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BUSINESS AND SOCIAL RESPONSIBILITY – DISCOURSE

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ABSTRACT
Corporate Social Responsibility (CSR) refers to a company's commitment to operating in a manner that benefits society and the environment. This involves activities such as making charitable donations, engaging with the community, providing fair treatment to employees, and protecting the environment. Companies have legal obligations related to CSR, and neglecting these can result in legal penalties for their leaders. Managers must consider the ethical implications of their decisions and actions. Past scandals, such as the Enron case, underscore the importance of effective management in preventing unethical conduct.

This study thoroughly examines Corporate Social Responsibility by analyzing diverse perspectives from 30 primary and secondary literary sources written by various scholars and practitioners. The goal is to develop an integrated and comprehensive framework that addresses five key questions currently debated among professionals in the field. This method aims to synthesize existing knowledge and clarify contentious CSR issues, thereby contributing to both academic discussions and practical applications.

The discussion about the link between corporate social responsibility (CSR) and financial performance continues. Supporters of CSR claim that ethical actions can enhance a company's reputation, foster customer loyalty, attract talented employees, and increase profits, creating a positive cycle. On the other hand, critics argue that CSR may incur costs that could erode profit margins. Recent trends indicate that companies implementing CSR efforts often see better financial results, encouraging sustainable growth and offering a competitive edge. Ultimately, the impact of CSR on profitability varies by industry, depending on the specific initiatives and their alignment with organizational goals.

Keywords: CSR, Strategic CSR, Sustainability, Stakeholders Theory, profit maximization, Compliance with the law. Round table declaration. Triple bottom line.

INTRODUCTION
Businesses play a vital role in society by meeting consumer needs, creating employment opportunities, and promoting environmental sustainability. They are responsible for developing innovative products and generating tax revenue that funds public programs beneficial to communities. Many organizations actively adopt strategies to enhance environmental performance and protect ecosystems Contemporary businesses are increasingly expanding their responsibilities beyond just complying with legal requirements by actively engaging in philanthropic activities, providing healthcare support, and implementing comprehensive environmental strategies. These efforts demonstrate a growing recognition of the importance of corporate social responsibility in promoting sustainable development and enhancing community well-being. This dedication to social responsibility is rooted in values such as well-being, individual rights, and fairness (Udayasri, 2024; Mhaenna et al., 2023; Denis, 2024; Barnett et al., 2020; Singh & Misra, 2021; Carrol, 2021; Siltaloppi et al., 2017; Heyward, 2020; Zhao et al., 2021; Fatima & Elbanna, 2022; Czerniachowicx et al., 2017; Mhenna, 2022; Ardiansyah & Alnoor, 2024; Baron, 2006, chapter 18; Vogel, 2005; Maqbool et al., 2020; Aviva Geva, 2009; Kasher, 2023 chapter 19).

In discussions about Corporate Social Responsibility, five key questions arise:
1. Who should companies be accountable to?
2. What types of responsibilities do companies have?
3. How should companies responsibly conduct their operations?
4. Is there a financial or other justification for Corporate Social Responsibility? How do companies balance CSR efforts with profitability?
5. Have corporate social responsibility initiatives achieved their intended societal benefits, and have they addressed important societal issues?

According to Oriol (2022, Forbes), Fortune 500 corporations have been investing approximately $20 billion annually in CSR initiatives since 2020. The 250 largest corporations worldwide publish annual reports detailing their

CSR activities. Although there is no legal obligation to incur such expenditure, stakeholders, customers, citizens, employees, and investors are increasingly urging these corporations to ensure that their investments produce meaningful and beneficial societal outcomes. However, the effectiveness of this activity is unclear and is disputed among experts. The existing literature describes three main approaches to CSR. The first is the "Free Market Approach," which argues that a business should primarily focus on profit-making, with social responsibility emerging naturally in a free-market economy without unnecessary interference (Friedman, M., 1970, Times Magazine). This view highlights that moral principles and justice should be integrated with profitability to guide business management effectively.

The second approach, referred to as "Government Responsibility," emphasizes the crucial role of regulatory frameworks in safeguarding societal interests. In conjunction with the first approach, this perspective outlines how managers can actively participate in addressing social issues by complying with and proactively engaging with regulatory standards. The third approach, referred to as "Leadership Free Will," posits that business managers have both an intrinsic interest and a moral obligation to engage in social responsibility. This perspective highlights the complex relationships between organizations and the communities they serve, underscoring the crucial role of ethical leadership in promoting positive societal outcomes.

The theory of the business, as explained by Jensen and Meckling (1976), describes the structure of a firm. Since shareholders bear most of the risks, they make the highest-level decisions. The organization’s management carries out these decisions as the shareholders' agent. The board of directors monitors the agents' behavior with a system designed to ensure decisions align with shareholders' interests.

This corporation serves as an authoritative entity that aligns the interests of stakeholders, including customers, suppliers, employees, and financial partners. By focusing on shareholder interests, it aims to optimize stakeholder welfare and reduce contractual costs. Corporate ethics, grounded in a guiding ideology, defined values, and organizational objectives, shape its identity in society. These principles extend beyond social and economic goals to support managerial objectives, including cost reduction, economic efficiency, resource sustainability, and talent attraction (Geva, 2009; Rosenblatt & Shefer, 2000).

Over the past decade, Corporate Social Responsibility (CSR) has gained attention from business leaders who believe proactive efforts can achieve specific social outcomes. Advocates argue that businesses often operate more efficiently than government agencies, suggesting a balance between profit and self-regulation to reduce the need for government oversight. When executed effectively, strategic CSR fulfills social responsibilities and generates competitive advantages (Roosevelt, 2000, p. 235).

