

ARTICLES

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THE CONCEPT OF CORPORATE SOCIAL RESPONSIBILITY (CSR) AND ITS ROLE IN BUSINESS SPHERE

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Abstract. *CSR is becoming an essential initiative and a significant sign in the development of business companies throughout the world. Over the last decade CSR has witnessed important progress which addresses environmental sensitivities and societal challenges directly (European Commission 2006). Another important point is that this concept has been widely accepted in the developing countries through adoption of various regulatory documents by the business participants. The purpose of this project is to identify the role and importance of CSR initiatives in terms of socially responsible business. The study reveals a close connection between CSR initiatives and business activity. Following this, an argument against CSR and difficulties with the implementation of CSR initiatives are also embodied in this project. This paper will explore the concept of CSR and its role in the business sphere, wherein a more favorable climate for all business actors, discussions on contrast arguments and at last, summation of the main points will be emphasized too.*

Keywords: *Corporate Social Responsibility, European Commission, European Union, socially responsible business, social, environment.*

1. Background

Socially responsible in business expresses consideration of Corporate Social Responsibility (CSR) initiatives while implementing minimum legal requirements and social obligations (European Commission 2006). Indeed, CSR term has turned into an invaluable concept, basically related to the internationalization of business and societal challenges in recent years. Then this has brought about different types of economical points such as sustainability and competitiveness (European Commission

2006). The fact that the business sphere needs a more favorable climate in which ownerships are evaluated not only for high productivity, but also for making a right supplement and contribution to the societal challenges. All governments as well as business actors are responsible for ensuring a favorable climate to try and fix the problems. In this vision, organizational structures of the European Union (EU) and its society encourage the business actors to get more significant results in the present social climate. This is an example of how CSR initiatives are important not only for the companies, but also the EU policy (European Commission 2006).

The regulation process of social responsibility usually consists of political, organizational, and socioeconomic factors. This suggests that social responsibility in business will be more effective if the regulation process is within the framework of principles of society. Most importantly, socially responsible is a political process and should be supported by business actors and politics (European Commission 2006). In this vision, this project exposes crucial initiatives of CSR which have a significant effect on both society and business¹.

2. Close connection between social responsibility and business activity

Social responsibility is an inseparable factor of business, which has a strong connection with CSR initiatives. First, the concept of CSR embraces the reality of a social responsibility which imposes a lot of obligations on business companies (European Commission 2011). According to internationalization of business and globalization, large companies (national, transnational, multinational) have gradually accepted the profits of delivering CSR initiatives in their different places (Slaughter 1997). Based on these arguments, all obligations should be answers to people's expectations or constraints too. Accordingly, fair business activity and reduction in unemployment level are also purposes of CSR initiatives (European Commission 2011). The fact that a successful business depends on a strong community, so all business actors must play a key role for this purpose by implementing CSR initiatives (Slaughter 1997).

CSR initiatives and the European Union mechanism

CSR initiatives need effective regulation under the political and organizational mechanism. The fact that international organizations and governments have an undeniable role in this process. There is a broad consensus on the socially responsible business and regulatory strategy in the European Union (European Commission 2011). Furthermore, it is quite significant though that this process begins by including business education, business practice and awareness. The European Commission

¹ Corporate Social Responsibility, Responsible Business Conduct, and Business & Human Rights. Overview of Progress // European Commission: [Electronic resource]. — URL: <https://ec.europa.eu/docsroom/documents/34963?locale=en%20%3E> (date of address: 04.08.2023).

shows important initiatives while creating regional action in the case of the social responsibilities in business (European Commission 2011). Indeed, business actors have great influences on their operations and individuals, but political and social supports are crucial in problem-solution approach (European Commission 2011). Obviously, invaluable role of CSR was emphasized by the European Commission (March 2005 Spring Council) in contributing to sustainability and social welfare (European Commission 2011). Other important patterns embodied on the EU agenda are the sustainability of business and better work climate which addresses in the face of implementing CSR initiatives. At this conference, strengthening high-tech and competitive climate were underlined as key elements for more socially responsible business.

Social responsibility in the context of public policy

The concept of CSR also covers the spheres of fairness and human rights directly (European Commission 2011). From this point of view, it is possible mainly for CSR initiatives to take place instead of public policy. However, it may show differences in the view of interests, situations, political and financial deficiencies. There are a lot of similarities between them (Companies Act 2006). For instance, better labor conditions, high-quality health service, delivering high-tech, rational use of natural resources, environmental sensitivities, enhancing eco-innovation, powerful environmental management mechanism, reduction in regional unemployment level (Companies Act 2006). It should be emphasized that implementation of those purposes affects positively on quality of life directly. As stated previously, socially responsible business is very important to prevent ecological problems. In the same way provision of those factors will be important progress towards the future.

