Corporate Social Responsibility

Zahra Mousavi[*1], FarhadBeiranvand[2], Zahra Moeinfar[3], Nasrollah Amouzesh[4]

[*1]Department of Accounting, Andimeshk Branch, Islamic Azad University Andimeshk, Iran
[2]Department of Accounting, Andimeshk Branch, Islamic Azad University Andimeshk, Iran
[3] Department of Accounting, Deilam Branch, Islamic Azad University, Deilam, Iran
[4]Department of Accounting, Gachsaran branch, Islamic Azad University, Gachsaran, Iran
Zmousavi62@yahoo.com

Abstract: One of the best definitions of Corporate Social Responsibility is that a corporation along with its commercial success, maintains all ethical, social and personal values, environmental values and benefits of interest groups. In the other words, Social Responsibility includes corporate manager accountability for legal, social and environmental expectations of interest groups. Considering the relationship between the state and corporate social responsibility leads to that effective implementation of this system increases the level of corporate social responsibility Promoting corporate responsibility will improve interaction between company and community. By strengthening the corporate social responsibility, companies not only can benefit from today's profits, but also consolidate their success and positions in the future as well. The other direct advantages of promoting corporate social responsibility includes more access to financial resources resulted from good reputation, risk management and supervision of the affairs of the organization, customer loyalty and interest groups trust to the company.
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1. Introduction

In today's competitive environment, Corporate Social Responsibility is one of the most important factors of survival. One of the best definitions of Corporate Social Responsibility is that a corporation along with its commercial success, maintains all ethical, social and personal values, environmental values and benefits of interest groups. In the other words, Social Responsibility includes corporate manager accountability for legal, social and environmental expectations of interest groups (Akhondi et al, 2005). "Derek French" and "Heather Saward" in "Dictionary of Management" in regard to social responsibility wrote: Social Responsibility, is a duty which is related to private institutes, that means they should not have a negative effect on the social life that they live in. The extend of this responsibility in general consists of duties like:untainted, indiscriminate employment, eliminating the immoral behaviors, and informing the consumer from the quality of products. Also, it is a responsibility based on positive cooperation among people in society. By considering all interest individuals and groups, corporate benefits will increase in the long term, because it stimulates employees, increases social good faith and trust among people, and reduces the fines.

2. Definition of Corporate Social Responsibility

Corporate Social Responsibilityin general refers to a set of activities that the owners and enterprises perform voluntary, as helpful and effective members of community (RahmanSeresht et al, 2009). Till now, many definitions of Corporate Social Responsibility are presented. Some of these definitions are as follows:

- According to Griffin and Barney, Social Responsibility is a set of duties and obligations that an organization has to do in order to protect and enhance the social context in which it functions. Generally, Corporate Social Responsibility deals with relation between corporation and community.
- Corporate Social Responsibility, is the commitment of the company to use its resource and earnings in order to benefit the improve the welfare of the community (cooke et al, 2001).
- The European Commission has defined Corporate Social Responsibility as a concept wherby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.
- According to US Council for International Business (USCIB), Corporate Social Responsibility, means accepting company's commitment to conduct its duties towards the producers, labor, customers, and citizens in a responsible and sustainable manner. These obligations may include a set of

voluntary principles that are beyond the legal requirements.

3.Measurement of Corporate Social Responsibility

So far, several researchers have developed indicators for measuring Corporate Social Responsibility. One of these indicators is designed by Bremer et al, 2006. According to this indicator, Corporate Social Responsibility is measured using three parameters namely employees, environment and community. Employee responsibility includes five criteria that are safety and health systems, employee education and development system, equal opportunities policies, good communication systems, and job creation and job security systems for employees. Total score of this section is 15. Environmental parameter comprises three criteria that are environmental policy, environmental management and environmental reporting systems. Total score of this parameter is 12. And, the third criteria contains only being accountable to the community that has 3 points. Therefore, the total score of every company' Corporate Social Responsibility is at most equal to 30.

4. Corporate Social Responsibility and Corporate Governance

The Corporate Governance is the system by which companies are directed or controlled. The governance structure specifies the distribution of rights and responsibilities among different participants in the organizations, such as the board of directors, shareholders and the other interest groups, and it determines how to implement the rules and decision making procedures on corporate affairs. It shapes a structure for how to set company's goals, means and tools to achieve these goals and how to monitor employee performance. Corporate governance is not about managing the company's operations, but it is related to the direction, control and supervision of the executives and their accountability to all stakeholders across society.

Company governance system could be effective on a lot of financial and operational activities and financial and non-financial variables of companies. Previous studies have shown that there is a significant relationship between company governance system and company social responsibility (Wilfred, 2007, Ryan, 2005, Rousseau, 2005; Kymber and leptons 2005) it means that company governance system establishment and its optimum implementation can be effective on company social responsibility. Griffin and Barney define social responsibility as: social responsibility is a set of duties and obligations that an organization must conduct in order to maintain and help to the community in which it works. Generally, companies' social relationship deals with relationships between companies and society and it reviews company activity effects on people and society. Institutional investors that are one of the most effective mechanisms of company governance system can affect on corporate social responsibility. Presence of institutional investors can lead to providing appropriate opportunities for investors and it will have expansion of market liquidity and prices transparency and ultimately lead to increasing productivity and improving social welfare level (Bohel et al 2006).According to business for social responsibility (BSR), CSR is defined as achieving commerical success in ways that honor ethical values and respect people, communities and the natural environment (Tsoutsoura, 2004) European union presented a green paper promoting a european framework for CSR; in it CSR was defined as a concept whereby companies integrate social and environmental concerns in interaction with their stakeholders on a voluantary basis. (Sweency, 2009). Institutional investors can have a significant influence on decisions of company board and if it is necessary they can make them to conduct social and environmental guidelines in their company's goals (Sparks and Kuton, 2004). They can affect on the amount of corporate social responsibility in another way. They can only invest in those companies that have more social responsibility in their operation. In another hand, the board is one of key mechanisms of the corporate governance system. Independence of the board of directors improves corporate social responsibility and also improves its quality. (Andini et al, 2008). Fulfilling corporate social responsibility requires special abilities and capabilities of company's board members.

5. Conclusion and Summary

Due to increasing changes in the economic environment of companies, rapid changes in the market and promoting competitiveness, organizations need some models to guide and lead the organization to perform effectively and achieve sustainable growth. To achieve this goal, the establishment of an appropriate and effective system of corporate governance is essential. The corporate governance aims to determine and inform all interest groups from organization's goals and objectives, direction of movement, landscapes, values and ethical principles. Considering the relationship between the state and corporate social responsibility leads to that effective implementation of this system increases the level of corporate social responsibility.Promoting corporate responsibility will improve interaction between company and community. By strengthening the corporate social responsibility, companies not only can benefit from today's profits, but also consolidate their success and positions in the future as well. The other direct advantages of promoting corporate social responsibility includes more access to financial resources resulted from good reputation, risk management and supervision of the affairs of the organization, customer loyalty and interest groups trust to the company.

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Corresponding Author:
Zahra Mousavi
Department of Accounting, Andimeshk Branch, Islamic Azad University Andimeshk, Iran
E-mail: Zmousavi62@yahoo.com

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