CSR PERSPECTIVES

The concept of corporate social responsibility emphasizes that businesses must assume a role that extends beyond merely pursuing economic efficiency. This view is influenced by the social needs of the community and society, which market forces often overlook. These needs often stem from market failings, such as externalities and issues related to the impact of international trade on workers in developing countries, where governments may lack both the willingness and the ability to tackle these social problems (Carroll, 2021; Singa & Mizra, 2021; Denis, 2024; Maqbool et al., 2020; Udayasri, 2024).

Managers and directors must take on responsibilities beyond mere compliance enforcement. Their actions can result in fines and litigation for damages, highlighting their accountability. Organizations like Enron exemplify this, where senior executives face personal lawsuits. The legal framework outlines managers' obligations, such as adhering to the ADA, FMLA, and FLCA, while ethical considerations add further leadership responsibilities.

The fundamental principle of social responsibility is anchored in the concern for the moral ramifications of one’s actions, particularly their potential impact on the interests of others (Davis, 1960, p. 46; Kasher, 2023, Chapter 19). Like individuals within society, corporations bear accountability for their responsibilities across all facets of their influence. This suggests that individuals operating within a corporate environment must conduct themselves in accordance with the moral obligations expected of citizens in a democratic society. Such conduct encompasses commitments to preserve environmental integrity and uphold human dignity. In their study, "Business Good Citizenship," Logsdon and Wood (2000) compare businesses to responsible citizens within society, suggesting that they have to promote public welfare while safeguarding individual interests.

A social responsibility approach is predicated on three principal characteristics. The initial characteristic is the differentiation between various systems of consideration, as discussed in Davis's (1960, p. 70) article, "Can Business Afford to Ignore Social Responsibility?" The business system is profit-oriented, whereas other systems may not yield direct financial returns. This distinction suggests that a corporation's decision-making processes can partially diverge from strict business considerations. Consequently, a practical decision made by a business corporation may be justified based on long-term goals, even if it diverges from immediate financial interests and is instead supported by alternative factors in the short term.

In his book Business & Society, W. J. McGuire (1963, p. 144) asserts that CSR assumes that business has ethical obligations to society in a particular dimension, as well as economic and legal responsibilities. These include, but are not limited to, paying taxes and adhering to legal regulations. The corporation's responsibilities extend to every individual within the organization, encompassing all aspects of influence related to the interests of various stakeholders. This responsibility is fundamentally moral, grounded in principles of fairness, the continual upholding of human dignity, and allegiance to the ideals of a democratic society, with adequate consideration of the freedom to lead one's life according to one's taste. We must continually consider the potential impact of the firm on others' situations.

The CAUX Round Table, founded in 1968, asserts that the global business community should play a key role in improving economic and social conditions worldwide. Its ethical framework is based on two main principles: Kiyoshi and respect for humanity, which are divided into general principles and practical applications.

The first principle emphasizes that businesses should extend their responsibilities beyond just shareholders to include a broader range of stakeholders. In contrast, the second focuses on the economic and social impacts of business activities, advocating for innovation, justice, and collaboration.

Additionally, the framework requires business practices to go beyond legal requirements to build trust while still adhering to laws, as this is a fundamental aspect. It promotes support for multilateral trade, environmental stewardship, and the prevention of illicit activities.

The practical guidelines detail expected behaviors toward stakeholders, including customers, employees, shareholders, suppliers, competitors, and local communities.

Committee for Development (1971) presented another characteristic of CSR, which includes two insights. One is that the business world operates based on public consent, and its fundamental goal is to serve society's needs productively. The second is that appropriate behavior within a particular corporation is based on three sub-concepts: a perception of appropriate behavior within a corporation, the behavior of individuals within a corporation, and the behavior of a democratic state and its citizenry.

The "Stakeholder Approach" proposed by Freeman and Reed (1983) highlights that corporations interact with various groups, including employees, suppliers, customers, and the broader community. Legal tools, such as employment contracts and shareholders' voting rights, help safeguard these interests. Relationships between corporations and stakeholders are based on mutual exchange, where both sides benefit. Stakeholder expectations can influence the stability of these relationships, placing a duty on corporations to manage and meet those expectations. When expectations are not fulfilled, the responsibility to compensate the affected party becomes complex and involves moral considerations.

Vogel (2005) proclaims in his article "The Market for Virtue" that CSR is an ambiguous concept that means different things to different people and has trade-offs. The application differs among firms, but even firms can exhibit inconsistent behavior across different countries. He identifies a nuanced correlation between the firm's financial and social performance. There is a widespread lack of influence on sales and the ability to attract and achieve stakeholder loyalty for those actively involved. The discourse surrounding the role of government in corporate social responsibility (CSR) remains a point of contention among scholars. Wirba (2024, p. 7447) emphasizes the importance of governmental involvement in promoting CSR initiatives, particularly in developing nations where such engagement is often voluntary. He posits that the government should strategically align CSR objectives with the broader goals of societal welfare by enacting relevant regulations, offering necessary support, promoting synergistic partnerships, and acknowledging exemplary corporate practices.

Conversely, Roosevelt (2000, p. 235) raises a cautionary note regarding the potential detrimental effects of government intervention, suggesting that it may infringe upon business interests and disturb the equilibrium of market competition. This dichotomy underscores the complexities of integrating governmental action within the CSR framework, necessitating a nuanced discussion on the balance between regulatory oversight and corporate autonomy in their social commitments.

It is becoming increasingly common for organizations to adopt a formal CSR policy in contemporary Western societies, the European Union, and East Asian countries. Such policies manifest through various avenues, including targeted social investments, collaboration with local communities, fostering meaningful relationships with employees and clients, and active engagement in environmental conservation and sustainability initiatives.

Furthermore, organizations are anticipated to provide annual reports detailing their CSR activities concerning societal contributions, employee welfare, and shareholder interests (Carroll, 2021, p.18; Wirba, 2024).

