

Corporate Social Responsibility and Its Advantages

Corporate Social Responsibility is the core strategy whereby companies consider the interests of society by taking responsibility for the impact of its activities on customers, employees, shareholders, communities and the environment in all aspects of its operations. This obligation is seen to extend beyond the statutory obligation to comply with legislation and sees organizations voluntarily taking further steps to improve the quality of life for employees and their families as well as for the local community and society at large.

Internationally recognized features of CSR are:

- CSR is voluntary choice of business implementation of which provides long-term and various benefits for all interested parties;
- CSR implies compliance of a company's activities with regulation laws, voluntary accountability, but not an interchange of legislation requirements;
- CSR is a contribution to achieve sustainable development which includes three aspects – economic, social and environmental;
- CSR is not an “additional” activity but a new method of managing business itself;
- CSR is not simple specialization which means merely charity, sponsorship etc, but it is a broad concept containing the above mentioned features in the form of components [1, 4-5].

Despite the fact that these features are broadly recognized, it is quite possible they change over the time, because, as we have already mentioned, CSR is a management method and according to the environment dynamics, changes are urgent in the management methods and in its features.

The basic components which CSR comprises are as follows:

- Corporate management and ethics;
- Protection of the human rights communicating with employees, providers and consumers;
- Protection of rights and standards of labour activity;
- Protection of environment;
- Social policy with respect to society;
- Anti-corruption activities and struggle against bribery;
- Human resources management and staff communication policy (care for staff professional development, safety work environment, salary policy etc.);

- Communication with consumer and product liability;
- Transparency and accountability for social and environmental parameters.

In recent years more and more attention is paid to CSR as its role is widely acknowledged in solving global problems, improving social welfare, solving social, environmental or other problems. According to the above mentioned components, it is clear how positive consequences CSR brings for society and country. It should be noted that CSR can have a big and positive effect on the company itself. Just profit maximization is not sufficient for long and sustainable development, but carrying out market-oriented and responsible activities are essential. CSR increases business competitiveness, promotes innovation, helps companies manage risks related to their activities better, attracts investors, improves relationship with interested parties, state structures or non-governmental organizations (NGOs). It is internationally recognized that the costs related to voluntary correspondence with intentional social-environmental conventions and standards are considerably lower compared with those opportunities and advantages which follow the mentioned events. This proves that CSR is an investment to achieve long-term success and not just costs. Basic positive results which CSR can bring to a company are the following:

- More effective prevention and management of the growing diversity of risks;
- Company's positive status, improved reputation;
- Increase of customer loyalty;
- Better opportunities for attracting and retaining qualified staff;
- Improved competitiveness;
- Better ability to react to changes;
- High efficiency and decrease of costs;
- Capital availability;
- Authority goodwill and improved relation between legislation bodies.

CSR is comparatively new concept in Georgia. Its level of development is significantly lower in our country than in western developed countries. Media and non-governmental organizations (NGOs) play huge role in these countries. There is pressure on companies from customers, trade unions and government. From this point of view the situation is different in our country, activity is lower from the individuals who should be more actively involved in similar situations and the development of corporate social responsibilities. Media, government, society, trade union, investors, customers and labour organizations are not active. There is minimal reaction to irresponsible actions. The quality of recognition and encouragement of socially responsible companies is low towards interested parties, what further decreases motivation of companies. Despite this, due to globalization and growing competition in other countries as well as in Georgia, CSR has great potential for development. Researches show that most of the Georgian large companies are ready to act with more responsibility in case of appropriate recognition and encouragement. Though, for development of corporate social responsibility in Georgia, it is necessary to foresee two issues: 1. Responsible business conducts should be promoted and supported, companies should be informed

about CSR issues. 2. Government's active involvement in the development of CSR, drawing out and implementation of accurate state policy, emphasizing its role for country's development. The basic positive outcomes of development of CSR are the following:

Intensification of international relations of the country: EU and, in general, the whole world pays more and more attention to CSR; a lot of intergovernmental agreements are signed, internationally agreed guidelines are worked out and implemented. One of their most important objectives is development of CSR.

Georgia is the member of international organizations and various initiatives, Georgia is connected to a lot of international agreements and one of their most important priorities is development of CSR, regulation of implementation of its (CSR) various components (human rights, labour rights, environmental protection etc.) by an enterprises or other institutions, etc. So, development of CSR can perform significant role in the improvement of country image through improving international relations, investment attractions and better meeting of undertaken engagements of international agreement [4].

Overoll development of the Country and implementation of strategic goals of national policy. From this point of view CSR can settle the following tasks:

- Settling the problems of separate areas: in order a state to be able to implement social and environmental programs, it is also essential to bring about responsibility supporting policy. Supporting CSR policy the government of Georgia will have an opportunity to solve problems, such as slow pace of economic growth, poverty, unemployment, low birth-rate, promoting various international standards of activity – human rights, labour activity, product liability, etc. Also, development of CSR can play a significant role in solving important environmental problem and in increasing the quality of life for our country.
- Protecting minimal standards prescribed by the law: as Georgia is carrying out liberal economic policy and the law requirements in respect to business activities are quite low, CSR can be considered as the effective mechanism to manage the impact on business activities and for more effective implementation of minimum standards. This is important for the country, because it is possible to solve social, environmental, economic problems; also this is required by international agreements, to which Georgia is connected and will have positive impact on Georgia's more effective integration in the international bodies.
- Increase of economic competitiveness of the country is a facilitation of trade and investment: as we have already mentioned, CSR is considered as the investment which on the other hand can play significant role in attracting foreign investments and increasing investments effectiveness. This is especially important if we would like to attract investors from western developed countries, because performing corporate social responsibility standards in the decision making process is important for them. In addition, the constituent component of CSR, in particular, conformity of products and services to international standards, will significantly help development of international trade and

transmission of Georgian products to a new market. CSR allows small and medium companies to be involved in the supply chain of large multinational companies.

Hence, development of corporate social responsibility will have positive effect on sustainable development of the country, improvement of foreign relations and the existing problems in the country.

Public sector should implement appropriate activities in order private sector to perform important role in the implementation of the country's development and goals of national policy. For countries have transitional economic policy CSR can be a powerful instrument which will be able to revive the country and achieve public objectives. Hence, development of CSR is significantly important for Georgia.

References

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