

# *Cost and Benefits for Implementing CSR Policies*

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**Abstract:** Most stakeholders are discussing the implementation of the organization's corporate social responsibility (CSR) policy, which has prompted different organizations to implement their corporate social responsibility policies to meet the needs of stakeholders. And actively improve their role in society to maximize their interests. To find a balance between economy, society and environment, so as to explore its sustainable development. This paper argues that the implementation of corporate social responsibility policy has both costs and benefits, but the benefits do exceed the costs of implementing corporate social responsibility policy. This paper will discuss the arguments for and against the implementation of corporate social responsibility policy and draw a conclusion at the end.

## **1. Introduction**

Corporate social responsibility means that enterprises should not only bear legal responsibilities to shareholders and employees, but also create maximum benefits for themselves. Moreover, enterprises should also bear corresponding responsibilities to consumers and the environment. Corporate social responsibility (CSR) is to change the traditional concept that companies take profit as the only goal, and to emphasize more the importance of "people" in the production process and their contribution to the environment and consumers. There are a lot of people disagree with the company's implementation of corporate social responsibility policies, and some of them have excellent opinions. In this view, making money is the sole purpose of an organization, and the lack of organizational expertise to solve social problems undermines the competition between companies.

## **2. Maximize Benefits**

Carroll and Chabana [1] claimed that only responsibility of managers is to maximize the profits of their stakeholders through various means, and the social problems occurring in this process are not their main concern. There has been a complete free market system to solve existing or future social problems, such as legislation and government policy. Therefore, managers should concentrate all their resources to create more profits for shareholders and stakeholders, instead of spending time and energy on solving other social affairs. Friedman's [4] views are the same as those of free enterprise and private property system. It's just employees of the senior management organization. Their only direct responsibility is to make as much money as possible under legal conditions.

### 3. Effective Way

The implementation of corporate social responsibility depends on the construction of feasible corporate social responsibility implementation system.

Firstly, establish an information disclosure system for enterprises to fulfill social responsibility. Enterprises' performance of social responsibility will affect the evaluation of consumers and the society. Enterprises that take the initiative to perform social responsibility will get support from the government and social stakeholders, but this requires the establishment of information disclosure system. Corporate social responsibility information disclosure system can effectively solve the problem of information asymmetry between stakeholders and enterprises in the operation, and establish the enterprise reputation mechanism and credit mechanism. Corporate social responsibility information disclosure can be in the form of a separate corporate social responsibility report, can also be in the annual bulletin, interim bulletin disclosure of social responsibility performance status.

Secondly, establish the corporate social responsibility response system of consumers. The implementation of corporate social responsibility also requires consumers' encouragement, restraint and supervision, that is, consumers' corporate social responsibility response, such as consumers' social responsibility purchasing behavior. In addition to self-interest, consumers also care about the interests of other groups, which is the basis of consumer socially responsible purchasing. In the case that enterprises cannot be completely relied on to undertake social responsibility, the implementation of consumers' social responsibility purchasing or consumption will also effectively promote the implementation of corporate social responsibility. Consumer's social responsibility to buy, that is, consumers buy more social responsibility of enterprise products, refused to buy or buy less does not undertake the social responsibility of enterprise products, consumers can purchase behavior directly affect the enterprise financial performance, it is not only the effective measures to protect the interests of the consumers, it is also an important factor to promote corporate social responsibility.

Davis [2] claims that organizations lack sufficient professional knowledge and social skills to deal with possible social problems, so they can't deal with social activities effectively. They also claim that businessmen can do well only in their own fields. They are incapable of handling all social affairs. And social affairs should be solved by institutions and governments, not by companies and organizations. Therefore, implementing the corporate social responsibility policies is an effective way to solve social problems.

### 4. Costs

Henderson [6] claimed that enterprises have a lot of goals to achieve, and the realization of economic goals and corporate social responsibility goals at the same time will damage the economic performance of enterprises. These situations increase the extra cost of the organization, which is also called social cost. Another point mentioned by Henderson [6] is that the implementation of corporate social responsibility policy will restrict the competition between large enterprises and small enterprises by reducing the profitability of enterprises, or between developed and developing countries. The pressure from the public and government organizations to implement corporate social responsibility policies may only be a "level playing field" that destroys economic opportunities and make the world worse. However, enterprises and organizations can gain greater benefits from implementing the corporate social responsibility policies. These interests form a win-win strategy, which makes organizations, enterprises and their stakeholders gain long-term and short-term benefits.

