

Corporate social responsibility external and internal factors



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Corporate Social Responsibility - External and Internal Factors

Zu, L. (2008, p. 197) mentions that corporate social responsibility is integration of companies social and environmental concerns in their business operations and in their interaction with their stakeholders on voluntary basis. It is further stated that CSR can result in wide range of stakeholder reactions including political action, purchase decisions and investment decision.

Corporate stakeholder theory (Cornell and Shapiro, 1987 in Zu, L, 2008) suggests that a company must satisfy all the stakeholders, bondholders including those with implicit claims. Tekin Akgeyik (2005) presents classical theory with primary objective to secure its shareholders financial goals and to respond to their wishes relative to the corporation; social demandingness theory which intends to promote and protect the general public's interests; social activist theory which determines the corporate responsibility independent from stakeholders interest and stakeholder theory which shows companies as corporate citizens and should manage its role in society as producer, employer, marketer, customer, and citizen in a responsible manner.

Galbreath, J (2006) mentions that firms have three responsibilities to society: economic, social and environmental. The internal factors that motivate the social responsibility within the companies include managers, employees, shareholders, customers and suppliers. The internal factors are more focused on maximizing profits on shareholder returns, giving something back to the society in form on philanthropy which arises from firm surplus profit and firms proactively involve themselves in dialogue with their stakeholders and integrate their findings into decision making. The external factors influencing

the social responsibility include culture, government regulations, Non
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government organizations and global standards. The external factors require the company to operate within the context of national and even regional cultures of the nation, oblige to the legal framework necessary in an economy as a response to inefficient and inequitable behavior and global standards. The companies' social responsibility towards society; environmentally includes reduction of waste output, reduction of energy consumption, sustainable measures to protecting environment. Whereas socially, company need to focus on promoting diversity, choosing suppliers on non economic criteria, reintegration support and alliance with NGOs (Poussing, N. 2009) in order to provide services to the community which are not available from the state, like education, health, welfare, etc. The various types of CSR like economic, legal, ethical and philanthropy responsibilities are important as they provide scope for the company management and society at large. It allows the companies to not only achieve its economic objective in compliance with the legal obligations but also suggests ethical considerations towards society and other altruistic, humanitarian and voluntary association towards the society. (Shahin, A. and Zairi, M, 2007)

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