Many organizations address economic, environmental, and social issues through the "Global Reporting Initiative" (GRI) Standard, which facilitates a clear presentation of their Corporate Social Responsibility (CSR) initiatives. By adopting the standard, organizations can systematically evaluate their operations, enhancing the thoroughness and quality of their reporting practices.

LEADERSHIP AND CSR

The role of leadership in formulating and advancing Corporate Social Responsibility (CSR) initiatives within organizations is paramount. Senior leaders' ethical values and perspectives often set the foundation for the company's CSR approach. When leadership prioritizes ethical behavior and social responsibility, it fosters a culture that permeates the organization, influencing its overarching operations and ethos. (Zhao et al., 2021; Saha et al., 2020; Fox et al., 2020; Ullah et al., 2019; Czerniawicz et al., 2017; Pureza & Lee, 2020).

Championing social responsibility is crucial for advancing initiatives and encouraging community engagement that extends beyond mere regulatory compliance. This steadfast commitment enhances the organization's public image and nurtures stakeholder trust and participation.

The 1981 "Round Table of 150 Big Businesses" statement emphasized that businesses should serve public interests while pursuing profit, highlighting the need to balance stakeholder claims, including those of employees, suppliers, and society, in fulfilling shareholder interests. However, critics argue that the statement lacks a clear definition of corporate objectives, although it encourages leaders to consider the implications of their decisions and strive for long-term sustainability. In 1990, the Business Roundtable reinforced this idea, calling for a focus on all stakeholders while acknowledging the challenges in meeting diverse expectations (Baron, 2006, p. 667).

Businesses must actively support social welfare and effectively manage the diverse expectations of various stakeholders. Leaders can promote long-term organizational success by aligning these interests with the company's goals. Effective leadership in CSR is crucial for a firm's sustainability. It aligns business practices with broader societal values and expectations, resulting in positive outcomes for the organization and its communities (Zhao et al., 2021; Fox et al., 2020).

"Upper-echelon theory," articulated by Hambrick and Mason (1984), emphasizes the importance of ethical leadership by suggesting that business outcomes reflect the psychological characteristics of leaders. The theory positions Corporate Social Responsibility (CSR) as a strategic framework for pursuing sustainability, achieving competitive advantage, and benefiting society.

Academia and practitioners have increasingly focused on understanding how ethical leadership mediates CSR efforts, the interplay between different leadership styles and CSR practices within organizations, the impact of leaders' performance on CSR, and the connections between implicit and explicit CSR and leadership style. Findings revealed, firstly, leaders who prioritize ethical behavior, transparency, and social responsibility can profoundly impact their organization's CSR endeavors by fostering a workplace culture that values these principles, motivating employees to participate in socially responsible activities, and actively supporting various CSR initiatives (Ullah et al., 2019), secondly a strong positive relationship between leadership style and CSR.

Management styles that are particularly effective in promoting CSR include:
Transformational Leadership: Leaders who inspire and motivate employees to exceed their self-interests for the organization's and society's greater good.
Servant Leadership: Leaders who prioritize the needs of others, empower employees, and promote a culture of service and social responsibility.
Ethical Leadership: Leaders who act with integrity, fairness, and consideration of ethical principles set a positive example for the entire organization.

Authentic Leadership: Authentic leaders are characterized by their transparency, ethical behavior, and genuine concern for the well-being of employees and stakeholders. These attributes foster trust and credibility, essential during challenging periods (Fox et al., 2020). However, other styles were also investigated, including Visionary, Transcending, Professional, Knowledgeable, Bureaucratic, and Advocacy.

In conclusion, leaders are more likely to integrate corporate social responsibility (CSR) into their core business strategies when they acknowledge its long-term benefits, such as an enhanced reputation, increased customer loyalty, and higher employee satisfaction. Conversely, if leadership views CSR initiatives as a threat rather than an opportunity, these efforts may not reach their full potential. In such instances, the organization's initiatives could be implemented superficially or approached with reluctance, ultimately diminishing their impact.

CSR IMPLEMENTATION

CSR implementation is a process that a firm undertakes to increase awareness and integrate social responsibility values within the organization. It communicates such initiatives internally and externally. Moreover, it evaluates the progress of CSR within it. Researchers agree that implementing Corporate Social Responsibility (CSR) within businesses is a complex process. Organizations are required to navigate the interests of various stakeholders, both internal and external. Furthermore, the decisions made in this context are influenced by factors such as the nature of the industry, the regulatory environment, and the timing of stakeholder engagements, as well as the types of communication and information disseminated (Fatima & Elbanna, 2023; Udayasri, 2024; Siltalopp et al., 2021; Ahmad et al., 2023).
The current body of research outlines three separate methods for executing Corporate Social Responsibility (CSR) within a company: the Peripheral Approach, the Integrated Approach, and the Strategic Integrated Approach. These methods are distinguished based on how deeply they are woven into the organization's systems (Siltalopp et al., 2021). The Peripheral Approach keeps initiatives that focus on social activities separate from the central business functions, such as charitable efforts to boost external legitimacy. Conversely, the integrated approach incorporates CSR into the company's essential activities, structure, and policies, making it a vital aspect of its operations. Lastly, the Strategic Integrated Approach integrates CSR into everyday operations, routines, and policies. It aligns with strategic decision-making and core capabilities, affecting the organization's functioning and shaping its interactions with internal and external stakeholders.

Responsive and strategic CSR are two distinct strategies for implementing CSR within firms (Yousfi & Louki, 2021). They exhibit different characteristics and yield varied financial and social performance impacts. The primary distinction between them is characterized by the degree of social and environmental engagement demonstrated by the firm. On the one hand, Strategic CSR encompasses a range of actions that, when executed collectively, benefit both the organization and society as a whole. Such actions enhance the firm's overall performance and contribute to socio-economic development. On the other hand, Responsive CSR is primarily a defensive, promotional, and charitable initiative that does not align with the firm's core strategic operations (Vishwanathan et al., 2020).

