trying to configure a newer, more eco-friendly and more socially responsible setup for the overall workflow. Some corporations tend to donate to environmental and social causes hence improving their business reputation; others develop a team based on a variety of races and other social diversities hence sending a message to the consumer eventually. This entire paradigm also tends to secure a certain underwriting from related government bodies. Engagement of government to these responsibilities not only ensures a health corporate growth but also help the government to breach into the areas where its resources fall short. With a given form of a government support, corporations offer a flexible working plan to its employs and also tend to invest the available potential into areas like waste management and energy efficiency, which finally benefit the government itself. So it becomes a complex loop of collaboration and shared benefit. Phenomenon of global warming has also been taken seriously by innumerable corporations, especially the ones with higher carbon footprints. Their major production decisions take into account these climatic changes and their policies are constructed around a socially and environmentally sounder vision of society. Similarly, governments (especially agrarian based societies) also endorse animal adoption- related corporate policies. Similarly bigger (first world corporations) favor various support programs for children (especially living in the third world) and there are health-related support groups as well. Apple for instance launched a complete campaign of its products dubbed Product Red to endorse African Aids victims. ‘

The corporate get the advantages from the CSR. They work to keep the society flourishing and some work to keep their names high. There are many who get benefit from the CSR: the company, the consumer, the stakeholders etc.

Tax advantage: The greatest incentive for the companies working and practicing CSR is that they get exempted from the payment of tax to the government because they are already doing a lot of good social work and keeping the environment sustainable. The developing countries like India benefit a lot from it. Brazil is another country taking most from this advantage. But this also implies that the organization's company should keep transparency in their taxation and must also have standard employees. This then allows them to be public ally listed.

Measuring corporate Social responsibility : It is very important to know the basics of what you are going to do. And that is how you can achieve the task. Thing is how you will know that how you have to do that. No one tells the rules and the techniques of their way of work that makes their style copied by someone which degrade them. For example if u have to prefer in two different types of working then what will you decide in the two?

The company which treats with their employs harshly and give you a good product or

The company which treats with their employs softly and gives you a bad product.

Corporate Social Responsibility measures to apply international national regional industry local and organizational aspects. And the characteristics are no unified terminology no unified definition no defined content no overall standards.

On the other hand finance is also a major problem in controlling and measuring corporate social responsibility. In different companies the financial rate is different and the techniques to control the financial issues are different so the responsibility of measuring varies on finance of the company if the finance is controlled and used accurately will do better job then the company with the bad or uncontrolled finances. To control the finances of the company one should see the expenses of the company and use the expenses in a rite way at rite time. The way one could manage the finance of a company is my announcing the social corporate responsibility investments. It also got some problems in it different companies have different criteria of their own so every company use their own aspects in making of social corporate responsibility investments. To balance and control the financial reports audit is used to manage the accounts of the company and to check the finances of the company. And to make the balance between two companies one should give some rules on which the company should have to give the answers about certain questions which can balance the two companies n make then work in the same criteria. And also understand the way of increasing their work objective to get the firm run in a better way. That is how a company or a firm or industry can understand that what is the need of the people and what are the requirements of the people and what they have to do or work on to get the required results. Every company will

have to see whether they are performing well in their field or not whether they are giving the fine results to the people or not or whether these companies are satisfying everyone including themselves. Big firms and industries have to see that they must not be polluting the environment which is the biggest problem in industrial zone now a day.

To manage all the things accurately the measuring corporate social responsibilities have to work in on it hard. To balance the way of working and the importance of work variably that what type of work needs more importance n what need lesser so that the result would be overall balanced and relatively equal to all others. Check on the managing the things done by the other companies that what are they doing and how are they doing the aspect of their work as relevant to the other companies. To see the equilateral input and output of the company as compared to the other company.

The advantages of indulging in CSR:

Economies of scope: It means that overall the production price for the company can decrease if they increase the number of products produces that have similar raw material. Using the some company name they can come up with various goods and services. They can also work in collaborations with other firms that produce similar products, and site near the source which manufactures the product. This is achieving the economies of scope. Economies of scope are cost advantage because instead of providing a single product and polishing it and making it better and special they can increase their output. Economy of scope can also exist if the one

company makes various products under the same name with good quality and lower price than a group of separate firms each producing a single product. Economies of scope can be achieved when one input can be used to generate more variety outputs. This reduces the overall cost. They exist in home healthcare, telecommunication etc. e. g the research team of one company is capable of researching on a number of products , their team work can cut down the cost by producing a number of products. Most of the corporate companies that have established their companies can offer better sale and advantage to the producers because they have an established setup (factories, technology, communication, transportation etc.). to help produce various products. They are able to give the products cheaper than the others with a good quality as compared to the ones who have started their business and lack the experience. The companies with experience are able to make best use of the raw material at less price and during the production phase they waste little energy. They will have better graphics due to the skilled labour and consumer study and better technology for the packaging as well. They save a lot of money at the production stage and then they can pass some benefit to the users and buyers.