

Corporate Social Responsibility and Sustainability: The New Bottom Line?

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Abstract

Each year, thousands of not-for-profit; social services; educational; health care; and environmental organizations make pitches to corporate entities to help partially or fully fund projects they deem are for the common good. And thousands are funded with the promise of some benefit in return to the funding corporation in question; usually having bottom line metrics. And those companies, who give their money and other resources, probably deem themselves as being socially responsible; but what about beyond the bottom line? What about sustainability? Corporate social responsibility (CSR), also called corporate conscience, corporate citizenship, social performance, or sustainable responsible business is a form of corporate self-regulation integrated into a business model. CSR policy functions as a built-in, self-regulating mechanism whereby business monitors and ensures its active compliance with the spirit of the law, ethical standards, and international norms. The goal of CSR is to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere. For ages, corporations measured success primarily on profits; but do profits guarantee that the corporation will still be around in the future? The thinking a little more than a decade ago, according to J. Ivancevich, P. Lorenzi, S. Skinner, and P. Crosby (1997), was that there was no specific standard that a firm followed since managers thought quite differently about what constituted social responsible behavior. Some managers viewed social responsibility as an obligation; others viewed it as a reactive situation; still others considered proactive behavior to be the proper position.

Factors Influencing CSR

P. Mahajan, (2011), states that many factors and influences, including the following have led to increasing attention being devoted to CSR.

GLOBALIZATION- coupled with focus on cross border trade, multinational enterprises and global supply chains is increasingly raising CSR concerns related to human resource management practices, environmental protection and health and safety amongst other things.

GOVERNMENTAL AND INTER-GOVERNMENTAL BODIES- have developed compacts, declarations, guidelines, principles and other instruments that outline social reforms for acceptable conduct.

ADVANCES IN COMMUNICATION TECHNOLOGY- is making it easier to tract corporate activities and disseminates information about them.

CONSUMERS AND INVESTORS- are showing increasing interest in supporting responsible business practice and are demanding more information on how companies are addressing risks and opportunities related to social and environment issues.

NUMEROUS SERIOUS AND HIGH-PROFILE BREACHES OF CORPORATE ETHICS- have contributed to elevated public mistrust of corporations and highlighted the need for improved corporate governance.

CITIZENS- in many countries are making it clear that corporations should meet standards of social and environmental care, no matter where they operate.

INCREASING AWARENESS OF THE LIMITS OF GOVERNMENT LEGISLATURE- to regulate initiatives to effectively capture all the issues that CSR addresses.

Purpose

The purpose of this paper is the examination of three (3) approaches to CSR and their impact on corporate sustainability. The three (3) approaches are: CSR as Value Creation; CSR as Risk Management; and CSR as Corporate Philanthropy.

Methodology

A case study will be examined to determine the relationship and effectiveness of CSR. The case is Royal Dutch Shell Plc, a global energy and petrochemical company. And, the author will explore the convergence of Corporate Social Responsibility (CSR) and Corporate Sustainability (CS) by examining some of Starbucks Corporation's Practices.

Introduction

There is today a growing perception among enterprises that sustainable business success and shareholder value cannot be achieved solely through maximizing short-term profits but instead through market-oriented yet responsible behavior, Mahajan (May 2011). Companies are aware that they can contribute to sustainable development by managing their operations in such a way as to enhance economic growth and increase competitiveness whilst ensuring environment protection and promoting social responsibility, including consumer interest.

Corporate social responsibility (—CSR) for short and also called corporate conscience, citizenship, social performance, or sustainable responsible business) is a form of corporate self-regulation integrated into a business model. CSR policy functions as a built-in, self-regulating mechanism whereby business monitors and ensures its active compliance with the spirit of law, ethical standards, and international norms. The goal of CSR is to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders, and all other members of the public sphere. Furthermore, CSR-focused businesses would proactively promote the public interest by encouraging community growth and development, and voluntarily eliminating practices that harm the public sphere, regardless of legality. CSR is the deliberate inclusion of public interest into corporate decision-making, and the honoring of a triple bottom line: people, planet, profit.

