

Does csr help or
hinder a company's
performance



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Task 4: (582 words) Write a literature review for “ Does CSR (corporate social responsibility) help or hinder a company’s performance? ” This literature review explores the state of the art in corporate social innovation research. It briefly outlines the main themes in the corporate social responsibility (CSR) debate organizational legitimacy, moral choices, stakeholder interaction, sustainable development radical and user driven innovation. The paper then reviews the major objects of corporate social innovation singling out and eco innovations as key themes.

It closes by analyzing how social innovation is enacted at each of the four levels discussed in the first part. The debate about CSR has been said to have begun in the early 20th century, amid growing concerns about large corporations and their power. The ideas of charity and stewardship helped to shape the early thinking about CSR in the US (Saurabh Gaur, 2011) . Our work would like to verify, after a review of literature, by using panel data, if some performance indicators can be affected by the firms’ social responsible behavior and their certifications.

The novelty of our analysis comes from its dynamic aspect and from the building of a CSR index that intersects two of the three main international indices (Dow Jones Sustainability World Index, FTSE4Good Index, 2011), in order to be objective and to have a representative sample. The main results seem to support the idea that the CSR firms are the more virtuous, having better performances in the long run. in reporting is clearly crucial whereby being transparent does not necessarily mean revealing everything as this can be counterproductive to the communication of the key message (Bebbington et al. 1999). Consequently, companies must decide how much

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information to disclose. Based on different stakeholders to needs whereby it is sometimes necessary to disclose information that puts the company in a bad light. The ample room for manoeuvre in identifying significant impacts and prioritising them has been partly blamed for the little significance behind achieving formal public endorsement for CSR disclosure (Boiral, 20 09).

This is where the concept of Corporate So cial Responsibility, (CSR) has developed and is beginning to enter into common lexical knowledge and is increasingly being used by academics and economists for the sustainability of economic development. As often happens when new terms are coined, they tend to lose their conceptual precision, leaving their evocative value which is however watered down by the multitude of different meanings and contexts in which it is used .

However, if we are to say that CSR is necessary for corporate strategy, given the recent ness of the phenomena and absence of a well-defined and universally accepted certification method, at present CSR has certain major limitations which we would like to rectify, that is an objective benchmark rather than a mere marketing tool for the public, the principal motivation and elements that push firms into ethical behavior and suitable certification.

It is actually this second point that has given rise to a proliferation of articles concerning social certification (Ullman, 1985) that have still not shed light on the mot ivation that entices firms to bear the cost of certification or looked at the experimental performance of CSR firms. As a result, various performance measures have been adopted both on the market and in accountability that all give rather discordant result s. Corporate social responsibility is the

commitment of businesses to contribute to sustainable economic development by working with employees, their families, the local community and society at large to improve their lives in ways that are good for business and for development” (Cavett-Goodwin, 2007). Therefore, our paper tries to give an answer to the questions explained above. References: — Global reporting initiative, Sustainability Reporting Initiatives [online] Available from :< <http://www.globalreporting.org/ReportingFramework/G3Guidelines>> [Accessed 15 July, 2010]. Tsoutsoura M. , 2004, “ Corporate Social Responsibility and financial Performance”, Center for Responsible Business, Working Paper Series, N. 7, University of California, Berkeley. – Academy of Management Review, Institute of Social and Ethical Accountability [online] Available from :< <http://www.accountability.org/about-us/news/accountability-1/pharma-s-3imandate.html>> [Accessed 11 may, 2010]. – Roberts C. , 1992, “ Determinants of Corporate Social Responsibility Disclosure: An Application of Stakeholder Theory”, Accounting, Organizations and Society, 17, 6, 595 – 612. World Business Council for Sustainable Development [online] Available from : [Accessed 15 October, 2012]. – Donaldson T. , (1989), The Ethics of International Business, The Ruffin Series in Business Ethics, Oxford University Press. – Sustainable investment , Ethical Investment Research and Information Service [online] Available from < http://www.eiris.org/managers/sustainable_investment.html> [Accessed 24 Jun, 2007]. – Cooperative Bank, Ethical Purchasing Index [online] Available from : [Accessed 23 april, 2005] TASK 6: (1073 words)

The synthesized essay on: “ Does CSR (corporate social responsibility) help or hinder a company’s performance? ” Abstract The corporate social

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responsibility (CSR) is getting an increasingly important issue for economic agents all over the world. The development sustainable businesses need to implement their social responsibility. Though there is no detailed measurement available on the impact of these practices on business performance, CSR is believed to have a positive relationship with a company's goodwill and also be a mean to a more profitable operation.

The view that SCG should further integrate CSR programs into its business strategies, broaden its CSR network to its various stakeholders, put more emphasis on environmental issues, and employ an efficient measurement mechanism for evaluating the impacts and benefits of its CSR programs .