According to "UNIDO" (2022), adopting the "triple bottom line" (TBL) framework helps organizations balance social equity, environmental stewardship, and economic viability and address the shareholders' expectations and the Stakeholders (see Figure 1, a structural model). It shifts the focus from profit as the sole measure of success to considering people, the planet, and profit in a balanced manner. Furthermore, it broadens financial reporting to include social and environmental impacts for a more comprehensive view of success (Udayasri, 2024; Baron, 2006; Wirba, 2024).

The concept of sustainability has undergone significant evolution over the past two decades, increasingly integrating with corporate social responsibility (CSR) and highlighting their interrelatedness (Carroll, 2021). The sustainability concept is not perceived as disruptive in the same manner as CSR. When considered alongside profit, the emphasis on people and the planet promotes a more holistic approach to business practices. Consequently, numerous companies are committed to documenting and reporting their sustainability initiatives and achievements (Carroll, 2021; Udayasri, 2024; Baron, 2006).

Ahmad et al. (2023) and Ardiansyah and Alnoor (2024) emphasize that environmental sustainability is crucial to the integration of corporate social responsibility. Firms are increasingly adopting environmentally friendly practices, including reducing carbon emissions, conserving resources, and promoting the use of renewable energy sources. These initiatives help mitigate legal challenges associated with unethical conduct, foster innovation, and enhance brand development. Such actions create opportunities for entering new markets and realizing financial benefits.

The existing literature outlines various frameworks for implementing Corporate Social Responsibility (CSR). Notably, Maon et al. (2009) reference Levin's change model, identifying nine key steps integral to the implementation process: raising awareness, assessing organizational goals within their context, establishing a definition and vision, evaluating the current situation, developing a strategy, executing the selected plan, communicating effectively with organizational members, assessing performance, and institutionalizing the approach within company policy (Fatima & Elbana, 2022, p. 106). Additionally, Bunny-Pauly et al. (2013) propose a framework centered around three principal dimensions: commitment, embedding, and external collaboration.

Fatima and Elbana (2022, p. 111) offer a comprehensive model addressing the complexities of implementing CSR. Their framework encompasses multiple levels, including institutions, industries, organizations, and individual stakeholders. Additionally, it takes a multi-dimensional approach, factoring in ethical, economic, legal, and discretionary elements. Ultimately, their empirical study, which analyzed 122 scholarly articles, underscores the intricate nature of CSR practices and the various factors that influence their implementation.

Table1. Businesses' Social Responsibility Implementation Approache

	Approach	Category	Focus	Description
1	Peripheral	Responsive	External activities, such as charitable efforts, can enhance an organization's legitimacy and credibility.	**Treats social initiatives as separate from core business.**
2	Integrated Approach	Integrative	Making CSR a fundamental aspect of the business.	**Incorporate CSR into the company's essential operations, structure, and policies.**
3	Strategic Integrated Approach	Strategic Approach	Aligning CSR with strategic decision-making and core capabilities.	**Embeds CSR into daily operations, routines, and policies.**
4	T.B.L Framework	Integrative	Addressing shareholders' expectations and stakeholders	**Balances social equity environmental stewardship and economic viability.**
5	Sustainability	Integrative	Emphasize environmental sustainability.	**Adopting environmentally friendly practices, such as reducing carbon emissions, conserving resources, and promoting renewable energy sources.**

Note that the table offers structured methods for implementing CSR within an organization, ensuring it is integrated into operations or aligned with strategic goals.

STRATEGIC CSR

Strategic corporate social responsibility links CSR initiatives to a company's financial performance. When CSR efforts are recognized as valuable, managers must implement these initiatives thoughtfully to amplify their positive economic impact. Practitioners believe that CSR becomes a strategic advantage for a firm when it prioritizes social and environmental considerations, utilizing a variety of effective methods and practices to address them (Vishwanathan et al., 2020; Fatima & Elbanna, 2023; Porter& Kramer, 2011, 2006; Carroll, 2021; Ardiansyah & Alnoor, 2024).

By adopting a strategic approach to CSR, companies can foster positive stakeholder relationships and enhance customer loyalty. Consumers prefer businesses committed to social and environmental responsibility. Integrating CSR into business strategies aligns company values with audience expectations and promotes a positive organizational culture. Employee participation in CSR initiatives boosts morale and productivity. Companies that prioritize social responsibility build strong reputations, attracting investors who are focused on sustainability. Additionally, the younger generation seeks employment with organizations that share their values. Actively promoting CSR can help businesses attract top talent and establish themselves as leaders in responsible practices (Ardiansyah & Alnoor, 2024, p. 33).

In their influential article "Society & Strategy," Porter and Kramer (2006) argue that incorporating social policy into a firm's strategic management framework is crucial for aligning social and economic objectives. In 2011, they further developed this concept by introducing the idea of creating shared value (CSV), which emphasizes the interplay between economic success and social progress. CSV suggests that businesses can enhance their economic performance while addressing societal needs. However, some critics argue that CSV may prioritize economic outcomes over broader social and environmental responsibilities. Certain scholars argue that CSV rebrands traditional corporate social responsibility (CSR) without adequately addressing fundamental issues related to sustainability and equitable development (Carroll, 2021).

Fatima and Elbanna (2023) argue that strategic corporate social responsibility presents a significant business opportunity for corporations and can effectively differentiate a firm from its competitors when implemented effectively. Furthermore, when CSR initiatives demonstrate financial benefits, organizations should adopt a strategic approach to maximize profitability. Additionally, Ardiansyah and Alnoor (2024) argue that when CSR goals align with a firm's strategic objectives, it enhances its reputation by demonstrating both ethical commitment and economic benefits.