Corporate social responsibility (CSR) is about how businesses align their values and behavior with the expectations and needs of stakeholders – not just customers and investors, but also employees, suppliers, communities, regulators, special interest groups and society as a whole. CSR describes a company's commitment to be accountable to its stakeholders. CSR demands that businesses manage the economic, social and environmental impacts of their operations to maximize the benefits and minimize the downsides.

Professors Garret and Heal (Dec. 2004), inquired whether corporations should worry about their social impact. Or should they just go for profits and trust that everything else will fall into place? Apple, Intel and Microsoft did this; in 20 years they created an industry affecting everyone in the developed world, changing lives and businesses, creating billions of dollars in value for the shareholders and tens of thousands of jobs for new employees. They contributed massively to society, and did so in the cause of making money for their shareholders. They illustrate well Adam Smith's classic remark that it is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest. If companies make products that consumers value and price them affordably, making money in the process, what is the need for corporate social responsibility (CSR)?

Tobacco companies sell a poison that is slow-acting and addictive, so they can actually make money while killing their customers, clearly a different case from the tech sector. What about auto and oil companies, which help us experience freedom by means of personal mobility, while polluting the environment and changing the climate? What differentiates the tech sector from tobacco, oil and autos? To understand this we have to see when the interests of corporations are fully aligned with those of society as a whole and when they are in conflict, and for this according to Garret and Heal (Dec. 2004), we have to go beyond Adam Smith, to the concepts of private and social costs. Markets work well for society, aligning corporate and social interests, when a firm's private and social costs are the same, which is more or less the case with the tech sector.

But when corporate and social interests are not aligned, markets do not do such a good job, as in the case with tobacco and, to a lesser degree, oil and autos. This explains the conflict between corporations and society in these sectors.

Premise

With the advent of the Enron, MCI WorldCom, and Arthur Anderson financial scandals a few years ago; corporate conduct and behavior is expected to be held to a higher standard and many of those expectations have made their way into the very fabric of the corporate strategy.

What is corporate social responsibility and how is it defined? According to McWilliams and Siegel (2001), corporate social responsibility (CSR) consists of actions that appear to further some social good beyond the interest of the firm and that which is required by law. Katiinli, Gunay, and Biresselioglu (2011), stated that although the concept has received growing attention from business scholars in recent years, Bowen provided the first modern definition of the concept as early as 1953, stating that businesses are responsible for their actions beyond profit and loss statements.

The most often cited definition is Carroll's (1979) statement that —The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time. Hence, there is consensus on its broad definition and every business now makes some degree of effort to engage CSR projects. In addition to business, consumers and governmental organizations are increasingly focusing their attention on CSR (Konrad et. al, 2006). However, there are different views regarding the exact meaning of CSR.

Other Definitions

The World Business Council for Sustainable Development in its publication —Making Good Business by Lord Holme and Richard Watts used the following definition. —Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. The same report gave some evidence of the different perceptions of what this should mean from a number of different societies across the world. Definitions as different as: —CSR is about capacity building for sustainable livelihoods. It respects cultural differences and finds the business opportunities in building the skills of employees, the community and the government from Ghana, through to —CSR is about business giving back to society from the Philippines. For instance, the CSR definition used by Business for Social Responsibility is: —Operating a business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of business. On the other hand, the European Commission hedges its bets with two definitions wrapped into one: —A concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment—a concept whereby companies integrate social and environmental concerns in their business operation and in their interaction with their stakeholders on a voluntary basis.

The term Corporate Social Responsibility refers to the concept of business being accountable for how it manages the impact of the processes on stakeholders and take responsibility for producing a positive effect on the society. CSR has been defined as the continuing commitment by business to behave properly, fairly and responsibly and contribute to economic development while improving the life of the workers and their families as well as the local community and society at large.

Some Management Views

Corporate Social Responsibility as an Obligation

According to J. Ivancevich, P. Lorenzi, S. Skinner, and P. Crosby (1997), corporate social responsibility as a social obligation holds the view that a corporation engages in socially responsible behavior when it pursues profit only within the constraints of law. Because society supports business by allowing it to exist, business is obligated to repay society by making profits. Thus, according to this view, legal behavior in pursuit of profit is socially responsible behavior, and any behavior that is illegal or is not in pursuit of profit is socially irresponsible. This view is particularly associated with economist Milton Friedman (1970) and others who believe that society creates firms to pursue two primary purposes—to produce goods and services efficiently and to maximize profits.