Introduction Reality shows that firms have recently been able to adapt to a changing world not only by developing economically but also socially and ethically. A firm's aim remains based on a development strategy that not only favors' its hareholders but also responds to all stakeholders involved either directly or indirectly in the production process. The social impact of big and small corporations is becoming a very important issue in business administration. A bad social impact, in fact, could increase the firm's risk, could lead to wrong relationships with many stakeholders and could affect corporate reputation. This article presents some empirical evidence that aims to answer the following question: does CSR practice influence a company's image and reputation? Main body:

Total Review of Related, Performance Measures and Corporate Social Responsibility Corporate Social Responsibility is getting an increasingly important issue for economic agents due to a new attention to all the aspects of firms activit ies and their relationship with stakeholders. In fact, <https://assignbuster.com/does-csr-help-or-hinder-a-companys-performance/>

firms with the attitude toward disclosure related to social responsibility activities appear to be able to develop and maintain better relationship with stakeholders in general. Corporate Social Responsibility is a concept with a growing currency around the globe.

It frequently overlaps with similar approaches such as corporate sustainability, corporate sustainable development and corporate responsibility. Moreover, CSR has a wide range of potential meaning: it can be considered as the private sector's way of integrating the economic, social, and environmental imperatives of its activities. We focus on two main characteristics of CSR: social welfare orientation and stakeholders' relationship orientation.

As businesses have increased their adoption of corporate social responsibility practices, managers face growing pressure to justify the allocation of scarce firm resources and accurate measures of corporate social responsibility results are required. Because the corporate image and reputation have been considered as intangible assets and valuable resources a firm can use in order to differentiate itself from its competitors. The reputation is built over time as the result of complex interrelationships and exchanges between a company and its stakeholders.

This complexity of interrelationships makes imitation difficult for competitors in the short term. The grand aggregation approach to corporate reputation loses substantial informational content unless multiple lists of stakeholders can be surveyed; this research will be conducted taking into account the perspectives of only two stakeholders. The rule contact by companies

integrates social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.

When you review each of these, they broadly agree that the definition now focuses on the impact of how you manage your core business. The increasing attention to CSR is firstly based on its capability to influence firm's performance. The researches in this field examine how CSR can provide firms with an incremental gain. For example, researchers have considered purchase intentions, increased sales, enhanced image, and improved employees morale as benefits of CSR.

In particular, regarding to this aspect, the literature consists of three principal strands: the existence of a positive correlation between CSR and financial results, the lack of correlation between CSR and performance. Many studies about the relationship between CSR and performance have focused their attention over a variety of other important characteristics that can be possible causes of firms' performance. Some researchers have studied the effect of firm's dimension, industrial sector, age, leverage level and intangible expenditures. It is possible to assume that the biggest firms are able to have a behavior more responsible than the smallest ones. The biggest ones probably pay more attention to the relationship with external stakeholders. Moreover, the firm's dimension affects the link between certification and performance: at the beginning firm's strategies are focused on the basic survival and just when firm is increasing its dimension because it has crossed the trigger point of survival, it can begin to take care of ethical and philanthropic responsibilities.

In the meantime firm's dimension can be linked with financial performance through economies of scale . The financial result and the existence of a negative correlation between CSR and financial results. The commitment by business to behave ethically and to contribute to economic development while improving the quality of the life of the workforce and the families as well as the local community and society at large The CSR is a commitment to improving the well-being of a community through discretionary business practice and contribution of corporate resources. Ethical CSR is morally mandatory and goes beyond fulfilling a firm's economic and legal obligations, to its ethical responsibilities to avoid harm or social injuries, even if the business might not appear to benefit from this. It may be to SCG advantage to let its CSR stakeholders take a greater role in developing and implementing its strategic CSR programs SCG may further benefit from establishing broader CSR networks with its employees, customers, business partners and with non-profit organizations. Conclusion The above results give first empirical evidence that in Italy firms stock prices are not affected by CSR reports even if firms show a greater attention to these issues.

The possible explanations of these results could be the following: CSR is a relatively new issue in Italy, and most investors have a low degree of perception of the matter; The quality of disclosure for CSR is not easily measurable; there is a lack of general accepted principles and most firms use CSR disclosure as an additional instrument of advertising, avoiding to give relevant information . Most investors are short-term oriented while CSR's impact is mostly in the medium-long term. At the moment, the small number of firms in the sample is due to few CSR reports available.