Utilizing the META methodology, Viswanathan et al. (2020) conducted a comprehensive analysis of 344 scholarly articles investigating the relationship between CSR and corporate financial performance (CFP). Their study focused on four specific mechanisms: enhancing firm reputation, augmenting stakeholder-related reputational equity, mitigating corporate risks, and stimulating innovation capacity. The findings indicated that these mechanisms accounted for only a modest portion—approximately 20%—of the effects of strategic CSR on CFP, highlighting a significant gap in the literature regarding the causal perceptions of strategic CSR and its actual contributions to a firm's financial performance.

Research conducted by Singa and Mizra (2020) critically examined the corporate social responsibility activities of six prominent organizations: Amazon, Twitter, Apple, ExxonMobil, and Walmart. This study aimed to elucidate the complex relationship between businesses and society, emphasizing the crucial role of stakeholders in establishing and maintaining these connections. The findings revealed that these organizations engage in significant strategic initiatives, encompassing substantial contributions to the global economy, extensive philanthropic endeavors, and various actions to meet the needs of their communities and broaden society's expectations and needs. Through this lens, the research underscores the importance of CSR as a fundamental aspect of modern business practices.

Finally, the "Upper Echelons Theory," articulated by Hambrick and Mason (1984), emphasizes that incorporating CSR into strategic planning allows organizations to enhance sustainability, gain competitive advantages, and contribute positively to social welfare.

In conclusion, while corporate social responsibility remains underexplored in academic literature, its importance in corporate strategy continues to increase steadily. Organizations are increasingly integrating CSR into their core strategies. A comprehensive understanding of CSR in business, educational, and practical contexts is essential for companies to thrive in today's dynamic global landscape. This integration aims to provide both business benefits and societal advancements.

THE TRADE-OFF BETWEEN CSR NEEDS AND BUSINESS DEMAND

Literature suggests that integrating social responsibility into business operations may lead to synergistic benefits; however, companies frequently encounter intrinsic tensions that are often irreconcilable. These tensions arise from the diverse demands of various stakeholders and the need to avoid compromising the economic objective of maximizing shareholder profits (Davis, 2021; Vogel, 2005; Zhao et al., 2021; Bahilana et al., 2022; Siltalopp et al., 2021). Leaders face significant challenges in reconciling diverse performance metrics, particularly those related to ethical and social considerations. They must view CSR as a strategic asset rather than a hindrance to organizational objectives (Zhao et al., 2021)

Vogel (2005) posited that some firms may lack the economic justification for CSR in certain contexts. From his perspective, CSR encompasses not only economic considerations but also ethical dimensions, thus creating a conflict between a company’s economic imperatives and the social expectations it encounters. Consequently, organizations expose themselves to internal tensions that necessitate systematic management oversight. Furthermore, leadership must strike a balance between achieving business objectives and fulfilling social responsibilities (Siltalopp et al., 2021). Battilana et al. (2022) explored the dual objectives of financial and social firms, highlighting the complex internal trade-offs these organizations face due to conflicting stakeholder expectations. The tension arising from these conflicting demands varies depending on the organizational context and the level of economic freedom in the country where the operation is based. Organizational control arrangements can help moderate this tension.

Economic freedom affects private interests, concentration dynamics, and state-firm relationships, influencing the definition of key decisions and values. Implementing equitable dual-target reward systems challenges traditional practices by distributing incentives across social and financial performance, which is essential for motivating social responsibility and reducing internal tensions. In contrast, favoring one objective risks heightening stress within the organization.

A qualitative case study at "SmartCo," a European construction company, revealed a contradiction between economic and social demands. This suggests that incorporating corporate social responsibility (CSR) into a firm's business strategy often leads to internal tensions that require careful consideration by management. These tensions complicate decision-making for senior management and impact organizational performance, partnerships, and learning.

Furthermore, a conflict exists between individual and organizational values, particularly in the context of evolving CSR approaches. Two methods for managing these trade-offs include avoiding tensions by prioritizing business objectives or achieving a deeper integration of the two by finding a balance or resolution (Siltaloppi et al., 2021). Take the example of the "PATAGONIA" clothing company, which was forced to make organizational changes due to financial difficulties. The company used organic and durable raw materials, which were more expensive. Integrating a sustainable solution attracted customers who supported environmentally friendly initiatives and believed the company's products could be trusted over time. Its profits also enabled the creation of business programs to address environmental crises by allocating 1% of all sales to environmental groups (Zekoff et al., 2021).

Denis (2024) presents a compelling perspective on the evolving managerial responsibilities surrounding corporate social responsibility policies. Managers often confront complex issues that can confound even seasoned legal professionals, leading to significant organizational embarrassment and potential conflicts of interest. This scenario poses considerable challenges for corporate executives who are selected due to their skills in optimizing business management. As a result, they face difficulties that may lead to organizational complications and potential conflicts of interest. Additionally, Fox et al. (2020) explicitly stated that corporate social responsibility promotes social good while addressing shareholder demands, emphasizing the need for management to balance these interests to ensure the firm's long-term success.
In conclusion, scholars and practitioners must continue to examine the interconnected goals of corporate entities and societal needs. The current literature highlights a significant gap in exploring the trade-off dilemmas between these two areas and the factors that could help ease their natural tension. Without a complete understanding and strategic integration of CSR into corporate operations, companies risk missing out on the synergistic benefits and long-term success that can come from aligning business goals with social responsibilities.