As Friedman has stated, —There is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud.

Supportive Arguments

- Proponents assert, businesses are accountable to their shareholders, the owners of the corporation. Thus, management’s sole responsibility is to serve the shareholder’s interest by managing the company to produce profits from which shareholders benefit.
- Socially responsible activities such as social improvement programs should be determined by law, by public policy, and by the actions and contributions of private individuals. As representatives of the people, the government (via legislation and allocation of tax revenues), is best equipped to determine the nature of social improvements and to realize those improvements in society. Business contributes in this regard by paying taxes to the government, which rightfully determines how they should be spent.
- If management allocates profits to social improvement activities, it is abusing its authority. As Friedman (1970), notes, these actions amount to taxation without representation. Because managers are not elected public officials, they are also taking actions that affect society without being accountable to society. Managers are not trained to make noneconomic decisions.
- These actions by managers may hurt society. In this sense, the financial costs of social activities may over time cause the price of the company’s goods and services to increase and customers must pay the bill. Thus, managers have acted in a manner contrary to the interests of the customers and ultimately, the shareholders.

Corporate Social Responsibility as a Social Reaction

According to this view, socially responsible behaviors are anticipatory and preventative, rather than reactive and restorative. The term social responsiveness has become widely used in recent years to refer to actions that exceed social obligation and social reaction. A socially responsive corporation actively seeks solutions to social problems. Progressive managers, according to this view, apply corporate skills and resources to every problem—from run-down housing to youth employment and from local schools to small-business job creation, Ivancevich, Lorenzi, Skinner, and Crosby (1997).

Some Approaches

P. Mahajan (May 2011), stated that some commentators have identified a difference between the Continental European and the Anglo-Saxon approaches to CSR. And even with Europe the discussion about CSR is very heterogeneous. An approach for CSR that is becoming more widely accepted is the community-based approach. In this approach, corporations work with local communities to better themselves. A more common approach of CSR is *Philanthropy*. This includes monetary donations and aid given to local organizations and impoverished communities in developing countries. Another approach to CSR is to incorporate the CSR strategy directly into the business strategy of an organization. For instance, procurement of Fair Trade tea and coffee has been adopted by various businesses including KPMG.

Fioravante, (Oct. 2010), noted that considering the essential rudiments of a strategic marketing plan, firms explore internal and external means. *Corporate philanthropy* is quickly becoming a viable strategic option in the development of marketing strategies. Firms looking to further brand development, market recognition, and enhanced customer perceptions can integrate philanthropic initiatives throughout the planning process. Implementing these initiatives in a complementary fashion to the overall business plan brings forth the latency of creating a distinctive competitive advantage for those who choose to do so. This marketing phenomenon provides a cogent *social* and economic approach to furthering the myriad of business agendas necessary to have market *sustainability*.

Corporate philanthropy is a phenomenon which associates the business sector with the social sector. Social historians and researchers alike as a subset of a larger corporate social responsibility (CSR) subject, philanthropy provides an opportunity for corporations to establish an ethical and moral mantra within the organization (Gan, 2006; Madrigal & Boush, 2008).

An organization is comprised of people who assume the responsibility of cultivating and maintaining a culture supportive of philanthropy and its range of objectives. Success philanthropy – achieving the goal is as vital to an organization as the —core business (Bruch & Walter, 2005).

Philanthropic initiatives are complex and thus need to be developed, communicated, implemented, monitored, and lastly sustained, in order to guarantee its viability as a strategic tool.

Understanding the potential impact of philanthropy in all of its forms enables a corporation to alter its value proposition and ultimately shape the manner in which it employs this phenomenon in the business strategy. Strategic marketing has a myriad of meanings and applications across industries. Philanthropy can add altruistic and capitalistic contribution to an organization. By analyzing how corporations use philanthropy for strategic marketing purposes, conclusions are possible that are drawn on the intrinsic value beyond the —feel good and towards a business growth driver. Much attention has been paid to CSR, corporate financial performance, corporate reputation, and the intersections of ethics and consumer perceptions. The gap to address and theory to advance focuses on how a corporation can use philanthropic initiatives to validate, differentiate, and make distinctive their strategic marketing process. Corporate philanthropy in the eyes of this researcher has meaningful value to the organization in a *raison d'être* sense, provided there is an equilibrium existence of an ethical and economic business construct.

