Corporate Social Responsibility (CSR) in Poverty Reduction

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Abstract
Firms and commercialised world of today’s time can always form strategies to benefits those customers and consumers who are supporting firms through buying their product. One such step is the introduction of cooperate social responsibility (CSR). Corporate social responsibility is one of the existing mechanisms in which companies around the world can play a role in benefitting both business and society. This work investigates corporate social responsibility role in poverty reduction throughout the world. Research findings of this work show that corporate social responsibility (CSR) is one of the ways that companies can be encouraged to work with society in a way that benefits both society and the company. It was found that the companies with an active CSR program have managed to maintain a good reputation in the market. It is likely that customers tend to buy items or products from companies that they believe play a role in improving their lives.

1. Introduction
The concept of CSR has different meanings. However, it is generally understood as the contribution of the firms to the well-being of a society. Tai and Chuang (2014) found that social responsibility is a responsibility and an obligation to protect, promote, increase and improve the benefits of interest groups and social persons. CSR has also been referred to as corporate citizenship.
This shows that an effective CSR could benefit anyone who is involved in a firm's running. This includes staff and the customer alike. What is interesting is setting the dimension of assistance a CSR program can provide to the society. It is off interest to mention that less attention has been paid to evaluate CSR benefits in different sections of the society.

The concept and impact of CSR have not been considered in the context of decreasing global poverty. Tai and Chuang (2014) found that companies need to focus on the productive challenges of the global economy and incorporate social responsibility "that creates long-term sustainability for business success". Whilst Branco and Rodrigues (2006) observed that investing in social responsibility and disclosure activities have important ramifications for the creation or depletion of basic intangible resources, especially those related to employees. Therefore, a detailed review of CSR and its application in poverty reduction can benefit both companies and people around the world.

This research therefore analyses the role of cooperate social responsibility in poverty reduction. Rest of this work has been organised as follows. Section 2 presents literature review. Analysis and discussion is covered in section 3 whilst conclusion and future work are presented in section 4.

2. Literature Review
Poverty throughout the world is a growing concern for those who are involved in the effort of improving people's life throughout the world. It is known that a large world population suffers from access to the basic needs of life, including education and medical care. Great efforts have been made to find ways in which people around the world can improve their current lifestyle by ensuring access to what is necessary for a normal life. McWilliams et al. (2006) found that it could be beneficial for the company to undertake certain CSR
activities that non-financial stakeholders consider important, as these groups could withdraw their business support without these measures. Branco and Rodrigues (2006) suggested that the external benefits of CSR are related to its impact on the company's reputation. The company's reputation can be understood as a fundamental intangible resource that can be created or exhausted based on decisions about social responsibility and disclosure activities. In addition, various theories regarding CSR can be examined and explained with regard to their application in the context of poverty reduction. Garriga and Melé (2004) conclude that corporate social responsibility (CSR) is not just a landscape of theories, but also a variety of approaches that are controversial, complex, and unclear. The expansion of CSR to support the decrease in poverty can also benefit companies, as Tai and Chuang (2014) also confirmed. They stated that According to surveys, "61% of consumers would buy a product from a socially responsible company or switch retailers if the cost and quality were the same."

Carroll, AB (1999) found that the development of the concept and the definition of corporate social responsibility (CSR) has an impressive history. Corporate social responsibility (CSR) was linked to various aspects of an organization. Tai and Chuang (2014) stated that social responsibility evolves, is seen as a moral obligation, and has a positive financial outcome for businesses. Researchers have seen this topic in different ways and have come to different conclusions. An example could be Garriga and Melé (2004), who explained that in practice, every CSR theory has four dimensions that are associated with benefits, political performance, social requirements and ethical values. The results suggest the need to develop a new theory on the relationship between economy and society that should integrate
these four dimensions. The financial benefits of defining and implementing a CSR program could thus be more effectively transferred to society. From the literature review, it can be concluded that there is a gap in the analysis of CSR participation and its overall effectiveness. Nevertheless, CSR was seen as an ethical obligation for companies to consider their responsibility for the well-being of society. In addition, there is no analysis of how an organized program such as CSR can be used to advantage. New research in this area could therefore help to explore the many hidden benefits of real CSR implementation.