THE IMPACT OF CSR ON EMPLOYEE ENGAGEMENT

The concept of Corporate Social Responsibility (CSR) is integral to enhancing employee engagement within organizations. Research shows that when companies actively engage in CSR initiatives, such as environmental sustainability and community involvement, employees often experience a heightened sense of pride and purpose. This alignment between individual values and the organization's core mission not only boosts job satisfaction but also boosts morale and loyalty among the workforce (Loor-Zambrano et al., 2022; Mhenna et al., 2022; Moris-Dasilva et al., 2022; Evans et al., 2020; Yadav et al., 2018; Sucket et al., 2020; Ghas, 2018; Kumar et al., 2021; Singh & Misra, 2021).
When assessing their organization's commitment to social responsibility, employees often consider the following questions:
1. Are the social goals prioritized by the organization aligned with its core business activities?
2. How credible are the organization's messages regarding its social responsibility efforts?
3 . To what extent does the organization promote its CSR activities?

Empirical studies consistently demonstrate a strong connection between CSR activities and employee attitudes, which positively influences workplace behaviors. Specifically, a significant positive correlation exists between CSR engagement and employee intrinsic motivation. Furthermore, intrinsic motivation has been shown to have a substantial positive association with organizational commitment, in which trust serves as a crucial mediating factor, bridging social responsibility and commitment to the organization (Loor-Zambrano et al., 2022).

Evans et al. (2020) surveyed 250 employees in South Korea. The findings demonstrated a significant positive relationship between corporate social responsibility practices and intrinsic motivation levels. Employees who believe that their organization prioritizes the well-being of all stakeholders often report enhanced feelings of value within the company, which fosters greater trust and confidence (Yadav et al., 2018).

Ghash (2018) conducted a study involving 536 Indian employees and observed that individuals with a strong sense of identity with their organization tend to have a profound appreciation for the CSR initiatives implemented by their firm. Kumar et al. (2021) and Sucket et al. (2020) highlight that one significant effect of CSR on employees is its impact on their organizational commitment. Mhenna et al. (2022) underscore the vital importance of practical commitment, which can manifest in various forms, including loyalty and dedication to the organization's success. Additionally, CSR strengthens the firm's and its employees' relationships, fostering a more profound sense of connection to the workplace and the broader environment (Singh & Misra, 2021). Lastly, Moris-Dasilva et al. (2022) note that when a firm is dedicated to CSR, its employees experience higher levels of satisfaction, engagement, and productivity.

SHAREHOLDERS AND CSR

The theoretical framework of organizational structure, as articulated by Jensen and Meckling (1976), asserts that shareholders assume the financial risks inherent in their investments and are vested with the ultimate decision-making authority. In this context, organizational management serves as agents acting on behalf of the shareholders, with the board of directors tasked with overseeing a mechanism that monitors the actions of these agents to ensure alignment with shareholder interests.

However, critics have pointed out that managers often face short-term pressures from shareholders regarding their commitment to corporate social responsibility (CSR), despite the inherently long-term nature of CSR initiatives. On the other hand, Denis (2024) highlights cases in which shareholders may willingly accept reduced financial returns in exchange for robust CSR policies. Empirical research suggests that strong demand from investors and various stakeholders for CSR initiatives can enhance corporate value, potentially resulting in a notable decrease in the company's cost of capital.

INVESTORS AND CSR

Investors are crucial stakeholders, providing essential capital for operations and influencing strategic decisions. Understanding their interests is vital for organizations to navigate challenges and achieve long-term success. Evaluating investments now goes beyond profitability, focusing on corporate social responsibility and employee welfare. Neglecting these aspects can increase skepticism about investment risks (Maqbool et al., 2020; Ardiansyah & Alnoor, 2022).

Scholarly research on the relationship between corporate social responsibility (CSR) and investment reveals varied outcomes. Some studies indicate a positive correlation between CSR initiatives and investment attractiveness. In contrast, others find no significant association, suggesting that strong CSR does not necessarily enhance a company's appeal to investors (Maqbool et al., 2020). Companies with a solid reputation for CSR are often perceived as lower risk, which can lead to a broader investor base, greater access to capital, and more growth opportunities (Ardiansyah & Alnoor, 2024). However, institutional investors prefer firms that clearly articulate their investment strategies. This preference indicates a continued focus on more traditional financial investments (Maqbool et al., 2020).

In conclusion, corporate social responsibility is vital to modern business strategy. Its importance and impact on investment decisions are intricate and multidimensional, mirroring the diverse priorities and expectations of stakeholders within the business ecosystem. This complexity emphasizes the need for businesses to adeptly navigate these varying perspectives in order to promote sustainable growth and cultivate strong relationships with stakeholders.

DIRECTORS AND RESPONSIBILITY

"Board members are essential in driving the achievement of corporate social responsibility goals", which have become an essential part of contemporary business strategy. As leaders of the corporation, they are responsible for ensuring the company's financial performance while also operating ethically, thereby making a positive contribution to society. Due to changing public expectations and regulatory pressures, the focus has shifted to recognizing the need for sustainable business practices (Baron, 2009; Chitayat,2021).

One of the primary duties of directors concerning corporate social responsibility is to integrate these principles into the company’s strategic plans. This involves understanding the potential social and environmental impacts of the company’s activities and making decisions that support long-term sustainability. Directors should promote CSR initiatives that align with the organization’s values and resonate with stakeholders, including customers, employees, and the broader community.

Effective governance requires that directors consistently assess the company's CSR strategies. This involves evaluating the impact of CSR initiatives, maintaining accountability, and adapting to stakeholder feedback and evolving societal needs. By promoting transparency and accountability in the reporting of CSR activities, directors can build trust and enhance the company's reputation.

Furthermore, directors must oversee the allocation of resources for CSR initiatives. This involves financial commitments and fostering a company culture that values ethical actions and community involvement. By integrating CSR into the company's core principles, directors can steer their organizations toward positive societal contributions while meeting business goals.

As the landscape of corporate responsibility continues to evolve, directors must remain agile and informed about emerging trends and expectations related to CSR. They should engage with stakeholders to understand their perspectives on social and environmental issues and actively incorporate these insights into decision-making processes.