Creating Shared Value

There is another approach that is gaining increasing corporate responsibility interest. This is called *Creating Shared Value*, or CSV. The shared value model is based on the idea that corporate success and social welfare are interdependent. A business needs a healthy, educated workforce, sustainable resources and adept government to compete effectively. For society to thrive, profitable and competitive businesses must be developed and supported to create income, wealth, tax revenues, and opportunities for philanthropy. CSV received global attention in the Harvard Business Review article *Strategy & Society: The Link between Competitive Advantage and Corporate Social Responsibility* [1] by Michael E. Porter, a leading authority on competitive strategy and head of the Institute for Strategy and Competitiveness at Harvard Business School; and Mark R. Kramer, Senior Fellow at the Kennedy School at Harvard University and co-founder of FSG Social Impact Advisors. The article provides insights and relevant examples of companies that have developed deep linkages between their business strategies and corporate social responsibility. Many approaches to CSR pit businesses against society, emphasizing the costs and limitations of compliance with externally imposed social and environmental standards. CSV acknowledges trade-offs between short-term profitability and social or environmental goals, but focuses more on the opportunities for competitive advantage from building a social value proposition into corporate strategy.

Many companies use the strategy of benchmarking to compete within their respective industries in CSR policy, implementation, and effectiveness. Benchmarking involves reviewing competitor CSR initiatives, as well as measuring and evaluating the impact that those policies have on society and the environment, and how customers perceive competitor CSR strategy.

Corporate Social Responsibility as Risk Management

Managing risk is a central part of many corporate strategies. Reputations that take decades to build up can be ruined in hours through incidents such as corruption, scandals, or environmental accidents. These can also draw unwanted attention from regulator, courts, governments, and media. Building a genuine culture of ‘doing the right thing’ within a corporation can offset these risks.

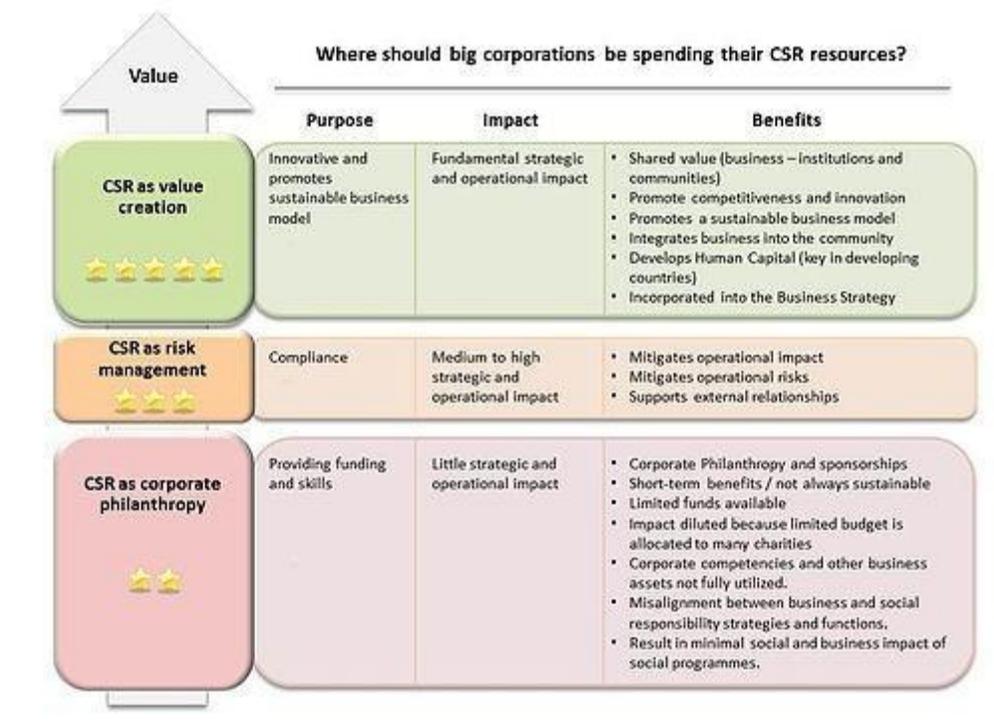
McPeak (Fall 2011), acknowledges that the emphasis on corporate social responsibility has been visible since 1984 when many multinational firms were formed and the term —stakeholders clearly referred to those individuals and organizations that the firm’s activities impacted (Freeman, 1984). CSR accurately consists of 4 elements: —moral obligation or duty to act responsibly as a good corporate citizen; —sustainability generally defined as meeting the needs of the present without compromising the ability of future generations to meet their own needs; the company’s needs for —license to operate as implicit or explicit approval from the host government, communities and stakeholders; and the —reputation where CSR firms aimed to improve images, strengthen brands and increase values, (Danko et al, 2008, p. 42; Porter & Kramer, 2006, p.81).

