



What is Corporate Social Responsibility (CSR)?

Corporate Social Responsibility (CSR) aligns business operations with social values. CSR integrates the interests of stakeholders—all of those affected by a company's conduct—into the company's business policies and actions. CSR focuses on the social, environmental, and financial success of a company—the triple bottom line, with the goal being to positively impact society while achieving business success.

In the past, a company's merit was solely based on its financial performance. Stakeholders are now beginning to better understand how corporate behavior affects social, political, and natural environments. With this increase in understanding comes an increased pressure from investors, consumers, and employees for companies to consider social and environmental criteria when making business decisions. This has created momentum for using a "triple bottom line" or "sustainable" approach—i.e., looking at social, environmental, and financial data when evaluating business operations. Increasingly, stakeholders are concerned that any companies they support have business practices that positively impact society while achieving financial success.

Corporate Social Responsibility embraces two main concepts—accountability and transparency.

Today, stakeholders expect companies to perform well in nonfinancial areas that involve human rights, business ethics, environmental policies, corporate contributions, community development, corporate governance, diversity, and workplace issues. Social and environmental performances are considered side by side with financial performance. From local economic development concerns to international human rights policies, companies are being held accountable for their actions and their impact.

Companies are also expected to disclose and communicate their policies and practices that impact employees, communities, and the environment. In the global economy, companies that are responsive to the demands of all of their stakeholders are arguably better positioned to achieve long-term financial success. Stakeholders, regulators, and NGOs demand information about a company's social and environmental impact, and corporate communication about these issues has become critical for sustainable business growth.

Many companies are making significant efforts to decrease their environmental footprint and better serve their various stakeholder constituencies. Investors, consumers, and employees are more sophisticated than ever before. While they understand that every company can do more to be more socially and environmentally accountable, stakeholders are rewarding companies who make strides to improve their performance in these areas.

CSR can involve almost any aspect of a company's operations. Every company has a story to tell that sets it apart. It is important for every company to find its story and to tell it. A company that is considered a good corporate citizen is one that demonstrates a commitment to its stakeholders through socially responsible business practices and transparent operations.