ASSESSMENT OF THE BENEFITS OF CORPORATE SOCIAL RESPONSIBILITY

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ABSTRACT

Corporate social responsibility is one of the important components of a company's competitiveness. It has become an important issue among the Business Community during the recent years. Article demonstrates the features of corporate social responsibility at the present stage of economic development. The article discusses current approaches to the definition corporate social responsibility, it allows to transfer company values into society through specific actions in the broadest areas, with the most prevalent received areas of ecology, education, health, sports, culture, and production. The findings provide an increase in knowledge in terms of understanding the essence of corporate social responsibility and its practical use in international management in current economic conditions. In the article is shown the economic efficiency of the corporate social responsibility programs.

Keywords: Corporate Social Responsibility, Corporate Social Performance, Economic Sustainability

INTRODUCTION

The concept of corporate social responsibility of business has been widely recognized in recent years. Leading companies in the world has already established practice which allocates funds for social and environmental programs. Moreover, two basic approaches of corporate social responsibility were formed. While in Europe it is explicitly prescribed to business by state regulation measures, in the United States it is bound by the obligations that corporations take on themselves. In comparison of these approaches, the European model, as a rule, is recognized as more effective. At the same time, the American experience in this respect is cleaner in the sense that it makes obvious the following regularity: in the modern world, even in the absence of formal limitations, the orientation solely on extracting profits turns out to be unproductive.

Today, most have come to accept that CSR is here to stay and it is an important part of business operation (Dyllick, 2002)

(Dyllick & Hockerts, 2002). However, earlier opponents of CSR, among others, Milton (Friedman, 1970) argued that the only responsibility of business is to increase profit. Friedman argued that the social responsibilities are only connected to individuals and not to firms. Firms need only to address the interest of its shareholders. Friedman perceived business and society as two separate entities and therefore it was impossible to generate "shared value".

In order to improve the model of corporate social responsibility of business in Georgia, one should analyze the foreign experience of organizing a socially responsible business, since this system of interaction between business and society is successfully implemented in the leading Western countries. To analyze and compare the trends in the development of corporate social responsibility, we chose the system of organization of social partnership in the US, as in this country there is a fairly large experience in organizing corporate social responsibility.

THE ESSENCE OF CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility is defined on the basis of the law of the European Union as a concept according

to which enterprises voluntarily take into consideration social and ecological aspects in their commercial activities

and in relationships with stakeholders (Green Paper, 2010). Corporate Social Responsibility is the business management concept, according to which enterprises run an activity, taking into account not only their own profits but also social and ecological interests.

The evolution of corporate social responsibility in different countries relates to changes over time, while CSR refers to how enterprises manage to achieve a general positive impact on the communities, cultures, societies and environments in which they operate. The fundamentals of CSR are based on the fact that not only state policy, but also corporate responsibility should be responsible for solving social problems. There is a three-dimensional aspect corporate social responsibility includes economic aspects, social aspects and environmental aspects.

As social responsibility, it is important for organizations such as employee motivation, profitability, value increase, etc. For the management of social responsibility, many steps are taken as a result of significant improvements in their practices in the field of environmental protection and social management.

Companies have specialized CSR teams that formulate policies, strategies and goals for their CSR programs and allocate budgets for their financing. These programs are often defined by social philosophy, which has clear goals and is clearly defined and coincide with the main business. Programs are being implemented by staff who are critical to this process. CSR programs range from community development to education, environment and health, and so on. CSR contributes a lot to the organization and organizations must accept it as business becomes more efficient and profitable. However, some companies make mistaken about making an excessive connection between social responsibility and business goals, believing that being a good corporate citizen should always lead to increased profits. Instead, executives and shareholders should consider other benefits that CSR can provide. For example, Bimbo Bakery not only uses biodegradable packaging, but also focuses most of its CSR efforts on the effective treatment of its employees. The company provides employees with free educational services to complete high school and additional medical care to cover gaps in government health plans. These efforts created a loyal and purposeful work force: a clear plus for the company.

CSR benefits may take different forms, and some benefits may influence a company's value both directly and indirectly (Polonsky, 2009), depending upon the structure and goals of their CSR programs, where (Malik, 2015) argues that companies realize different CSR benefits that in the end still improve the overall value of the company. Companies that are strongly committed to CSR activities desire to also be identified in this manner and, as the literature indicates, this positioning does tend to enhance a company's legitimacy in the eyes of society and its stakeholders (Stanaland, 2011)

Coca-Cola annually allocates $ 88 million to various environmental, educational and humanitarian organizations. Microsoft donates nearly $ 300 million annually to software products to nongovernmental organizations around the world. There must be an internal logic of how these efforts help the company, and it does not have to be related to the bottom line.

Some companies put time and energy into their CSR programs only after they were burned by bad publicity. For example, Nike suffered from the attacks of negative press and large-scale protests from those who claimed that his employees under the contract had been paid low wages and left the dangerous working conditions at overseas factories. Therefore, the company launched an initiative to reduce the negative impact of its entire supply chain on the environment and established a code of conduct that focuses on equitable distribution of remuneration and ensuring that they are not exposed to hazardous or unhealthy working environments.

CONCLUSION

From the analysis of research publications, I found three major trends. First, research increasingly focuses on economic performance. Secondly, research aimed at how organizations affect other aspects of people's well-being, in addition to economic indicators, has declined. Third, organization research has paid very little attention to the impact of organizations on society. The authors argue that every company should have a CSR strategy that combines a diverse range of philanthropic services, supply chains, "cause" marketing and initiatives at the system level under one umbrella. However, they advise companies not to force disparate CSR programs to their business strategies. Instead, the goal should be "to bring discipline and structure into the many fragmented components. These components will in some cases support the core strategy, and in many others may appear contiguous, "with the ability to influence core assets, such as the brand reputation or employee morale.

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