After advocating this opinion, the priority of business and the solid position of financial performance have been re-thought by the public. The main argument for companies' emphasis on sustainability is that CSR is a risk management tool to manage financial risk, reputation risk, environmental risk, and supply chain risk.

Accordingly, CSR shareholders believe that CSR is positively related to financial performance. The underlying assumption is that a firm which is socially responsible could present a positive image to customers and better customer satisfactions produces more financial benefits, (Luo, and Bhattacharya, 2006). However, when multinational corporations make substantial investments in an attempt to be responsible to society and local communities, does this action really add value to the firm's financial performance or is this just a fad that everyone pursues? Firms need to be responsible to stakeholders but how far is this from the bottom line to stockholders, one of the more significant stakeholders? These questions continue to be debated into the present. Some historical studies show that CSR has a negative relationship with business risks, systematically and unsystematically, which means that CSR can help firms reduce business risks, (Kim, 2010).

However, a more recent study of the role of intangible assets of 599 companies across 28 countries shows that there is merely an indirect relationship but not a direct relationship between corporate responsibility and financial performance, (Jordi, Josep, Sandra, 2010) Interestingly, some practitioners think this research finding is flawed. For example, they question the time frame associated with evaluating the financial performance. Normally CSR efforts cannot transfer into financial performance until 3 to 5 years have passed. So the relationship between CSR and financial performance is really a long-term concept. In addition, a CSR leader, Shannon Schuyler of Price Waterhouse Coopers explained that CSR and financial performance have no correlation because CSR is often made a part of the company's strategy but that there is not an appropriate plan for implementation of the strategy, (Cheney). Followed by this, B. Giacomo and M. Giacomo suggested that the best way to pursue CSR must be part of the firm's strategy and they further explained this by comparing Strategic CSR and Responsive CSR, (B. Giacomo and M. Giacomo, 2010). They also found that different types of CSR have different impacts on financial performance.

The Models: An Illustration



According to Mosgaller, (Jan. 2012), the three P's of performance are essential for moving social responsibility from talking point and platitude to a daily practice in the organizations. The first P is for purpose. Dr. W. Edwards Deming put constancy of purpose first in his list of 14 points.

People who work in any organization espousing the value of social responsibility need to know why an aspect of social responsibility is worthy of the organization's attention. The second P is for process. Well-defined processes for executing social responsibility commitments require a disciplined method for rolling up the organization's collective sleeves and translating the purpose into action. The third P is for people.

If creating a culture where social responsibility is more than a passing fad, people have to engage in defining the purpose of their efforts. The capacity of organizations to thoughtfully use the three P's as a simple, powerful framework for systematically taking their commitment to social responsibility and integrating it into daily work is essential to long-term sustainability.

Case Study

This study explored whether CSR is linked to profitability. It bases its measurement of CSR on content analysis of the annual reports of Royal Dutch Shell Plc. This research used a case study approach and analyzed data from several key performance indicators reported in Royal Dutch Shell Plc's sustainability report and annual account over a 5-year period; 2001-2005. Results indicate that socially responsible corporate performance can be associated with profitability. Although this study did not explore the direction of the causal connections, nevertheless, the findings indicate that CSR is positively related to better financial performance (profitability) and this relationship is statistically significant.

