

# [Conclusions and implications](https://assignbuster.com/conclusions-and-implications/)

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The sector of corporate social responsibility has grown greatly in the recent past.

However, there is a protracted debate about the value and legitimacy of corporate responses to Corporate Social Responsibility concerns. There are divergent views of the role of the company in society and disagreement as to whether wealth requires maximization to achieve the goals of the company. The data have explored the signs and tests of the connection of CSR with financial performance. The results are indicative of a positive and statistically relationship that is important, agreeing with the proposition that socially responsible corporate performance can be associated with a sequence of bottom-line paybacks. The divergent explanations from these results depend purely on the direction of the causality existing between the profitability and the corporate social responsibility.

There are Arguments in support of the view that firms with solid financial performance have more resources available to invest in social performance domains. These domains are issues like community relations, environmental concerns or employee relations. Companies that are strong financially can afford to invest in avenues with more long-term strategic impact. These strategic plans are factors like providing services for the employees plus the entire community. The allocations have a strategic linkage to an improved relationship to the wider community, a better image to the public and an improved ability to bring in employees that are more skilled. On the contrary, companies experiencing financial problems will allocate their resources in projects with low horizon.

This is the slack resources theory (Waddock and Graves, 1997). Other opposing arguments have the view that the financial performance depends on good or socially responsible performance. Meeting expectations of the stakeholders before they become challenging signifies a hands on attention to issues. These issues could otherwise cause litigation or problems in the future. Additionally, socially responsible firms have a superior image of the brand and a reputation that is very positive among consumers.

They have the ability to bring in more consummate business partners and employees. The socially responsible companies have a lower probability of risk of the negative events than the companies that are not socially responsible. Companies adopting the corporate social responsibility principles have less risk of corruption and bribery and are more transparent. Furthermore, they are less risky of the negative social events, which could damage their reputation and costs millions in information and advertising campaigns or litigation. The public on the other hand, views the company as an entity where incase an individual makes a mistake then it would lead to a social error in judgment.

The public will judge the whole company but not an individual. Corporate social responsibility has created very significant positive difference in the profits to companies. Negative policies may cripple the economy of the country.