Social dialogue

All aspects of CSR play a key role for enlargement of social dialogue too (Companies Act 2006). In other words, high level social dialogue is a guarantor of core labor standards, social protection, and development of the economy. In this sense, social dialogue opens large opportunities in various spheres of society so business companies must continue to prefer focusing on their corporate social responsibility in the view of becoming more socially responsible¹.

3. The Definitive Argument against CSR

It is commonly accepted in business that defense of free ownerships incentives social conscience and corporate responsibility (Milton 1970). This also contributes

¹ Companies Act. 2006. Part 4. Section 39 // UK Public General Acts: [Electronic resource]. — URL: legislation.gov.uk (date of address: 21.08.2023).

to answering the societal challenges while undertaking obligations in the terms of becoming socially responsible. In the same way, consideration of minimal labor standards and imposing responsibilities on companies are highly discussed factors too. Furthermore, socially responsible business is not accepted as meaningful in the academic sphere, because the artificial person is an abstract term. In other words, business companies may have abstract responsibilities in some situations (Milton 1970). However, it is possible that artificial person takes direct responsibilities for the lawful acts. The fact that financial sanctions and other punitive measures are imposed on an artificial person in some cases (Milton 1970). For instance, freezing of bank accounts and suspension of action are available measures for illegal matters (Milton 1970).

Difficulties with the implementation of CSR initiatives

Some discussions on the concept of CSR are directed at only individuals and managers who are considered to have liabilities for business activities. Equally, other actors of the community also have direct responsibilities to the rules of the society which come from business traditions originally. The doctrine of “social responsibility” follows that business companies have only one responsibility — rational use of resources within the framework of lawful acts (Milton 1970). According to this, different types of difficulties appear in business like implementation of CSR initiatives and realization of socially responsible terms. These two factors are important to clarify key problems and encourage companies to take more initiatives and obligations. In relation to the opinion poll, the majority of business sphere support crucial positive aspects of political and lawful regulations due to the difficulties (Milton 1970). In other words, the key point is that business companies have not enough power to provide all requirements of CSR, so they need more political and social support. That is why work climate, environmental problems and unemployment level are observed as the main problems between business companies and society. It should be emphasized that all measures must be adequate to societal challenges (Milton 1970; Slaughter, 1997).

Two concepts as possible solution ways

Two concepts are more significant in the field of social responsibility: principle and consequences (Milton 1970). Initially, the requirements are massive so solution ways must cover any categories of the community. In addition, parts of the principle like tax policy, constitutional, parliamentary, and judicial provision are common and important factors to tackle artificial problems (Milton 1970). Indeed, the principle must consist of an effective mechanism which determines cooperation and combination between companies and government organizations. According to research, this strategy is essential to achieve a quicker and more suitable solution way for current problems (Milton 1970). Additionally, research shows that cooperation

and effective results may not always be observed due to the interests of business actors. According to Milton Friedman's opinion, notable effects of this methodology may only be observed in a free society (Milton 1970)¹.

4. Conclusion

In conclusion, business companies are becoming more socially responsible in both regional and global contexts as well as CSR having an overall essential impact on the community. Socially responsible assumes the interests of the community by taking obligations to consumers, providers, shareholders, and stakeholders, as well as other individuals. Therefore, CSR initiatives are widespread and important concept in today's world. In the same way, the concept of CSR includes and attempts to clarify environmental sensitivities, social welfare, and fiscal interests of the investors too (Slaughter 1997). The concept of CSR is an approach which emphasizes a correct balance between economic, social, and ecological prospects so it comprises a well-organized strategy. For instance, assessment of ecological factors, planning operational strategies, social growth monitoring, appreciating socioeconomic influences and calculation of results are included in it too. This implies that it is compulsory for all business actors to be socially responsible. Defiance matters can cause equally punitive measures in attitude to corporations, so they must carry out CSR initiatives. Indeed, CSR initiatives encourage business actors and individuals to search possibilities in business. Undoubtedly, all measures are important steps to improve the life conditions.

References

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¹ *Brent D. Beal*. Corporate Social Responsibility: Definition, Core Issues, and Recent Developments. 2014. Sage Publications, Inc. 112 p.