## 5. Win Win Strategy

Falck and Heblich [5] claimed that the implementation of corporate social responsibility policy is a win-win strategy. The enterprise, their stakeholders and the society will benefit at the same time. The idea is that organizations can create more profits while making the world a better place. As voluntary act of corporate social responsibility, it can meet the public's social expectations, and at the same time, it also promotes the social trend and promotes the basic social order. If the organization fulfill their obligations stipulated by social practice, stakeholders will not impose restrictions on them. These situations assume that although social expectations and basic social order are implied, there are no clear legal standards that companies and organizations must abide by. The standards of expected social expectations may form part of the future legal framework, so if the organization does anything that violates the basic social order, it may bring risk to the organization. Implementing the corporate social responsibility policies can guide the society's influence on the standard expectations and reduce the possibility of government intervention in enterprises through autonomous management. Therefore, they may generate more profits in this way. In the future, they will be subject to fewer legal restrictions and have fewer opportunities to violate any existing or new legal framework. The organization, their stakeholders and society can benefit at the same time. This is the so-called win-win strategies.

## 6. The relationship between maximization of interests and social responsibility

There are three points to understand the relationship between enterprises' pursuit of maximum benefits and social responsibility.

Firstly, enterprises undertaking and practicing social responsibility can improve consumers' awareness of enterprises and their good feelings for their products, thus driving product sales to achieve profit growth.

Secondly, while realizing social responsibility, enterprises can drive consumers to participate together to achieve the growth of terminal sales and corporate profits.

Thirdly, the greatest effect of enterprises' undertaking and practicing social responsibility is to accumulate the moral resources of enterprises and increase the soft power of enterprises. Such strength accumulation can help enterprises overcome difficulties, achieve sustainable development and maximize profits when enterprises encounter crises.

The pursuit of profit maximization does not conflict with the assumption of social responsibility. Charity is regarded as the social responsibility of enterprises. Charitable donation is a form of return for enterprises to the society beyond the "business". If they use charity to gain fame, the social responsibility of enterprises is still the most basic, which is no different from the social responsibility of creating jobs and paying taxes according to regulations.

When economic development becomes an issue of concern, more enterprises believe that as long as economic development is fast enough, they can provide sufficient tax revenue and output for society. In this way, the value of the enterprise can be realized, and the expectation of the society to the enterprise can be realized. However, the behavior of enterprises cannot be regarded as a simple economic behavior, because enterprises are always closely related to other aspects of society. When the enterprise does not care about social responsibility and has negative behavior towards social responsibility, people will refuse to cooperate with the enterprise, such as quit, divestment or refuse to buy its products and services. Therefore, enterprises should first change their views on social responsibility, adjust their business model, consider problems from the perspective of consumers' rights and interests, provide services and products that meet standards, meet consumers' requirements, and ensure the quality of goods and services.

From the perspective of profit maximization, corporate responsibility to society is very important.

Responsibility should be reflected everywhere in the behavior and economic activities of the enterprise, such as the way the enterprise obtains profits and the impact on the external environment. The undertaking of social responsibility is particularly important for enterprises to maximize profits. After all, a negative attitude of enterprises towards social responsibility will lead to a crisis of trust among consumers, thus increasing the risks of enterprises in the market. Consciously saving the use of social public products is a manifestation of corporate social responsibility. Some enterprises only destroy the ecological environment for short-term economic profits, and do not take corresponding social responsibilities. Such enterprises cannot become a good enterprise in the eyes of consumers, and can not achieve the maximum profit. More competitive enterprises in the market, consciously assume the corresponding social responsibilities, do not destroy the environment people rely on to live, maintain the quality of products and services, establish a good corporate image, responsible for consumers, responsible for the society. So as to attract more consumers, promote their own economic development, to maximize profits. In addition, the enterprise can find and use clean energy to reduce their costs, and can be in the range of ability to participate in or hold a public welfare activities, to help people in need of help make corresponding contributions to the society really do put themselves in long-term, stable and healthy development of the social and economic environment, to achieve the profit maximization.

## 7. Costs

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## 8. Long Term and Short-term Benefits

Du, Bhattacharya and Sen [3] think that there is a complete communication plan can improve awareness and change some adverse behaviors of stakeholders in the organization. The implementation of corporate social responsibility policy may bring unexpected benefits to the organization. In the short-term, these benefits may include forming a more favorable attitude of stakeholder and obtaining more supportive behaviors from stakeholders. If stakeholders have a good attitude about what the organization does for society, they prefer to cooperate with companies or organizations, such as purchasing from companies, working for companies, or even investing in companies. For the long run, benefit of the organization, the organization can establish a good corporate image while implementing corporate social responsibility, and can directly guide the behaviors of stakeholders, such as greater commitment, good comments, civic behavior, etc. The relationship between the enterprise and its stakeholders has been improved and strengthened, resulting in various business returns [3].

## 9. Conclusion

In conclusion, it must be admitted that the implementation of corporate social responsibility policies is not the main purpose of enterprises. Corporate social responsibility policies may require social skills and professional knowledge that organizations may not have. In some cases, corporate social responsibility policies may weaken competition. However, all the reasons can't deny that enterprises and organizations can benefit from CSR policies, such as establishing a win-win strategy, minimizing the risk of government intervention caused by the formulation of new laws and regulations, and using it as a development plan to improve the relationship among stakeholder and shape a good corporate image, thus generating more long-term profits.

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