3. Analysis and Discussion

There is a clear business-to-society relationship that CSR can create in view of Garriga’s and Melé (2004) conclusion. It is therefore important to know how the benefits of CSR can be extended to the well-being of those who need economic support. Such an approach can create an environment in which not only the reputation of companies can be improved, but also the benefits can be transferred to the company and society at the same time. This could be helpful in many ways, since allocating resources under CSR is an essential part of forming a company’s CSR. Therefore, these resources can be utilised for the improvement of society without requiring any additional burden on the company financial resources.

In addition, McWilliams et al. (2006) suggest that CSR can be an integral part of differentiation strategies at company level. It should therefore be seen as a form of strategic investment. However, it goes without saying that CSR is good for companies and society. The same can be confirmed, according to Burke and Logsdon (1996), who found advocates of corporate social responsibility (CSR) that this "pays off" for both organization and society. The application of CSR has been used and seen in many contexts of a society. However, how it could be
expanded to reduce poverty has not been fully investigated. The understanding of CSR was perceived differently in different regions of the world. Therefore, there may not be a single definition that defines CSR. The lack of research in the field of CSR makes it difficult to understand the concept in general. The same can be confirmed in the conclusions of Tai and Chuang (2014), which concluded that corporate social responsibility has received no attention or has been exercised in the past. Branco and Rodrigues (2006) concluded that Firms with good social responsibility reputation may improve relations with external actors. They may also attract better employees or increase current employees’ motivation, morale, commitment and loyalty to the firm. Tai and Chuang (2014) stated that social responsibility is defined as a framework for measurable business policies and procedures and the resulting behavior that benefits the community and the workplace, the individual, the organization and individual in the company. How and to what extent such a framework can improve the living conditions of a normal person was not analyzed. It is important to note that the existing CSR framework, when expanded to improve many aspects of people’s lives, can produce good results. This requires an in-depth study of this area with a focus on poverty reduction in the regions of the world. McWilliams et al. (2006) define CSR as situations in which the company goes beyond compliance and “takes measures that appear to promote a certain social good, the interests of the company and the legal requirements”. Tai and Chuang (2014) conclude that Multinational enterprises are responsive to the stakeholders’ needs. CSR has also been evaluated in the light of various theories from the literature, such as McWilliams et al. (2006) also found out. They observed that Freeman’s stakeholder theory states
that managers need to satisfy a variety of components (e.g. workers, customers, suppliers, local community organizations) that can impact business results. It is equally important that companies take responsibility for the benefits of those through whom businesses achieve direct benefits that are their customers or consumers of their product. It can also be confirmed in the findings of Branco and Rodrigues (2006). They observed that Firms engage in corporate social responsibility (CSR) because they consider that some kind of competitive advantage accrues to them. Therefore, the correct implementation of CSR has a direct benefit for businesses and consumers, as suggested by Tai and Chuang (2014). They found that companies should not only be profitable instruments, but also responsible citizens. Business practices need a global structure to go beyond the standards imposed, go beyond current governments, and set goals for sustainable development.

Branco and Rodrigues (2006) found that investing in socially responsible activities can have internal benefits by helping a company develop new resources and capacities that are particularly linked to know-how and corporate culture. The resources that a company develops over time can give an idea of the extent to which a company can support those who support the company by purchasing goods and services from a company. This mutual cooperation between the company and the people of a place can create an environment that benefits both the company and society. Therefore, the focus of this research is on analysing theories of CSR which if applied may result in reducing poverty across the globe.

4. Conclusion and Future Work

This work provides research results to examine the role of corporate social responsibility (CSR) in poverty reduction. It was found that less attention was paid
to assessing the role of CSR in different areas of a society. In addition, the term CSR can be defined in different ways in different parts of the world. Moreover, it can be understood that the profits made by a company can be distributed to the people of a place in an organized manner through the formation of an effective CSR program. Furthermore, the resources allocated under CSR can be used to support the company without placing additional strain on the company's financial resources. A CSR program offers a beneficial partnership between companies and their customers. It is important to mention that an appropriate research method has been identified to lead this project. A research methodology defines the nature of the project and also helps interpret the information to get the final results of a research project. It should be noted that the implication of theories related to CSR in the context of poverty reduction has not been applied. So it would be very important to know how CSR can be developed to help people who need help to live a normal life. In the future, research will be carried out in this area to evaluate the role of cooperate social responsibility. It is expected that the future findings will be contributed with the ongoing research in this area.

References