In summary, the roles of directors in CSR are multifaceted, encompassing strategic integration, accountability, transparency, resource allocation, and stakeholder engagement. By effectively fulfilling these responsibilities, directors can enhance corporate performance and contribute to a more sustainable and equitable society.

CUSTOMER AND CSR

CSR activities enhance customers' perceptions of the firm's brand and foster a more positive image. Such activities can lead to improved profitability and cost savings. Furthermore, it facilitates direct engagement with community members, giving valuable feedback and insights into responsible practices (Denis, 2024; Ardiansyah & Alnoor, 2024; Heyward, 2020).

Denis (2024) asserts that consumers are increasingly willing to pay a premium for products from companies that adopt socially responsible policies, particularly among younger generations, who have become more aware of corporate social responsibility (CSR) issues. Ardiansyah and colleagues (2024) further emphasize that customers are likely to support and remain loyal to companies that demonstrate a commitment to social and environmental responsibility. This alignment between a company's values and those of its customers fosters stronger relationships and encourages repeat business.

Additionally, Heyward (2020) notes that contemporary competition is fierce, making it challenging for firms to establish a foothold in the market. Engaging in CSR can enhance a company's market access and increase its visibility. Consumers tend to prefer brands that prioritize both profit and their social contributions. By cultivating a robust reputation, firms can establish trust and loyalty, thereby solidifying their market position and achieving long-term sustainability.
Adopting CSR practices can give companies a competitive advantage, equipping them to navigate the dynamic global landscape more effectively.

SUPPLIERS AND CSR

In modern business practices, corporate social responsibility has become a key factor in selecting suppliers. This trend reflects significant progress in aligning company values with those of their suppliers, thereby fostering strong partnerships. Important aspects of CSR in supplier relationships include shared values and mutual benefits. Collaborative efforts are more successful when companies and suppliers have aligned CSR policies that encourage ethical and sustainable practices, such as the Supplier's Code of Conduct (Denis,2024). A prominent example is Apple Inc., which actively monitors and communicates its suppliers' CSR activities, which enhances trust and accountability within its supply chain (Apple's, 2023, Annual Progress Report)

CSR AND COST OF CAPITAL

Corporate Social Responsibility (CSR) is crucial to the financial performance of companies worldwide, particularly in terms of the connection between sustainability and capital costs. Additionally, CSR greatly influences financial strategies and decision-making. As a result, more companies are adopting approaches to institutionalize sustainability practices, which helps lower their capital expenses (Ramirez et al., 2020; Khanchel & Lassoued, 2022; Denis, 2024; Buttilana et al., 2022).

Research conducted by Khanchel and Lassoued (2022) evaluated a sample of 430 S&P 500 companies in the United States from 2011 to 2019. The findings revealed that the three dimensions of CSR have varying impacts on the cost of capital. Furthermore, financial stakeholders may require time to fully recognize how lower risk levels can lead to reduced capital costs. Similarly, Ramirez et al. (2020) explored the relationship between CSR and the cost of capital among 202 Latin American firms from 2017 to 2019. Their results indicated an inverse relationship, highlighting the importance of enhancing transparency in internal processes and establishing strong control mechanisms to generate value and ensure financial stability.

In summary, organizations focusing on shareholder interests are driven to implement effective CSR practices. By managing costs and demonstrating that the benefits of CSR, such as premium pricing and reduced labor costs, outweigh expenses, firms can gain a competitive edge. This relationship between profit and social responsibility underscores the importance of strategic cost management for achieving corporate success and satisfying stakeholders.

FUTURE RESEARCH

Future research methodologies in Corporate Social Responsibility (CSR) require a critical reevaluation and refinement to adequately capture the complex intricacies and nuanced implications of CSR initiatives on communities. Continued research should focus on exploring the interconnections between corporate objectives and societal needs. A comprehensive review of the existing literature reveals a significant gap in short-form research that addresses the trade-off dilemmas inherent to these two domains, as well as the factors that may mitigate their intrinsic tensions.

Furthermore, there is a significant gap in understanding how CSR influences employees' comprehension of related processes and dynamics. Current methods have not adequately evaluated the societal impact of CSR efforts within organizations. Additionally, the literature lacks a comprehensive evaluation of how organizational initiatives aimed at promoting community involvement and social progress are practical.

Given these gaps, some scholars call for the modernization of research methods, emphasizing the need for innovative exploratory techniques and experimental study designs. These improvements could help future research better address current knowledge gaps and lead to a clearer understanding of CSR's complex effects.

CONCLUSIONS/LESSONS LEARNED.

Corporate Social Responsibility (CSR) has become a key focus for business leaders aiming to promote positive social outcomes through proactive efforts while reducing government regulation. The rise of formal CSR policies has led organizations to invest heavily in social projects, build community partnerships, and strengthen relations with employees and customers, all while emphasizing environmental sustainability. Additionally, the demand for companies to publish annual reports on their CSR activities highlights the importance of transparency in showing societal contributions, dedication to employee welfare, and consideration of shareholder interests. As CSR continues to evolve, it highlights the crucial role that businesses play in promoting society's overall well-being.

Businesses play a vital role in economic and social systems, holding responsibilities and rights toward society and local communities. They represent shareholders and stakeholders, including customers, suppliers, employees, and investors. A primary motivation for responsible behavior stems from the realization that public opinion can influence laws, prompting organizations to adopt socially responsible practices.

Leadership plays an important role in advancing CSR initiatives within organizations. Senior leaders' values and ethical perspectives often shape the company's approach to CSR. When leaders emphasize ethical conduct and social responsibility, it can affect the organization's culture and operations. Furthermore, Managers should focus on enhancing employees' intrinsic motivation, as research shows it plays a crucial role in bridging the relationship between CSR and employee commitment.

