CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility (CSR) is a self-regulating business model that helps a company be socially accountable to itself, its stakeholders, and the public.

By practicing corporate social responsibility, also called corporate citizenship, companies are aware of how they impact aspects of society, including economic, social, and environmental. Engaging in CSR means a company operates in ways that enhance society and the environment instead of contributing negatively to them.

Key Takeaways
- Corporate social responsibility is a business model by which companies make a concerted effort to operate in ways that enhance rather than degrade society and the environment.
- CSR can help improve society and promote a positive brand image for companies.
- CSR includes four categories: environmental impacts, ethical responsibility, philanthropic endeavors, and financial responsibilities.

Understanding Corporate Social Responsibility (CSR)

Through corporate social responsibility programs, philanthropy, and volunteer efforts, businesses can benefit society while boosting their brands. A socially responsible company is accountable to itself and its shareholders. CSR is commonly a strategy employed by large corporations. The more visible and successful a corporation is, the more responsibility it has to set standards of ethical behavior for its peers, competition, and industry.

Small and midsize businesses also create social responsibility programs, although their initiatives are rarely as well-publicized as those of larger corporations.

Types of CSR
- **Environmental responsibility:** Corporate social responsibility is rooted in preserving the environment. A company can pursue environmental stewardship by reducing pollution and emissions in manufacturing, recycling materials, replenishing natural resources like trees, or creating product lines consistent with CSR.
- **Ethical responsibility:** Corporate social responsibility includes acting fairly and ethically. Instances of ethical responsibility include fair treatment of all customers regardless of age, race, culture, or sexual orientation, favorable pay and benefits for employees, vendor use across demographics, full disclosures, and transparency for investors.
- **Philanthropic responsibility:** CSR requires a company to contribute to society, whether a company donates profit to charities, enters into transactions only with suppliers or vendors that align with the company philanthropically, supports employee philanthropic endeavors, or sponsors fundraising events.
- **Financial responsibility:** A company might make plans to be more environmentally, ethically, and philanthropically focused, however, it must back these plans through financial investments in programs, donations, or product research including research and development for products that encourage sustainability, creating a diverse workforce, or implementing DEI, social awareness, or environmental initiatives.

Volunteering
Some corporate social responsibility models replace financial responsibility with a sense of volunteerism. Otherwise, most models still include environmental, ethical, and philanthropic as types of CSR.

Benefits of CSR
According to a study published in the Journal of Consumer Psychology, consumers are more likely to act favorably toward a company that has acted to benefit its customers.1 As a company engages in CSR, it is more likely to receive favorable brand recognition. Additionally, workers are more likely to stay with a company they believe in. This reduces employee turnover, disgruntled workers, and the total cost of a new employee.

For companies looking to outperform the market, enacting CSR strategies may improve how investors view the company's value. The Boston Consulting Group found that companies considered leaders in environmental, social, or governance matters had an 11% valuation premium over their competitors.

CSR practices help companies mitigate risk by avoiding troubling situations. This includes preventing adverse activities such as discrimination against employee groups, disregard for natural resources, unethical use of company funds, and activity that leads to lawsuits, and litigation. CSR programs can raise morale in the workplace.

Company Examples

In its 2022 Environmental and Social Impact Report, Starbucks (SBUX) highlights taking care of its workforce and the planet among its CSR priorities through stock grants and additional medical, family, and educational benefits. The company's goals include achieving 50% reductions in greenhouse gas emissions, water consumption, and waste by 2030.4

Home Depot (HD) has invested more than 1 million hours per year in training to help front-line employees advance in their careers, aims to produce or procure 100% renewable energy to operate its facilities by 2030, and has plans to spend $5 billion per year with diverse suppliers by 2025.5

General Motors won the Sustainability Leadership Award from the Business Intelligence Group in 2022. The automaker provided $60 million in grants to more than 400 U.S. non-profits focusing on social issues, and it has agreements in place to use 100% renewable electricity at its U.S. sites by 2025.

Source: https://www.investopedia.com/terms/c/corp-social-responsibility.asp

ULHASNAGAR MUNICIPAL CORPORATION TO USE CSR FUNDS FOR CITY BEAUTIFICATION INITIATIVES

The below article appeared in The Times of India, March 1, 2025

The Ulhasnagar Municipal Corporation, which is facing a shortage of funds, has decided to carry out the beautification of the city's main roads, gardens, and squares by obtaining funds through Corporate Responsibility Fund (CSR) contributions from the city's private banks, companies, and builders.

On Friday, Manisha Awhale, Commissioner and Administrator of Ulhasnagar Municipal Corporation, held a meeting with representatives of all the private banks in the city, Century Company, other local companies, and city developers. Awhale expressed the Municipal Corporation's intention regarding the beautification of some major roads, gardens, schools, and intersections in the city and appealed to them for help in undertaking these works under the CSR fund. During the meeting, those present appreciated Awhale's initiative and assured her of their support in this beautification work.

CSR funds are funds that companies allocate to social and environmental causes. The funds are a way for companies to contribute to the development of society, while also making a profit.

It may be recalled that Awhale took charge as Commissioner and Administrator of UMC last month. Since then, she has paid special attention to cleanliness in the city.

Apart from this, she launched a special campaign to complete the ongoing road works and other projects in the city on time.

Amidst all this, Awhale made a special plan to make the city look clean and to rejuvenate the gardens and major road intersections of the city. However, since the Municipal Corporation is short of funds, she is now insisting on undertaking these works using CSR funds.

In addition to other development works in the city, Awhale also started a separate Amnesty Scheme for long-pending property tax, allowing people to pay their property tax without any penalty. This will provide the Municipal Corporation with funds, which can be used for city development work.

ADANI FAMILY TO DONATE ₹6,000 CRORE TO SET UP ADANI HEALTH CITY IN AHMEDABAD AND MUMBAI

The Adani Group has engaged the US-based Mayo Clinic to provide strategic advice on organisational objectives and clinical practices at these establishments

Gautam Adani, Chairman of the Adani Group, on Monday announced that the Adani family will donate over ₹6,000 crore to build the first two Adani Health City (AHC) integrated health campuses in Ahmedabad and Mumbai, which will provide affordable and world-class medical care and education.

Implemented through the Adani Group's not-for-profit healthcare arm, these integrated AHC campuses will comprise 1,000-bed multi-super-specialty hospitals, medical colleges with an annual intake of 150 undergraduates, 80+ residents, and 40+ fellows, step-down and transitional care facilities, and cutting-edge research facilities, stated an official release.

The Adani Group has engaged the US-based Mayo Clinic Global Consulting (Mayo Clinic) to provide strategic advice on organisational objectives and clinical practices at these establishments. Mayo Clinic will also offer expert guidance on the integration of technology, with a focus on digital technology, information technology, and healthcare quality enhancement. "Two years ago, as a gift to me on my 60th birthday, my family committed ₹60,000 crore towards improving healthcare, education, and skill development," said Gautam Adani, Chairman of the Adani Group.

"The development of Adani Health City is the first of many major projects from this contribution, which will go a long way toward providing affordable, world-class healthcare to people from every section of Indian society. I am confident that our partnership with Mayo Clinic, the world's largest integrated not-for-profit medical group practice, will help elevate healthcare standards in India, with a special emphasis on complex disease care and medical innovation," he added.

The AHC medical ecosystem aims to serve people from all socio-economic backgrounds, train the next generation of doctors, and focus on clinical research, artificial intelligence, and biomedical informatics. The Adani family has plans to set up more integrated Adani Health Cities across cities and towns in India."