The Royal Dutch Shell Plc is chosen as it is a global energy and petrochemical company, operating in more than 145 countries and employing approximately 119,000 people (Shell 2005). Royal Dutch Shell is one of the biggest in the oil sector and also listed as the third top company in the world. Using extensive data over a period of 5 years; this study explores and test the sign of the relationship between CSR and profitability with regards to CSR practices and policies of Royal Dutch Shell Plc.

Previous Research

Empirical studies of the relationship between CSR and financial performance comprise essentially two types. The first, according to Ekatah, Samy, Bampton, and Halabi (2011), uses the event study methodology to assess the short-run financial impact (abnormal returns) when firms engage in either socially responsible acts. The results of these studies have been mixed.

The second type of study examines the relationship between some measure of corporate social performance (CSP) and measures of long-term financial performance, by using accounting or financial measures of profitability. The studies have also produced mixed results.

Yet another view, perhaps the most intuition pleasing, is put forth by Bowman and Haire (1975) who argue that the relationship is manifested by an inverted U-shaped curve, which states that more CSR to a point is good. Thereafter, using the language of economics, decreasing marginal returns set in. Generally profits initially rise with input, reach a peak and then decline.

Methodology

This study bases its measurement of CSR on content analysis of the annual reports of Royal Dutch Plc. This method is similar to that used by Bowman and Haire (1975), but the difference is that this research used a case study approach and would be analyzing data from several key performance indicator reported in Royal Dutch Schell Plc's sustainability report and annual account over a 5 year period.

Variables that are tested for the relationship between CSR and profitability are *profitability*; *CSR*; *Social Key Performance Indicators (KPI)*; and *Environmental Key Performance Indicators (KPI)*. From the analysis, 3 research questions are developed.

Q1: *Is there a relationship between increase in revenue in the last 5 years and CSR KPI of Royal Dutch Shell Plc?*

Q2: *Is there a relationship between increase in net-income and CSR KPI of Royal Dutch Shell Plc?*

Q3: *Is there a relationship between in Earnings Per Share (EPS) and CSR KPI of Royal Dutch Shell Plc?*

Q1: Increases in revenue were steady over the 5 year period which the authors attributed to the involvement of CSR activities by Royal Dutch Shell Plc. Although there are arguments by some proponents of CSR who say that Royal Dutch Shell Plc is not living up to its promise of environmental and social responsibility.

Q2: Table 6 (See PDF) shows the trend of the Net-income and CSR KPI of Royal Dutch Shell Plc between the years 2001 and 2005. The table shows an increase for each year except 2002 when the company saw a drop in the Net-income value by 2 percent. This drop was a result of the September 11 terrorist attacks on the US and the growing concerns for economic and political climate caused by the threat of terrorism.

Q3: The last research question sought to establish a relationship between increase in Earnings per Share and CSR KPI's of Royal Dutch Shell Plc. Summarily a positive relationship exists between increase in Earnings per Share and CS.

According to Ekatah, Samy, Bampton, and Halabi (2011), most studies focus on profits as a cause of CSR, but the focus on profits as a cause, limits the potential for insight into the determinants of CSR for two reasons (McGuire et al., 1988):

First, CSR and profits may share common causes. For example, high levels of market concentration might cause both CSR and profits. If CSR and profits are each related to a third variable, then further insight into the relationship between CSR and profit might be gained by studying the third variable (Beliveau et al., 1994). Second, CSR may be related to factors that share no relationship with profits. For example, the social orientation of powerful managers may have an impact on CSR (Aupperle et al, 1985).

The findings to the research questions, shows that there is a positive relationship between CSR and profitability. This case study on Royal Dutch Shell Plc therefore has found a positive relationship between CSR and profitability that is similar to other studies. McGuire et al. (1988: 869), for example, found that financial performance in one period is positively related to CSR in a latter period by stating ‘firms with high performance and low risk will be better able to act in a socially responsible manner’.