Businesses must recognize their employees' CSR expectations. When companies implement activities that align with both their organizational values and those of their employees, they foster greater engagement and build trust within the organization.

CSR activities enhance customers' perceptions of the firm's brand and contribute to a positive image, often leading to increased profitability and cost savings. Consumers are willing to pay a premium for brands associated with socially responsible practices, and direct engagement with community members yields valuable feedback and insights.

The process of implementing CSR initiatives involves raising awareness and embedding social responsibility values within organizations. It promotes these initiatives both internally and externally while tracking progress. Depending on industry, regulations, stakeholder involvement, and information exchange, businesses must consider the needs of employees, customers, and the community.

Now more than ever, organizations are integrating CSR into their core strategies. By aligning CSR initiatives with organizational objectives, companies can improve their performance while tackling social and environmental challenges. This interplay between profit and social responsibility underscores the importance of strategic CSR practices in achieving corporate success and substantial stakeholder satisfaction.

Investors increasingly view socially responsible companies as attractive additions to their portfolios, perceiving these firms as lower-risk options. They consider factors such as corporate social responsibility and employee well-being. When these elements are absent, concerns about overall investment risk may arise.

Companies can gain a competitive edge by strategically managing operational costs and showcasing the benefits of CSR, such as premium pricing strategies, reduced labor costs, favorable supplier agreements, and better access to capital. This link between profitability and social responsibility emphasizes the importance of strategic cost management in driving corporate success and increasing stakeholder satisfaction.

Firms can create lasting value by fostering collaborative relationships with local communities and key stakeholders. Such partnerships strengthen social bonds and help develop a fairer, more sustainable economic system for all involved. This collaborative approach fosters mutual benefits and supports the long-term success of both businesses and the communities in which they operate (see Figure 2, CSR & business interrelationships framework).

ABBREVIATION LIST:

(ADA)Americans with Disability Act.
(CSR) Corporate Social Responsibility.
(ESG) Environmental, Social, and Governance.
(FLCA) Fair Labor Standards Act.
(FMLA) Family and Medical Leave Act.
(FP) Finance Performance.
(TBL) Triple Bottom Line.
(UNIDO) United Nations Industrial Development Organization.
(UNDP) United Nations Development Program.

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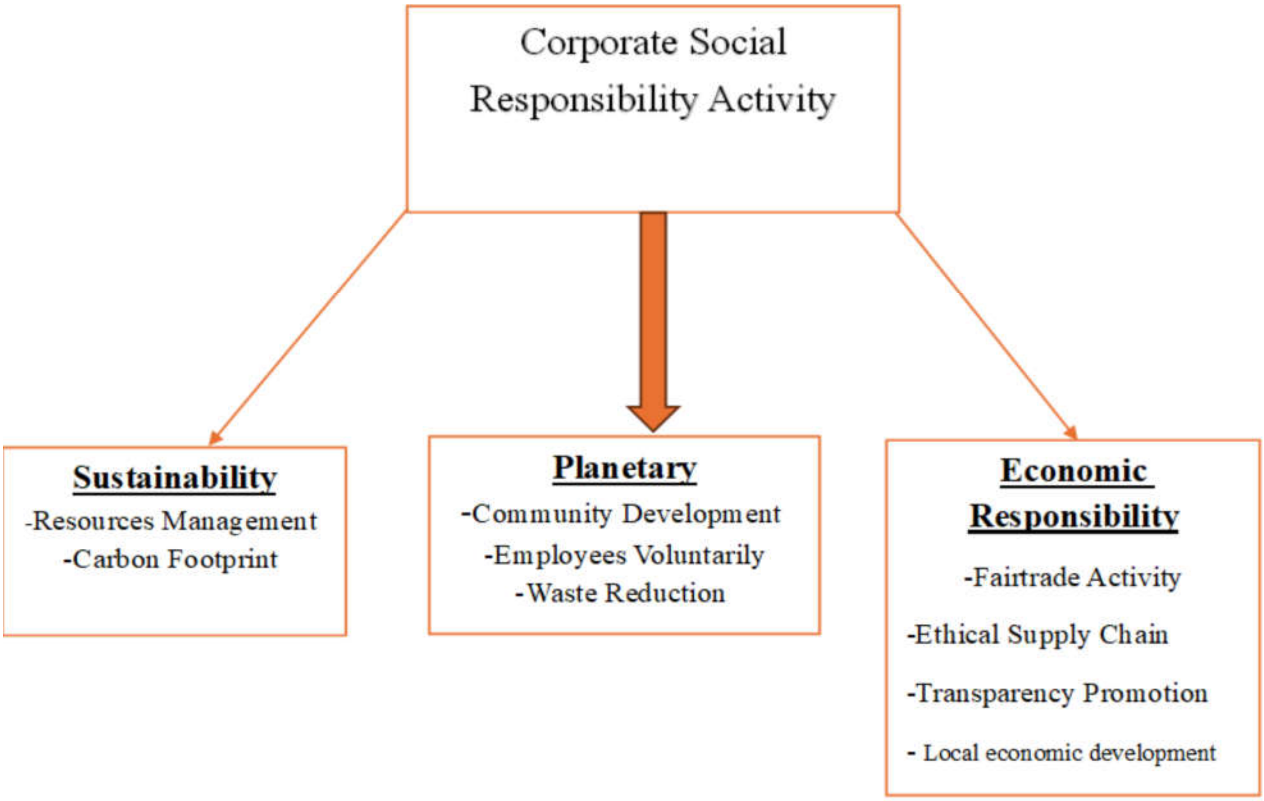
Figure 1

The Triple Bottom Line model



Note. By integrating these three areas, companies aim to achieve a balanced approach to business that promotes long-term sustainability and ethical responsibility. The TBL framework helps corporations measure and report their performance more comprehensively, beyond just financial metrics.

Figure 2

CSR and Business Interrelationships Framework