But, thanks to a greater attention to CSR issues, the sample could be enlarged soon. These aspects could be the main direction of further implementations of our work. References – KAPLAN, R and NORTON, Using the Balanced Scorecard as a Strategic Management System [online] Available from: < [http://www. balancedscorecard. org](http://www.balancedscorecard.org)> [Accessed 12 July, 2011). – Carroll A. B. , 1991, “ Corporate Social Performance Measurement: A Commentary on Methods for Evaluating an Elusive Construct”, p. 385-401 in J. E. Post (ed.), Research in Corporate Social Performance and Policy, vol. 12, Greenwich, CT: JAI. – Donaldson T. (1989), the Ethics of International Business, the Ruffin Series in Business Ethics, Oxford University Press. – Cooperative Bank, Ethical Purchasing Index [online] Available from : [Accessed 23 april, 2005]. – Donaldson T. , (1989), the Ethics of International Business, The Ruffin Series in Business Ethics, Oxford University Press. – Global reporting initiative, Sustainability Reporting Initiatives [online] Available from :< [http://www. globalreporting. org/ReportingFramework/G3Guidelines](http://www.globalreporting.org/ReportingFramework/G3Guidelines)> [Accessed 15 July, 2010] TASK 7 (845 words) Compare and contrast how these 2 articles discuss the financial crisis:

Abstract This subject is written to the accounting on changing the wrong direction when the debate about modern auditing practices. In the context of the current financial crisis shows that, there are certain similarities between the accounting scandals and the global crisis is expected. All this directly and indirectly affect society. Beside of that, the article also pointed out in different directions to struggle to overcome. Introductions The business landscape is changing all around the world. Advances in finance and

technological improvements have accelerated the rate of changes dramatically.

That due to the negative impact of different accounting should push certain risks, against the backdrop of increasing economic turbulence; this paper seeks to stimulate debates about the quality of auditing by examining the audit reports. Different parties such as; governments, firms, especially small investors are struggling to keep up with these changes. During of that The financial crisis and shows that a large number of enterprises have collapsed within a short period after receiving unqualified audit reports, so the law makers and standard setting bodies hysterically searched the possible solutions.

Some of the accounting principles are changed to having good news or optimistic idea they are considered as revolutionary. Body paragraphs Regulators and investors have traditionally relied upon corporate financial statements to make sense of bank liabilities, risks and economic exposure, but this has been highly problematic. An early estimate suggested that despite a raft of Attention has focused on auditors because of the belief that a green light from an auditor means that a company's accounting practices have passed muster.

Adverse "key financial ratios" are considered to be an indicator of going concern problems. The environment in which it operates also shows that auditors received considerable income from their audit clients, which may be very significant for regional offices managing the audit. The fee dependency and related advancement of career can create conflict of interests. Auditors

may argue that the financial crisis unfolded suddenly and they were thus ill-prepared to make judgments about the likely financial distress. The issuing of audit reports is subject to organizational and regulatory politics.

Auditors may be reluctant to qualify bank accounts for fear of creating panic or jeopardizing their liability position. We have reached the limits of conventional auditing technologies and ought to be considering alternative forms of accounting, disclosures and accountabilities. They are just publishing the financial analyses. This might mean; they are hiding the inputs and want the public to see only the result. the authorities do not give assurances regularly when the things go well but if there is a problem they usually make public speeches to convince them.

The social cost of the unfolding crisis is difficult to estimate, but vast amounts of public money are being used to prop-up distressed financial enterprises. For example, in addition to providing huge sums to stimulate banking liquidity. The UK auditing standards, closely aligned with international auditing standards, state that the “ auditor’s procedures necessarily involve a consideration of the entity’s ability to continue in operational existence for the foreseeable future. Especially small investors are giving great importance to the financial media’s comments.

Accounting is the methodology which provides measurements, statements or provisions of assurance about financial status concerning firm’s financial situations. Accounting can be described as “ language of business “ because accounting information provides signals to end users, especially to investors. Usually their premiums are much higher than their salaries which are

generally associated with the growth of the firm. This payment system encourages or even forces them to growth. Brokers are the mediators between the buyers and the sellers.

In every transaction they earn certain amount of commission. Even though they have certain amount of fixed income their main source of income comes from the transactions. There is an inherent conflict of interest between auditor and client relations. Auditors prepare auditing reports for external users: investors, government etc. , but audit fee is paid by the client: audited company. This price would be correct and even overvalued; t here could be even further decline in the price. This station is called value trap. If the investor buys the stock, he is caught by the trap.

Finally models explaining valuation of currencies such as purchasing power parity, fisher effect and international fisher effect could not be put into practice accurately because of statistical deficiencies. Conclusion The deep of financial crisis raises questions about the role and value of the independent audit. Besides that, the Markets do not seem to have been assured by unqualified audit opinions and many financial institutions either collapsed, that had to be bailed out within a short period of receiving unqualified audit opinions.

Thought out that on any independent inquiry into the role of auditing, especially at financial institutions, would help to highlight the shortcomings of the current practices. However, there are remedies for audit industry has mediated previous crises by revising auditing standards and codes of ethics and the early signs are that the same strategies will be deployed again. So

on the restrictions and the consequences will be improved over time through economic struggles.