Starbucks

The evolution of Corporate Social Responsibility (CSR) and the concept of Corporate Sustainability (CS) have converged resulting in a similar objective of achieving the balance between economic prosperity, social integrity and environmental responsibility

Corporate Social Responsibility (CSR) is an important phenomenon that has recently received increasing attention both from academia and the business world. This paper discusses how this important concept of CSR is converging with Corporate Sustainability (CS) on the goal of satisfying the environmental, societal and economic demands, and aims to illustrate this convergence, focusing on CSR projects related to renewable energy and energy efficiency pursued by Starbucks Corporation both in Turkey and globally.

Early views saw CSR as merely eroding shareholders' profit by requiring costly investments in socially responsible activities. According to Friedman (1970), managers are the agents of shareholders whose major concern should be increasing shareholder value by maximizing profits. Hence, any investment to serve social interests beyond economic rules is the breach of this principle-agent relationship. In this view, managers' actions for the good of society should be at their own expense.

Starbucks Corporation and CSR Practices

"Starbucks has a long history of doing business in ways that are socially, environmentally, and economically responsible. Our commitment to doing the right thing has always been central to how we operate as a company. It's deeply valued by our partners (employees) and customers alike, and we believe it also makes great business sense. It hasn't always been easy; however, we've learned from our mistakes and persevered as a pioneer of innovation across the industry." (Starbucks Shared Planet, 2010).

In addition to its selection for "The World's Most Ethical Companies", the Starbucks Corporation has received numerous other CSR recognitions, including selection for "100 Best Corporate Citizens" for line 2000-2009 period, and recognition by Fortune as one of "The 100 Best Companies to Work For" between 1998-2000 and again between 2002-2009.

Other examples of recognition are its inclusion in the Dow Jones Sustainability World Index (1999, and 2001-2009), its selection as one of "World's Most Respected Companies" by Financial Times in 2005 and 2006, and Howard Schultz's 'Award for Responsible Capitalism' by 'First' magazine in 2007 (Starbucks Company, 2010).

Within this framework, Starbucks engages globally in different CSR projects such as ethical sourcing, community involvement and environmental stewardship but among all of these, the project regarding the use of renewable energy sources is most striking since it illustrates the way CSR and CS overlap in this domain. Aside from its content, another interesting property of the energy project is the role of Turkey as one of the leading regions in its implementations.

As a result, in 2005, Starbucks prioritized climate change as one of the key matters for itself as a response to environmental threats faced at coffee-growing phase, which is putting its whole supply chain at risk. As a result, the corporation has developed a three year plan on climate change mitigation strategy to reduce emissions by (i) buying renewable energy, (ii) focusing on energy management measures and (iii) education and promoting the need for collaborative action (CERES, 2008).

The concept of sustainability emerged mainly due to the environmental problems related to energy sources. Thus, energy field, specifically the Starbucks projects related to renewable energy and energy efficiency demonstrates a remarkable example of how CSR projects can also serve environmental, societal and economic pillars of CS. In addition, these practices also support Montiel's (2008) argument that CSR and CS both aim to balance economic prosperity, social integrity and environmental responsibility. Moreover, these practices also create a situation where all stakeholders benefit while the corporation achieves sustainability.

Conclusion

Increasingly, corporations are motivated to become more socially responsible because their most important stakeholders expect them to understand and address the social and community issues that are relevant to them. Understanding what causes are important to employees is usually the first priority because of the many interrelated business benefits that can be derived from increased employee engagement (i.e. more loyalty, improved recruitment, increased retention, higher productivity, and so on). Key external stakeholders include customers, consumers, investors (particularly institutional investors); communities in the areas where the corporation operates its facilities, regulators, academics, and the media. Basically, CSR means that company's business model should be socially responsible and environmentally sustainable. By socially responsible it means that the company's activities should benefit the society and by environmentally sustainable, it means that the activities of the company should not harm the environment.

Garret and Heal (Dec. 2004), maintain that corporate social responsibility is an important part of corporate strategy in sectors where inconsistencies arise between corporate profits and social goals, or discord can arise over fairness issues. A CSR Program can make executives aware of these conflicts and commit them to taking the social interest seriously. It can also be critical to maintain or improving staff morale, to the stock market's assessment of a company's risk to negotiations with regulators. The payoff to anticipating sources of conflict can be very high—indeed it can be a matter of survival, as societies penalize companies perceived to be in conflict with underlying values. Asbestos was the tobacco of the 1950's. Where is this industry today?

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